



# LIXIN Brokers (New Zealand) Limited SECURITIES CLIENT AGREEMENT

## SCHEDULES:

1. On-line Trading Agreement
2. Personal Information Collection Statement
3. Risk Disclosure Statement
4. Account Opening Form  
(Customer Information Form)
5. Margin Client Agreement
6. Options Trading Agreement
7. Unit Trusts and Mutual Funds Trading Agreement
8. Bond Trading Agreement

## SECURITIES CLIENT AGREEMENT

THIS AGREEMENT is made the date stated in the Account Opening Form.

### BETWEEN:

- (1) Lixin Securities (New Zealand) Limited, a company incorporated in New Zealand with its principal place of business at Suite 3, 138 Hurstmere Road, Takapuna, Auckland, 0622, New Zealand and a corporation registered as a Financial Service Provider legally in New Zealand under Financial Service Provider (Dispute Resolution and Registration) Act 2008 (the "**Company**"); and
- (2) The party whose name, address and details are set out in the Account Opening Form (the "**Customer**").

### WHEREAS:

#### 1 Definitions

"**Account**" means any one or more securities trading accounts now or hereafter opened in the name of the Customer with the Company in connection with this Agreement;

"**Account Opening Form**" means Schedule 4;

"**Agreement**" means this agreement, including the Account Opening Form and the various schedules attached hereto, as originally executed or as thereafter from time to time amended or supplemented;

"**Associate**" means, in relation to the Company, a body corporate which is its subsidiary or affiliated company, in New Zealand or elsewhere including but not limited to Lixin Brokers (NZ) Limited;

"**Authorized Person**" means the persons or any of them designated in or pursuant to this Agreement to issue Instructions on behalf of the Customer in relation to Accounts or Transactions and initially the persons named in the Account Opening Form;

"**Business Day**" means any day on which the relevant Exchange opens for trading other than Saturdays, Sundays, public holidays and any other days declared by the Exchange to be non-business days;

"**Correspondent Agent**" means anyone who acts as the Company's agent in effecting Transactions or clearing the same in New Zealand or elsewhere, including any member of an Exchange or Clearing House.

"**Electronic Services**" means the services as defined in the On-line Trading Agreement;

"**Foreign Stock Exchange**" means a stock exchange which is permitted to operate in a country or territory outside New Zealand by the law of that country or territory, or any over the counter market;

"**Instructions**" means any instructions or orders communicated by the Customer or its Authorized Persons to the Company in accordance with Clause 4.1;

"**Securities**" means (1) stocks, shares, units and other equity securities. (2) bonds, notes and other debt securities, (3) spot and forward contracts, options, warrants, futures, contracts for differences, swaps, exchanges and derivatives (whether or not linked or related in any way to any of the foregoing or to any moneys, index or other asset, property or item) and (4) other investments of

any kind whatsoever, in each case whether listed or unlisted, traded or not traded on any exchange or market, privately placed or publicly offered and whether or not constituted, evidenced or represented by a certificate or other document (bearer, negotiable or otherwise) or by an entry in the books of an issuer, a clearing house, a depository, a custodian or any other person, together with rights against any issuer, clearing house, depository, a custody or other person in respect of any of the foregoing and other rights, benefits and proceeds in relation to any of the foregoing;

“**FMA**” means the Financial Markets Authority of New Zealand; and

“**Transactions**” means any transactions concerning the purchase, subscription, sale, exchange or other disposal of and dealings in any and all kinds of Securities on any Exchange including (but not limited to) safe-keeping of securities and the provision of nominee or custodian service therefor and other transactions effected under or pursuant to this Agreement.

## **2 Authority**

- 2.1 The Customer (in the case of a corporation) authorizes the Authorized Persons to represent the Customer in all matters in relation to all Transactions with the Company and to sign on the Customer's behalf all agreements and documents relating to the Account and its operation, including this Agreement. All such documents and Instructions shall be absolutely and conclusively binding on the Customer. The Customer agrees that the Company is entitled to act on the Instructions of the Authorized Persons until the Customer notifies the Company in writing that the authorization has been revoked or varied.
- 2.2 If the Customer (in the case of an individual) wishes to appoint Authorized Persons, the Customer shall in addition to completing the Account Opening Form, furnish to the Company a duly executed power of attorney or other similar instrument of appointment in a form prescribed by or acceptable to the Company. The Customer agrees that the Company is entitled to act on the instructions of the Authorized Person until the Customer notifies the Company in writing that the power of attorney has been revoked or varied.
- 2.3 The Customer authorizes the Company to instruct such Correspondent Agent as the Company may in its absolute discretion select to execute Transactions and acknowledges that the terms of business of such Correspondent Agent and the rules of any Exchange and Clearing House on and through which such Transactions are executed and settled shall apply to such Transactions and shall be binding on the Customer.

## **2A Suitability**

- 2A.1 If the Company solicits the sale of or recommend any financial product to the Customer, the financial product must be reasonably suitable for the Customer having regard to the Customer's financial situation, investment experience and investment objectives. No other provision of this agreement or any other document the Company may ask the Customer to sign and no statement the Company may ask the Customer to make derogates from this clause.
- 2A.2 In relation to Transactions entered by the Customer without or inconsistent with any of the Company's solicitations or recommendations, the Company is not responsible to the Customer with respect to the suitability of the Transaction. Nor is the Company responsible for the profitability, tax, legal or accounting consequences of any such Transactions.
- 2A.3 Before the Customer enters any transactions, the Customer should note that the Company has no ongoing responsibility to ensure that a product the Company has solicited the sale of or recommended to the Customer remains suitable for the customer and that if circumstances relating to the Customer, such product, such product's issuer or general market conditions change, such product may no longer be suitable for the Customer.

## **3 Commissions, Charges and Interest**

- 3.1 On all Transactions, the Company is authorized to deduct the Company's commissions and charges in connection with any Transactions effected for the Customer (as notified to the Customer from time to time), all applicable levies imposed by the Exchange or Clearing

House, brokerage, stamp duty, bank charges, transfer fees, interest and nominee or custodial expenses, immediately when due.

- 3.2 The Company shall be entitled to deposit all monies held in the Account and all monies received for or on the account of the Customer into one or more trust account(s) at one or more authorized financial institution(s) as defined in the Securities and Futures Ordinance or as otherwise permitted by the Securities and Futures Ordinance.
- 3.3 The Customer shall pay interest on all debit balances on the Account (including any amount otherwise owing to the Company at any time) at such rates and on such other terms as the Company notifies the Customer from time to time. Such interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or upon any demand being made by the Company. Overdue interest shall be compounded monthly and shall itself bear interest.
- 3.4 The Company may but is not obliged to pay interest on the credit balance in the Account at such rate and under such conditions as the Company notifies the Customer from time to time. The Customer acknowledges and agrees that interest rates are subject to fluctuation and may be different from the rate of interest paid by the bank on the trust account where such credit balance is held by the Company on the Customer's behalf.
- 3.5 The Customer agrees to pay any account services fee that the Company may charge for the maintenance of the Customer's Account and authorizes the Company to debit the Customer's Account for the same.

#### **4 Instructions**

- 4.1 All Instructions shall be given by the Customer (or its Authorized Person) orally either in person or by telephone, or in writing, delivered by hand, by post or in such other form as from time to time accepted by the Company. Instructions in writing, whether faxed, emailed, or posted, are deemed to have been received when the instructions are acted on by the Company.
- 4.2 The Customer authorizes the Company to upon its Instructions (or its Authorized Person's) either verbal or written, transfer funds to, from and between its Accounts at the Company and its designated bank accounts. The Customer agrees to fully indemnify and keep indemnified the Company and its Associates against any loss, cost, claim, liability or expense, including legal fees arising from this authorization.
- 4.3 The Customer acknowledges and agrees that any Instructions given or purported to be given by any means to the Company by the Customer or by any Authorized Person and which are acted on or relied on by the Company shall at all times be irrevocable and bind the Customer, whether or not such Instructions are in fact given or authorized by the Customer. Under no circumstance should the Company have any duty to enquire or verify the identity or authority of the person giving instruction by any accepted means.
- 4.4 The Customer acknowledges that once an Instruction has been made it may not be possible to cancel or change the Instruction.
- 4.5 The Company may, in its discretion and without assigning any reason therefore, refuse to act for the Customer or its Authorized Person in any particular Transactions.

#### **5 Dealing Practices**

- 5.1 Any day order for purchase or sale of Securities placed by the Customer that has not been executed before the close of business of the relevant Exchange or such later time as the Customer and the Company may agree shall be deemed to have been cancelled automatically.
- 5.2 The Customer authorizes the Company, at any time and at Company's absolute discretion, for the purpose of obtaining a better execution price and/or reducing the volume of instructions, to consolidate and/or disaggregate the Customer's Instructions to purchase and/or sell Securities on the Customer's behalf with similar instructions received from the Company's other customers. The Customer agrees that in the event of there being insufficient Securities available to satisfy the purchase/sell orders so consolidated, the number of Securities actually

purchased/sold shall be attributed to the relevant customers in the order in which those orders were received by the Company.

- 5.3 The Customer acknowledges that due to the trading practices of the Exchange or other markets in which Transactions are executed, it may not always be able to execute orders at the prices quoted "at best" or "at market" and the Customer agrees in any event to be bound by Transactions executed by the Company following Instructions given by the Customer.
- 5.4 Relevant regulators, Correspondent Agents or the Company may withdraw an order from the Company's order processing system. It is the Customer's responsibility to maintain sufficient contact with the Company while there is an outstanding order on the Customer's account so as to enable the Customer to identify and resubmit a withdrawn order. While the Company may endeavour to notify the Customer of a withdrawn order, the Company is under no obligation to do so and accepts no responsibility for any loss incurred directly or indirectly by the Customer as a result of the withdrawal or expiry of an order.
- 5.5 Subject to applicable laws and regulations and market requirements, the Company may in its absolute discretion determine the priority in the execution of its customers' orders, having due regard to the sequence in which such orders were received, and the Customer shall not have any claim of priority to another customer in relation to the execution of any order received by the Company.
- 5.6 Unless otherwise agreed, in respect of each Transactions, unless the Company is already holding cash or Securities on the Customer's behalf to settle the Transactions, the Customer shall pay the Company cleared funds (including payment in a currency other than New Zealand dollars) or deliver to the Company Securities which are fully paid with valid and good title and in deliverable form by such time as the Company has notified the Customer in relation to the Transactions. The Customer shall be responsible to the Company for any losses and expenses resulting from the Customer's settlement failures.
- 5.7 The Customer shall immediately notify the Company after payment of funds to the Company by delivering to the Company written evidence of such payment. The Customer acknowledges that payment of funds to the Company may not be accredited to the Customer's Account or reflected in any account statement until such notification is received by the Company. The Customer agrees that any interest payable to or receivable by the Customer under Clauses 3.3 and 3.4 shall be calculated on this basis.
- 5.8 The Account shall be in New Zealand dollars or such other currencies as the Company may agree from time to time with the Customer. In the event that the Customer instructs the Company to effect any Transactions in a currency other than New Zealand 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 Customer solely. Any conversion from one currency into another required to be made for performing any action or step taken by the Company under this Agreement may be effected by the Company in such manner and at such time as it may in its absolute discretion decide. The Customer authorizes the Company to debit the Customer's Account for any expenses incurred in effecting the currency conversion. The Company reserves the right at any time to refuse to accept any Instructions from the Customer in relation to currency conversion.
- 5.9 The Customer acknowledges that telephone calls or other forms of communication between the Customer and the Company may be recorded or otherwise electronically monitored without any warning messages and that the record may be used as final and conclusive evidence of the Instructions in case of disputes.
- 5.10 If the Company engages the service of Correspondent Agents, the Company shall be entitled to accept and keep, for its own account, any commission or rebate which the Company may receive in respect of any business the Company supplies to them on behalf of the Customer.
- 5.11 The Company will act as the Customer's agent in effecting transactions pursuant to this Agreement unless the Company indicates (in the contract note for the relevant transaction or otherwise) that it is acting as principal. For the avoidance of doubt, in the case in any trading of shares listed in Mainland China, the Company will be maintaining an omnibus account with the Correspondent Agents.

## **6 Short Selling**

- 6.1 The Customer acknowledges that applicable laws and regulations may prohibit the Company from placing a sale order on the Customer's behalf when the order relates to Securities which the Customer does not own ("Short Sell Order"). The Customer undertakes that:
- (i) prior to placing a Short Sell Order, it will have entered into an effective securities borrowing arrangement or other form of cover acceptable to the Company which will ensure that the Securities in question will be delivered on the designated settlement date; and
  - (ii) prior to execution of such an order, it will provide the Company such documentary assurance that any such order is covered as the Company shall specify.
- 6.2 The Customer acknowledges that the Company has right to request delivery of a copy of documentary evidence relating to the relevant Securities borrowing transaction e.g. the lender's confirmation.

## **7 Conflict of Interest**

- 7.1 The Customer acknowledges and agrees that the Company, its director, officers or employees and its Correspondent Agent may trade on its/their own account or the account of an Associate.
- 7.2 The Company is authorized to buy, sell, hold or deal in any Securities or take the opposite position to the Customer's order whether it is on the Company's own account or on behalf of an Associate or its other customers.
- 7.3 The Company is authorized to match the Customer's orders with those of other customers.
- 7.4 The Company is authorized to effect Transactions in Securities where the Company or its Associate has a position in the Securities or is involved with those Securities as underwriter, sponsor or otherwise.
- 7.5 In any of the situations referred to in this Clause the Company shall not be obliged to account to the Customer for any profits or benefits obtained.

## **8 Customer Identification**

If the Customer effects Transactions in Securities for the account of clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with its clients, the Customer hereby agrees that, in relation to a Transaction where the Company has received an enquiry from the SENZ or the SFC or any other exchange, governmental or regulatory authority in any jurisdiction (collectively the "relevant regulators" ) the following provisions shall apply.

- 8.1 Subject as provided below, the Customer shall, immediately upon request by the Company (which request shall include the relevant contact details of the relevant regulators), inform the relevant regulators of the identity, address, occupation and contact details of the client for whose account the Transactions was effected and (so far as known to the Customer) of the person with the ultimate beneficial interest in the Transactions. The Customer shall also inform the relevant regulators of the identity, address, occupation and contact details of any third party (if different from the client/ ultimate beneficiary) who originated the Transactions.
- 8.2 If the Customer effected the Transactions for a collective investment scheme, discretionary account or discretionary trust the Customer shall, immediately upon request by the Company (which request shall include the relevant contact details of the relevant regulators) , inform the relevant 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 Customer to effect the Transactions.
- 8.3 If the Customer effected the Transactions for a collective investment scheme, discretionary account or discretionary trust, the Customer shall, as soon as practicable, inform the Company when the Customer's discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where the Customer's investment discretion has been overridden, the Customer shall, immediately upon request by the Company (which request shall include the relevant contact details of the relevant regulators), inform the relevant regulators of the identity,address, occupation and contact details of the person(s) who has or have given the instruction in relation to the Transactions.
- 8.4 If the Customer is aware that its client is acting as intermediary for its underlying clients, and the Customer does not know the identity, address, occupation and contact detailg of the

underlying client for whom the Transactions was effected, the Customer confirms that:

- (i) it has arrangements in place with its client which entitle the Customer to obtain the information set out in Clauses 8.1 and 8.2 from its client immediately upon request or procure that it be so obtained; and
- (ii) it will, on request from the Company in relation to a Transaction, promptly request the information set out in Clauses 8.1 and 8.2 from the client on whose Instructions the Transactions was effected, and provide the information to the relevant regulators as soon as received from its client or procure that it be so provided.

8.5 For the purposes of investigating suspicious Transactions, the Customer shall, immediately upon request by the Company inform the Company of the identity, address, occupation and contact details of the client for whose account the Transactions were effected.

8.6 The Customer confirms that, where necessary, it has obtained all relevant consents or waivers from clients, collective investment schemes, discretionary accounts or discretionary trusts for whose account Transactions may be effected to release information to the Company and relevant regulators of the identity and contact details of such clients, collective investment schemes, discretionary accounts or discretionary trusts, and of the person(s) with the ultimate beneficial interest in any such Transactions, and (if different from the client/ ultimate beneficiary) of the person(s) who originated the Transactions.

8.7 The provisions of this Clause shall continue in effect notwithstanding the termination of this Agreement.

## **9 Disclosure of Information**

9.1 The Company shall upon the request of relevant regulators and Correspondent Agents disclose the name, beneficial identity and such other information concerning the Customer as they may request or require. The Customer undertakes to disclose such information concerning itself or any beneficial owners to the Company within the time the Company specified as may be required for the Company to comply with applicable laws, rules, regulations, and/or the requirements of relevant regulators or Correspondent Agents. The Customer irrevocably authorizes the Company to make any such disclosure.

9.2 The Company may take one or more of the following actions at any time as may be determined in the Company's sole and absolute discretion to be required to ensure compliance with the applicable laws and regulations on the part of the Company:

- (i) deduct from or withhold part of any amounts payable to the Customer under the Account;
- (ii) terminate the Account without notice with immediate effect and discontinue entirely or in part the Company's relationship with the Customer;
- (iii) provide (whether before or after the termination of the Account) the tax information relating to the Customer to such authority in any jurisdiction, as may be required for the Company to ensure compliance with any applicable laws and regulations.

9.3 Where the Customer is an individual, the Company is subject to the New Zealand Personal Data (Privacy) Ordinance which regulates the use of personal data concerning individuals. The Company's policies and practices relating to personal data are set out in Schedule 2 to this Agreement and the Customer acknowledges that it fully understands and accepts the provisions in Schedule 2.

## **10 Safekeeping and Disposal of Securities**

10.1 The Customer appoints the Company to act as custodian for the Customer to provide custody of Customer's Securities. The Customer agrees not to pledge, charge, sell, grant an option or otherwise deal in any Securities or money forming part of any Account without the prior written consent of the Company.

10.2 Any Securities held in New Zealand by the Company for safekeeping on behalf of the Customer may, at the Company's discretion:

- (i) (in the case of registrable Securities) be registered in the name of the Customer or in the name of the Company's nominee; or
  - (ii) deposited in safe custody in a segregated account which is designated as a trust account or client account with an authorized financial institution as defined in the Securities and Futures Ordinance, an approved custodian or another intermediary licensed by the SFC for dealing in securities in each case in New Zealand.
- 10.3 Where Securities are held by the Company for safekeeping pursuant to this Clause, the Company shall itself, or shall procure any nominee or custodian appointed by it to:
- (i) collect and credit any dividends or other benefits arising in respect of such Securities to the Account or make payment to the Customer as agreed with the Customer. Where the Securities form part of a larger holding of identical Securities held for the Company's clients, the Customer is entitled to the same share of the benefits arising on the holding as the Customer's share of the total holding. Where the dividend is distributed either in the form of cash dividend or other forms, the Company is authorized to elect and receive on behalf of the Customer the cash dividend in the absence of contrary prior written Instruction from the Customer; and
  - (ii) comply with any directions received, in sufficient time to enable the Company to make the necessary arrangement, from the Customer as to the exercise of any voting or other rights attaching to or conferring on such Securities provided that if any payment or expense is required to be made or incurred in connection with such exercise, neither the Company nor its nominee shall be required to comply with any directions received from the Customer unless and until it receives all amounts necessary to fund such exercise.
- 10.4 The Company and its nominee are not bound to redeliver to the Customer the identical Securities received from or for the Customer but may redeliver to the Customer, at the office of the Company at which the Account is kept, Securities of like quantity, type and description.
- 10.5 Securities held by the Company for safekeeping pursuant to this Clause are held by the Company at the sole risk of the Customer and the Company shall not be responsible for or liable in respect of any loss or damage suffered by the Customer in connection hereof unless such loss or damage has been caused as a direct consequence of a gross negligence, willful default or fraud on the part of the Company.
- 10.6 Insofar as any such Securities do not constitute "**Collateral**" as defined in any Margin Client Agreement entered into by the Company and the Customer, the Customer hereby expressly authorizes the Company to dispose of such Securities for the purpose of settling any liability owed by the Customer (or who is the beneficial owner of such Securities) to the Company for dealing in Securities or financial accommodation provided by the Company to the Customer which remains after the Company has disposed of all other assets designated as Collateral for securing the settlement of that liability.

## 11 Events of default

- 11.1 Any one of the following events shall constitute an event of default ("**Event of Default**"):
- (i) the Customer's failure to pay any deposits or any other sums payable to the Company or its Associates or submit to the Company any documents or deliver any Securities to the Company hereunder, when called upon to do so or on due date;
  - (ii) default by the Customer in the due performance of any of the terms of this Agreement and the observance of any by-laws, rules and regulations of the appropriate Exchange and/or Clearing House;
  - (iii) the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against the Customer;
  - (iv) the death of the Customer (being an individual) or the Customer is judicially declared insane or incompetent;
  - (v) the levy or enforcement of any attachment, execution or other process against the Customer;
  - (vi) any representations or warranty made by the Customer to the Company in this Agreement or in any document being or becoming incorrect or misleading;
  - (vii) any consent, authorization or board resolution required by the Customer (being a corporation or a partnership) to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect; and
  - (viii) the occurrence of any event which, in the sole opinion of the Company, might jeopardise any of its rights under this Agreement.



- 11.2 If an Event of Default occurs, without prejudice to any other rights or remedies that the Company may have against the Customer and without further notice to the Customer or obtain Customer's consent, the Company shall be entitled to:
- (i) immediately close the Account;
  - (ii) terminate all or any part of this Agreement;
  - (iii) cancel any or all outstanding orders or any other commitments made on behalf of the Customer;
  - (iv) close any or all contracts between the Company and the Customer, cover any short position of the Customer through the purchase of Securities on the relevant Exchange(s) or liquidate any long positions of the Customer through the sale of Securities on the relevant Exchange(s) or liquidate any or all long position contracts, short position contracts or other contracts of the Customer or on behalf of Customer;
  - (v) dispose of any or all Securities held for or on behalf of the Customer and to apply the proceeds thereof and any cash deposit(s) to settle all outstanding balances owing to the Company and/or its Associates including but not limited to all costs, charges, legal fees and expenses including but not limited to stamp duty, commission and brokerage properly incurred by the Company in transferring or selling all or any of the Securities or properties in the Account or in perfecting title thereto;
  - (vi) borrow or buy any Securities, including but not limited to required for delivery, in respect of any sale effected for the Customer;
  - (vii) combine, consolidate and set-off any or all accounts of the Customer in accordance with Clause 14; and
  - (viii) keep any or all securities of the Customer or on behalf of the Customer for the Company itself or any person.

All amounts due or owing by the Customer to the Company under this Agreement shall immediately become due and payable if an Event of Default occurs.

- 11.3 In the event of any sale/dispose any securities pursuant to Clause 11.2:
- (i) the Company shall not be responsible for any loss occasioned thereby howsoever arising if the Company has used reasonable endeavours to sell or dispose of the Securities or any part thereof at the then available market price;
  - (ii) the Company shall be entitled to sell or dispose of the Securities or any part thereof at the available market price to any person at its discretion without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any explanation of profit made by the Company and/ or any of the Associates;
  - (iii) the Customer agrees to pay to the Company and/or any of the Associates any deficiency if the net proceeds from the actions taken pursuant to Clause 11.2 shall be insufficient to cover all the outstanding balances owing by the Customer to the Company and/or any of the Associates; and
  - (iv) Any proceeds remaining after discharge of all the Customer's liabilities to the Company shall be paid to the Customer.

## 12 Termination

- 12.1 Either party may terminate this Agreement at any time by giving the other party no less than 3 Business Days notice in writing. The Company may also terminate this Agreement with immediate effect upon the occurrence of any one or more of the following events:
- (i) the withdrawal or non-renewal upon expiry (or when called upon to do so) of the Customer's authorization to the Company as contained in Clause 10.6 of this Securities Client Agreement regarding; or
  - (ii) the withdrawal of the Customer's appointment of the Company as the Customer's custodian in Clause 10.1.

Termination under this Clause shall not affect any transactions entered into by the Company pursuant to this Agreement before the termination.

- 12.2 Upon termination of this Agreement under this Clause, all amounts due or owing by the Customer to the Company under this Agreement shall become immediately due and payable. The Company shall cease to have any obligations to purchase or sell Securities on behalf of

the Customer in accordance with the provisions of this Agreement, notwithstanding any Instructions from the Customer to the contrary.

- 12.3 Upon termination of this Agreement, the Company may sell, realize, redeem, liquidate or otherwise dispose of all or part of the Securities to satisfy all indebtedness of the Customer to the Company and Clause 11.3 shall apply to any such sale.
- 12.4 Any net cash proceeds received by the Company pursuant to a sale, realization, redemption, liquidation or other disposal under this Clause shall be credited to the Account and the net credit balance on the Account (if any) shall be returned to the Customer, after first deducting or providing for all monies and sums due or owing and other liabilities accrued or accruing due to the Company and outstanding (whether actual or contingent, present or future or otherwise). All Securities not realized or disposed of together with any relevant documents of title in the Company's possession shall be delivered to the Customer at the Customer's sole risk and expense.
- 12.5 If a debit balance on the Account exists after application of the cash proceeds and deduction of any sums pursuant to this Clause, the Customer shall immediately pay to the Company an amount equal to such debit balance together with the Company's cost of funding such amount as notified to the Customer by the Company up to the date of actual receipt of full payment by the Company (after as well as before any judgment).
- 12.6 The Company may effect such currency conversions as are necessary for the purposes of this Clause in each case at the spot rate of exchange (as determined by the Company in its absolute discretion) prevailing in the relevant foreign exchange market (as determined by the Company in its absolute discretion) on the relevant date.

### 13 Liability and Indemnity

- 13.1 The Company will use all reasonable endeavours to comply with and carry out Instructions given by the Customer and accepted by the Company concerning the Account or Transactions but neither the Company nor any of its directors, officers, employees or agents (save where it has been established that they or any of them have acted fraudulently or in wilful default) shall have any liability whatsoever (whether in contract, tort or otherwise) for any loss, expenses or damages suffered by the Customer as a result of:
- (i) any inability, failure or delay on the part of the Company to comply with or carry out any such instruction or any ambiguity or defect in any such Instruction; or
  - (ii) the Company in good faith acting or relying on any Instruction given by the Customer, whether or not such instruction was given following any recommendation, advice or opinion given by the Company or any Associate or by any of its or their directors, officers, employees or agents; or
  - (iii) the Company failing to perform its obligations hereunder by reason of any cause beyond its control, including any governmental or regulatory restriction, closure of or ruling by any Exchange (or any division thereof), suspension of trading, breakdown or failure of transmission or communication or computer facilities, postal or other strikes or similar industrial action, or the failure of any Exchange, Clearing House, Correspondent Agent or other person to perform its obligations; or
  - (iv) any Exchange, Clearing House, Correspondent Agent or other person ceasing for any reason to recognize the existence or validity of Transactions entered into by the Company on behalf of the Customer, or failing to perform or close out any such contract provided that such cessation or failure shall not affect the Customer's obligations hereunder in respect of any such contracts or other obligations or liabilities of the Customer arising therefrom; or
  - (v) the mis-understanding or mis-interpretation of any Instruction given or placed verbally or electronically, or delays or errors in transmission owing to electronic traffic congestion or any other causes, or any mechanical failure, malfunction, suspension or termination of the continued operation or availability and mechanical failure or inadequacy of the Company's telephone or telecommunication system or installation in connection with the receipt and processing of Instructions transmitted by telecommunication devices and all other related equipment, facilities and services.
- 13.2 The Customer agrees to fully indemnify and keep indemnified the Company and its Associates and its Correspondent Agents and their directors, officers, employees and agents ("**Indemnified Persons**") against any loss, cost, claim, liability or expense, including legal fees,

that may be suffered or incurred by any and/or all of the Indemnified Persons, arising out of or in connection with any Transactions, or otherwise arising out of any action or omission by the Company in accordance with the terms of this Agreement, or arising out of any breach by the Customer of any of its obligations under this Agreement, including any costs reasonably incurred by the Company in collecting any debts due to the Company or any unpaid deficiency in the Account, in enforcing the rights of the Company hereunder or in connection with the closure of the Account, and any penalty charged as a result of any Transaction to the Company by any Exchange and/or Clearing House.

#### **14 Set-Off, Lien and Combination of Accounts**

- 14.1 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which the Company may be entitled under laws or this Agreement, all Securities, receivables, monies and other property of the Customer (held by the Customer either individually or jointly with others) held by or in the possession of the Company at any time shall be subject to a general lien in favour of the Company as continuing security to offset and discharge all of the Customer's obligations, arising from Transactions or otherwise, to the Company and its Associates.
- 14.2 In addition and without prejudice to any general liens or other similar rights which the Company may be entitled under law or this Agreement, the Company for itself and as agent for any of its Associates, at any time without notice to the Customer, may combine or consolidate any or all accounts of the Customer, of any whatsoever and either individually or jointly with others, with the Company or any of its Associates and the Company may set off or transfer any monies, Securities or other property in any such accounts to satisfy obligations or liabilities of the Customer to the Company or any of its Associates, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several, and whether or not such obligations and liabilities arise from the purchase and sale of securities by the Customer on a cash-against-delivery basis.
- 14.3 Without limiting or modifying the general provisions of this Agreement, the Company may, without notice, transfer any assets between any Accounts and any other accounts of its Associates in accordance with applicable laws, rules and regulations.

#### **15 Joint and Several Liability/Successors**

- 15.1 Where the Customer comprises two or more individuals:
- (i) each such individual shall be jointly and severally liable for all obligations under this Agreement;
  - (ii) the Company may accept Instructions from, give receipts to and for all purposes deal with any one of such individuals without notice to the other individual and the Company is not responsible for determining the purposes or propriety of an Instruction the Company receives from any such individual or for the disposition of payments or deliveries among such individual. The Company reserves the right to require written Instructions from all such individuals at its discretion;
  - (iii) any delivery of payments or Securities to any one of such individuals shall be a valid and complete discharge of the Company's obligations to each individual regardless of whether such delivery are made before or after the death of any one of more of such individuals;
  - (iv) any notices and communications sent to one such individual will be deemed notice to all individuals holding the Account;
  - (v) on the death of any of such individual (being survived by any other such individual), 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 Customer shall also be enforceable by the Company against such deceased Customer's estate. The surviving Customer(s) shall give the Company written notice immediately upon any of them becoming aware of any such death.
- 15.2 This Agreement shall be binding on the Customer's heirs, executors, administrators, personal representatives, successors and assigns, as the case may be.

#### **16 Transaction Notices and Reports**

- 16.1 The Company will report to the Customer executions of Transactions (i) promptly by telephone calls or facsimile or other means as agreed and/or (ii) by sending to the Customer a copy of the transaction confirmation and account statement within two Business Days of the execution of the Transaction. Unless there have been no Transactions or any revenue or expense item in the Account during any particular month and the Account

does not have any outstanding balance or holding of position or Securities, the Company will send to the Customer a monthly statement showing a transaction summary for the month in accordance with the relevant law, regulations and rules.

16.2 The Customer shall have a duty to examine the transaction confirmation, account statement and the monthly statement carefully and to notify the Company in writing of any alleged error or irregularity therein within 3 Business Days or such other period of time as may be specified by the Company generally or in any particular case, after the date of despatch of such confirmation or statement. The Customer agrees that the Company is not liable for any damages or market fluctuations resulting from any delay in reporting an error to the Company. Otherwise, in the absence of a manifest error, the transaction confirmations, account statement and monthly statement shall be conclusive and the Customer shall be deemed to have waived any such error and the Company will be released from all claims by the Customer in connection with the statement or any action taken or not taken by the Company regarding the Account. In the case that there is an overpayment of money or Securities to the Account, the Customer agrees to notify the Company as soon as it is aware of the overpayment and agrees not to remove ( or if it really removed, to return) the money or Securities.

## **17 New Listing of Securities**

17.1 In the event that the Customer requests and authorizes the Company to apply for Securities in respect of a new listing and/or issue of Securities on the Exchange as its agent and for its benefit or for the benefit of any other person, the Customer hereby warrants to and for the Company's benefit that the Company shall have authority to make such application on the Customer's behalf.

17.2 The Customer shall familiarize itself and comply with all the terms and conditions governing the Securities of the new listing and/or issue and the application for such new Securities set out in any prospectus and/or offering document and the application form or any other relevant document in respect of such new listing and/or issue and the Customer agrees to be bound by such terms and conditions in any such transaction the Customer may have with the Company.

17.3 The Customer hereby gives the Company all the representations, warranties and undertakings which an applicant for Securities in a new listing and/or issue is required to give (whether to the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person).

17.4 The Customer hereby further declares and warrants, and authorizes the Company to disclose and warrant to the Exchange on any application form (or otherwise) and to any other person as appropriate, that any such application made by the Company as its agent is the only application made, and the only application intended to be made, by the Customer or on the Customer's behalf, to benefit the Customer or the person for whose benefit the Customer is applying. The Customer acknowledges and accepts that the aforesaid declaration and warranty will be relied upon by the Company and by the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person in respect of any application made by the Company as the Customer's agent.

17.5 The Customer acknowledges that any application made by an unlisted company which does not carry on any business other than dealing in Securities and in respect of which the Customer exercises statutory control shall be deemed to be an application made for the benefit of the Customer.

17.6 The Customer recognizes and understands that the legal, regulatory requirements and market practice in respect of applications for Securities may vary from time to time as may the requirements of any particular new listing or issue of Securities. The Customer undertakes to provide to the Company such information and take such additional steps and make such additional representations, warranties and undertakings as may be required in

accordance with such legal, regulatory requirements and market practice as the Company may in the Company's absolute discretion determine from time to time.

- 17.7 In relation to a bulk application to be made by the Company or the Company's agent on the Company's own account and/or on behalf of the Customer and/or the Company's other clients, the Customer acknowledges and agrees:
- (i) that such bulk application may be rejected for reasons which are unrelated to the Customer and the Customer's application and neither the Company nor the Company's agent shall in the absence of fraud, negligence or wilful default be liable to the Customer or any other person in consequence of such rejection;
  - (ii) to indemnify the Company in accordance with Clause 13 if such bulk application is rejected either in circumstances where the representations and warranties have been breached or otherwise because of factors relating to the Customer. The Customer acknowledges that the Customer may also be liable in damages to other persons affected by such breach or other factors; and
  - (iii) notwithstanding Clause 5.4 in the event that the bulk application is only partially filled, the Customer agrees that the Company is entitled to distribute the Securities allotted in its absolute discretion, including distributing the Securities equally between all customers under the bulk application and the Customer shall not have any claim to the Securities or claim of priority to another Customer in relation to the application.
- 17.8 In the event that the Company agrees to grant credit facilities to the Customer at the Customer's request for the Customer's application (the "Application") for new listing and/or issue of Securities on the Exchange for the benefit of the Customer or any other person, the Customer hereby agrees that the terms and conditions of the Margin Client Agreement (including, without limitation, clause 2 (Margin Facility), clause 3 (Charge), clause 4 (Power of Attorney) and clause 5 (Disposal of Collateral) set out in schedule 5 to this Agreement shall apply to such credit facilities and the Securities allocated, purchased or transferred pursuant to the Application (the "New Securities"), provided that in the application of such terms and conditions:
- (i) the definition of "Collateral" under clause 1.3 of the Margin Client Agreement shall be replaced by the following definition:  
"Collateral" means all New Securities and all monies in relation to the Application which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by the Company or its Associates or nominees, including (without limitation) those monies and Securities that shall come into the possession, custody or control of the Company or its Associates from time to time in relation to the Application (which shall include any additional or substituted Securities and all dividends or interest paid or payable, rights, interest, monies or property accruing at any time by way of redemption, bonus, preference, options or otherwise on or in respect of any such Securities or additional or substituted Securities).
  - (ii) Interest for the whole IPO period is non-refundable once application submitted.
- 17.9 In relation to any Over-The-Counter ("OTC") transactions, including without limitation trading of any New Securities before their listing on the Exchange, entered or to be entered into by the Customer, the Customer acknowledges and agrees that:
- (i) subject to clause 5.10 above, the Company is acting as agent for the Customer and does not guarantee the settlement of such OTC transactions;
  - (ii) the Customer's orders may be partially executed or not executed at all. Trades executed will be cancelled and void if the relevant security subsequently fails to list on the Exchange;
  - (iii) in the event that the Customer in selling any Securities fails to deliver such Securities, the Company is entitled to purchase in the market and/or on LixinMart (at the prevailing market price) the relevant Securities required for delivery in respect of such sale effected for the Customer in order to complete the settlement of the relevant transaction. The Customer shall bear all losses arising out of or in connection with such transaction;
  - (iv) in the event that (1) the Customer buys Securities from a seller and such seller fails to deliver the relevant Securities and (2) the purchase of the relevant Securities cannot be effected or the Company in its absolute discretion determines not to purchase the relevant Securities pursuant to clause 17.9 (iii) the Customer will not

- be entitled to obtain the relevant Securities at the matched price and shall only be entitled to receive the money paid for The purchase of the relevant Securities;
- (v) in the event that the Customer in buying any Securities fails to deposit the necessary settlement amount, the Company is entitled to sell any and all Securities or collateral held in its Account and use the sale proceeds after deducting all costs in settlement of the transaction. However, if the Customer is the seller under such transaction and such transaction cannot be settled, the Customer shall only be entitled to the relevant Securities but not the sale proceeds of the relevant Securities; and
  - (vi) without prejudice to the above, the Customer shall bear its own losses or expenses and shall be responsible to the Company for any losses and expenses resulting from its and/or its counterparty's settlement failures.

## 18 Representations and Warranties

The Customer represents warrants and undertakes that:

- 18.1 The information relating to the Customer provided pursuant to this Agreement is true, accurate and complete and the Company is entitled to rely on such information until the Company has received notice in writing from the Customer of any changes therein. The Company will be notified immediately in writing of any material changes in such information.
- 18.2 The Customer has the authority and legal capacity to enter into and perform its obligations under this Agreement and this Agreement constitutes the valid and legally binding obligations of the Customer.
- 18.3 The Customer is lawfully authorized to trade in any foreign securities, including shares listed in Mainland China.
- 18.4 The Customer will report to the Company all changes in the status of either the Customer's or the beneficiary owner's tax residency and/or nationality status for the purposes of satisfying the Company's inter-jurisdictional tax compliance obligations, foreign securities ownership restriction rules and/or any other applicable law.
- 18.5 Where the Customer is an Intermediary as defined in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance ("AMLO") , the Customer undertakes the following
  - (i) Maintenance of internal policies, procedures and controls to comply with anti-money laundering/countering the financing of terrorist laws, regulations, and guidelines including performing ongoing monitoring of clients and their transactions;
  - (ii) Performance of the client due diligence measures specified in section 2 of schedule 2 of AMLO; and
  - (iii) Provision without delay of the documentary evidence obtained in the course of carrying out client due diligence measures upon request from overseas or local regulators or otherwise as reasonably required by the Company.
- 18.6 The Customer will advise the Company whether they are in violation of any applicable law.

## 19 Tax compliance

- 19.1 The Customer and any person acting on its behalf acknowledge that it is the sole responsibility of the Customer to understand and comply with its tax obligations in all jurisdictions. The Customer is advised to seek independent legal and tax advice and neither the Company nor its agents provide tax advice.
- 19.2 The Customer undertakes to provide the Company with information, documents and certificates as required by the Company in order to meet obligations imposed by applicable Inter-jurisdictional Tax Compliance Rules. "Inter-jurisdictional Tax Compliance Rules" includes but without limitation to:
  - (a) "FATCA", which means:
    - (i) sections 1471 through 1474 of the United States Internal Revenue Code of 1986 (as amended) or any amended or successor version thereof;
    - (ii) any intergovernmental agreement, memorandum of understanding, undertaking and other arrangement between governments and regulators in connection with Clause 19.2(a)(i), including as entered into the government of New Zealand;

- (iii) agreements between the Company and the Internal Revenue Service of the United States or other regulator or government agency pursuant to or in connection with Clause 19.2(a)(i); and
  - (iv) any laws, rules, regulations, interpretations or practices adopted in the United States, New Zealand or elsewhere pursuant to any of the foregoing; and
- (b) “Tax Information Sharing Arrangements”, which means any local or foreign laws, regulations and rules including, without limitation to, the obligations under FATCA and associated rules and regulations and other international exchange arrangements affecting the Company.
- 19.3 The Customer acknowledges and agrees that the Company may report and disclose any information, document, certification or account details (including but not limited to the relevant account balances, gross amounts of relevant interest incomes, dividend incomes and withdrawals) given by or relating to the Customer, any beneficial owners, any authorised signatories or other representative, any account with the Company or any transaction to the Tax Authorities, as required under the applicable local or foreign laws, regulations and rules and as determined by us. The Customer also acknowledges and understands that the Company’s obligations imposed by applicable local or foreign laws are continuous.
- 19.4 The Customer will, from time to time, supply the Company with identity information and personal data in connection with the establishment or continuation of any account with the Company or provision of its services. Failure to supply the information may result in the Company being unable to effect a transaction, provide the services or operate or maintain any of the Customer’s accounts. It may also result in the Company having to withhold or deduct amounts as required under the local or foreign laws, regulations and rules.
- 19.5 Without limiting any other indemnity provided by the Customer, the Customer will indemnify the Company, its affiliates or agents on demand against any liability, reasonable loss or expense (including tax and levy) arising from its instructions, account or provision of services to the Customer, including as a result of any failure by the Customer to comply with these Clauses or any other undertakings given by the Customer providing misleading or false information in respect of its account or any other person or matter in connection with these Clauses, unless the Company is negligent or guilty of wilful misconduct.

## 20 Risk Disclosure

The Company refers the Customer to the Risk Disclosure Statements contained in Schedule 3.

## 21 Notices and Communications

- 21.1 All notices, reports, statements, confirmations and other communications shall be in written or electronic form (if applicable) which may be personally delivered or transmitted by post, facsimile or electronic mail, if to the Customer, at the address, facsimile number or electronic mail address given in the Account Opening Form or at such other address, facsimile number or electronic mail address as shall be designated by the Customer in a written notice to the Company; and if to the Company, at its address at such office of the Company as the Company may from time to time select and notify to the Customer.
- 21.2 All such notices, reports, statements, confirmations and other communications shall be deemed to have been duly served:
- (i) at the time of delivery or transmission, if delivered personally, by facsimile or by electronic mail; or
  - (ii) 2 Business days after the date of posting, if sent by local mail; or
  - (iii) 5 Business days after the date of posting, if sent by overseas mail.

## 22 Amendments

The Customer agrees that the Company may amend the terms of this Agreement by giving the Customer reasonable notice of the changes in writing at any time. Any amendment to this

Agreement shall take effect on expiry of such notice period and the Customer will be deemed to have accepted the amendment if it does not terminate the Account.

## **23 Assignment**

The Customer agrees that the Company may transfer its rights and obligations under this Agreement to an Associate without prior consent from the Customer. The rights and obligations of the Customer under this Agreement may not be assigned without the Company's prior written consent.

## **24 Entire Agreement**

This Agreement, including any schedules and appendices (as may be amended from time to time), contains the entire understanding between the Customer and the Company and supersedes all previous agreements and arrangements (if any) made between the Company and the Customer in relation to the Account.

## **25 Governing Law**

This Agreement and all rights, obligations and liabilities hereunder shall be governed by and construed in accordance with the laws of New Zealand and may be enforced in accordance with the laws of New Zealand.

## **26 General**

26.1 All Transactions shall be effected in accordance with all laws, rules and regulatory directions, by-laws, customs and usage as amended from time to time of the Exchange and the Clearing House applying to the Company and shall be binding on the Customer.

26.2 Each of the term of this Agreement is severable and distinct from the others. If any term in this Agreement is inconsistent with any present or future law, rule or regulation of the Exchange, the Clearing House or any authority having jurisdiction over the subject matter of this Agreement, such provision shall be deemed to be rescinded or modified in accordance with any such law, rule or regulation. In all other respects, this Agreement shall continue and remain in full force and effect.

26.3 Time shall in all respect be of essence in the performance of all of the Customer's obligations under this Agreement.

26.4 A failure or delay in exercising any right, power or privilege in respect of this Agreement by the Company will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or future exercise of that right, power or privilege.

26.5 The Customer agrees to notify the Company in writing of any material change in the information supplied in the Account Opening Form. The Company shall notify the Customer in writing of any material change in the information contained in this Agreement.

26.6 In the event of any difference in the interpretation or meaning between the Chinese and English version of this Agreement, the Customer and the Company agree that the English version shall prevail. The Chinese translation of this Agreement is available at [www.lixinzq.com](http://www.lixinzq.com).

## **27 Knowledge of Securities, Warrants and Options; Corporate Actions**

27.1 The Customer Acknowledges the Customer's responsibility for knowing the terms of any securities, options, warrants or other products in the Customer's Account, including upcoming corporate actions (e.g., tender offers, reorganizations, stock splits, delist etc.). The Company has no obligation to notify the Customer of deadlines or required actions or dates of meetings, nor is the Company obligated to take any specific action for the Customer.

27.2 The Company may, in its discretion and without assigning any reason therefore, refuse to act for the Customer or its Authorized Person in any particular Transactions.



## SCHEDULE 1

### ON-LINE TRADING AGREEMENT

This On-line trading Agreement is supplemental to the Securities Client Agreement entered into by the Company and the Customer to which this On-line Trading Agreement is annexed whereby the Company agrees to provide to the Customer Electronic Services which enable the Customer to give electronic Instructions and to obtain quotations and other information via computer or telephonic transmission for use on compatible personal, home or small business computers, including internet appliance with modems, terminals or network computers that can connect to a telecommunication network (“**Electronic Services**”) Where any conflict arises between the Securities Client Agreement and the provisions of this On-line Trading Agreement, the provisions of the latter shall prevail.

#### 1 Interpretation

- 1.1 Terms defined in this On-line Trading Agreement have the same meanings as in the Securities Client Agreement unless stated otherwise.
- 1.2 The following expressions shall, unless the context requires otherwise, have the following meanings:
- |               |   |
|---------------|---|
| “Login ID”    | means the Customer's identification, used in conjunction with the Password, to gain access to the Electronic Services;  |
| “Information” | means any transaction or market data, bid and ask quotations, news reports, third party analysts' report, research and other information relating to securities and the securities markets; |
| “Password”    | means the Customer's password, used in conjunction with the Login ID, to gain access to the Electronic Services   |
- 1.3 References to “Instructions” in the Securities Client Agreement are deemed to include electronic instructions given by means of the Electronic Services.
- 1.4 “Transaction Notices and Reports” and “Notices and Communications” referred to in Clauses 16 and 20 of the Securities Client Agreement respectively may be sent solely by means of Electronic Services if the Customer so consents and such consent can be given initially as indicated in the Client Information Form or subsequently by Electronic Services. Notices and communication delivered by Electronic Services shall be deemed to have been duly delivered at the time of transmission.

#### 2 Using Electronic Services

- 2.1 On The issuance by the Company to the Customer of its Login ID and Password, the Electronic Services shall be activated and the Company shall notify the Customer.
- 2.2 The Company is entitled to require the Customer to place a cash and/or Securities deposit prior to execution of any Instructions as will be informed by the Company from time to time.
- 2.3 The Customer agrees:
- that it shall use the Electronic Services only in accordance with this On-line Trading Agreement, the Securities Client Agreement and the instructions and procedures as set out in the Company's Instruction Manual which is supplied to the Customer from time to time;
  - that it shall be the only authorized user of the Electronic Services;
  - that it shall be responsible for the confidentiality and use of its Login ID and Password.
  - that it shall be solely responsible for all Instructions entered through the Electronic Services using its Login ID and Password and any Instructions so received by the Company shall be deemed to be made by the Customer at the time received by the Company and in the form received;
  - that it shall immediately inform the Company if it becomes aware of any loss, theft or unauthorized use of its Login ID or Password;

- (vi) that the Company has the right to suspend the Electronic Services if an incorrect Login ID and Password are entered on more than 3 occasions;
  - (vii) to provide the Company with the Customer's e-mail address, and promptly provide the Company with any changes to the Customer's e-mail address, and to accept electronic communications from the Company at the e-mail address the Customer has specified;
  - (viii) that the Company may in its absolute discretion impose restrictions on the types of orders, and the range of prices for orders which can be placed through the Electronic Services;
  - (ix) that the Customer agrees to pay all subscription, service and user fees, if any, that the Company charges for the Electronic Services and authorizes the Company to debit the Customer's Account with the same;
  - (x) that it shall be bound by any consent the Customer gives through the Electronic Services for the Company to provide any notices, statements, trade confirmations and other communications to the Customer solely through Electronic Services; and
  - (xi) that it shall log-off the Electronic Services immediately following the completion of each Electronic Services session.
- 2.4 After the giving of an Instruction via the Electronic Services, the Customer shall check via the Electronic Services that its Instruction has been correctly acknowledged by the Company.
- 2.5 Without limiting the generality of the foregoing, the Customer acknowledges and agrees that it may not be possible to amend or cancel an instruction after it has been given through the Electronic Services and that an Instruction may only be amended or cancelled if it has not been executed by the Company. In such circumstances the Company will use its best efforts to amend or cancel the Instruction but, notwithstanding an acknowledgement by the Company in relation to the amendment or cancellation, there is no guarantee that the amendment or cancellation will occur. If the amendment or cancellation does not occur, the Customer shall remain liable for the original Instruction.
- 2.6 In the case the Electronic Services is not available, the Customer shall place its Instructions in accordance with Clause 4.1 of the Securities Client Agreement.

### **3 Provision of Information**

- 3.1 The Company may convey Information to the Customer by Electronic Services. The Customer may be charged a fee for Information the Company provides that has been obtained from Exchanges, markets and from other third-parties that transmit Information (collectively referred to as the "**Information Providers**").
- 3.2 The Information is the property of the Company, the Information Providers or others and is protected by copyright. The Customer shall:
- (i) not upload, post, reproduce or distribute any Information, software or other material protected by copyright or other intellectual property right (as well as rights of publicity and privacy) without first obtaining the permission of the owner of such rights; and
  - (ii) not use the Information or any part thereof other than for its own use or in the ordinary course of its own business.
- 3.3 The Customer agrees not to
- (i) reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit the Information in any manner without the express written consent of the Company and the relevant Information Provider(s);
  - (ii) use the Information for any unlawful purpose;
  - (iii) use the Information or any part thereof to establish, maintain or provide or to assist in establishing, maintaining or providing a trading floor or dealing service for trading in securities listed on the SENZ.
- 3.4 The Customer agrees to comply with reasonable written requests by the Company to protect the Information Providers' and the Company's respective rights in the Information and the Electronic Services.

- 3.5 The Customer shall comply with such reasonable directions as the Company may give from time to time concerning permitted use of the Information.
- 3.6 The Customer authorizes the Company to provide information on the Electronic Services supplied to the Customer hereunder to the Stock Exchange Information Service Limited (“SEIS”) to enable the Company to comply with the license agreement between SEIS and the Company relating to market datafeeds.

#### **4 Intellectual Property Rights**

- 4.1 The Customer acknowledges that the Electronic Services, and any software comprised in it, is proprietary to the Company. The Customer warrants and undertakes that it shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer or otherwise alter in any way, and shall not attempt to gain unauthorized access to, any part of the Electronic Services or any of the software comprised in it. The Customer agrees that the Company shall be entitled to terminate this On-line Trading Agreement if at any time the Customer breaches, or if the Company at any time reasonably suspects that the Customer has breached, this warranty and undertaking.

#### **5 Limitation of Liability and Indemnification**

- 5.1 The Company, its Correspondent Agents and the Information Providers shall not be responsible for any losses, costs, expenses or liabilities suffered by the Customer resulting from circumstances beyond their reasonable control including, without limitation:
- (i) delays, failure or inaccuracies in transmission of communications to or from the Company through telephone, electronic or other systems that are not under the Company's control;
  - (ii) delays, inaccuracies or omissions in or unavailability of research, analysis, market data and other Information prepared by Information Providers;
  - (iii) unauthorized access to communications systems, including unauthorized use of the Customer access number(s), password(s) and/or account numbers; and
  - (iv) war or military action, government restrictions, labour disputes or closure of or disruption to orderly trading on any market or exchange, severe weather conditions and acts of god.
- 5.2 The Customer agrees to defend, indemnify and hold the Company, its Corresponding Agents and the Information Providers harmless from and against any and all claims, losses, liability, costs and expenses (including but not limited to attorneys' fees) arising from the Customer's violation of the Securities Client Agreement (including this On-line Trading Agreement), applicable securities laws or regulations, or any third party's rights, including but not limited to infringement of any copyright, violation of any proprietary right and invasion of any privacy rights. This obligation will survive the termination of this On-line Trading Agreement.
- 5.3 The Customer accepts that while the Company endeavours to ensure the accuracy and reliability of the Information provided, the Company does not guarantee its accuracy or reliability and accepts no liability (whether in tort, contract or otherwise) for any loss or damage from any inaccuracies or omission.

#### **6 Termination of Electronic Services**

- 6.1 The Company reserves the right to terminate the Customer's access to the Electronic Services or any portion of them in its sole discretion, without notice and without limitation, for any reason whatsoever, including but not limited to the unauthorized use of the Customer's access number(s), password(s) and/or account number(s), breach of this On-line Trading Agreement or the Securities Client Agreement, discontinuance of the Company's access to any Information from any Information Provider or termination of one or more agreements between the Company and Information Providers.
- 6.2 In the event of termination by the Company, the Information Providers, and the Company shall have no liability to the Customer; provided, however, that if the termination is without cause the Company will refund the pro rata portion of any fee that may have been paid by the Customer for the portion of the Electronic Services not furnished to the Customer as of the date of such termination.

#### **7 Risk Disclosure**

- The Company refers the Customer to the Risk Disclosure Statements contained in Schedule 3.

**8 General**

- 8.1 In the event of any dispute between the parties, the Customer agrees that the records of the Company (including electronic records) shall prevail in the absence of manifest error or evidence suggesting to the contrary.
  
- 8.2 The Company may change the terms in this On-line Trading Agreement from time to time by giving the Customer reasonable notice in writing or via Electronic Services.

## SCHEDULE 2

### PERSONAL INFORMATION COLLECTION STATEMENT

This Statement is provided to the Customer as an individual Customer of Lixin Group (the "Group") in accordance with the requirements of the Privacy Act 2020 in New Zealand (the "Ordinance").

#### 1. Definitions

**"Account"** means any one or more accounts now or hereafter opened in the name of the Customer with the Company;

**"Account Opening Form"** means the prescribed document the Customer completes and signs for the opening of an account with the Company;

**"Associate"** means, in relation to the Group, a body corporate which is its subsidiary or affiliated company in New Zealand or elsewhere including, where appropriate, but not limited to Lixin Brokers (NZ) Limited;

**"Client Agreement"** means the agreement signed between the Customer and the Company, including the Account Opening Form and the various schedules attached, as originally executed or as thereafter from time to time amended or supplemented;

**"Company"** means the corporate body with whom the Customer entered into a Client Agreement;

**"Correspondent Agent"** means anyone who acts as the Company's agent, contractor or third party service provider (whether in New Zealand or elsewhere) who provides administrative, telecommunications, computer, payment, debt collection or securities clearing, custodian, audit, banking, financing, insurance, risk management, business consulting, outsourcing, customer relationship management, marketing or other services to the Group in connection with the operation of its business;

**"Customer"** means the party whose name, address, and details are set out in the Account Opening Form; and

**"Instructions"** means any instructions or orders communicated by the Customer or its authorized persons to the company.

#### 2. Disclosure Obligation

Unless otherwise stated the Customer must supply the personal data requested on the enclosed Account Opening Form to the Company. If the Customer does not supply this data, it will not be possible for the Customer to open an Account with the Company as the Company will not have sufficient information to open and administer the Account.

#### 3. Use of Personal Data

##### 3.1 Users

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

- (i) any member of the Group;
- (ii) any director, officer or employee or agent of the Group;
- (iii) any person (such as lawyers, advisers, nominee, custodian etc.) authorized by the Group when carrying out the Customer's Instructions and/or the business

- of the Group;
- (iv) any actual or proposed assignee of any rights and obligations of the Group in relation to the Customer;
- (v) any governmental, regulatory or other bodies or institutions, whether as required by law or regulations applicable to any member of the Group; and
- (vi) any Correspondent Agent.

### **3.2 Purposes**

All personal data concerning the Customer may be used by any User for the following purposes:

- (i) processing the Customer's Account opening application;
- (ii) carrying out new or existing client verification and credit checking procedures and assisting other financial institutions to do so;
- (iii) ongoing Account administration, including the collection of amounts due, enforcement of security, charge or other rights and interests ;
- (iv) designing further products and services or marketing a Group product to the Customer.
- (v) transfer of such data to any place outside New Zealand;
- (vi) comparison with the Customer's personal data (irrespective of the purposes and sources for which such data were collected, and whether collected by a User or any other person) for the purpose of: (A) credit checking; (B) data verification; and/or (C) otherwise producing or verifying data which may be used for the purpose of taking such action that a User or any other person may consider appropriate (including action that may relate to the rights, obligations or interest of the Customer or any other person);
- (vii) providing on the terms of any other agreements and services relating to the Customer;
- (viii) any purpose relating to or in connection with compliance with any law, regulation, court order or order of any regulatory body;
- (ix) investigating suspicious transactions; and
- (x) any other purpose relating to the execution of the Customer's Instructions or in connection with the business or dealings of the Group.

### **3.3 Use of Data in Direct Marketing**

The Company intends to use and /or transfer the Customer's data to its Associates for direct marketing and the Company requires the consent (including no objection) of the Customer for that purpose. In this connection, please note that:

- (i) the name, contact details, portfolio information, transaction pattern and financial background of the Customer may be used in direct marketing of investment or financial related products and services of the Group; and
- (ii) if a Customer does not wish the Company to use and /or transfer the Customer's data for use in direct marketing, the Customer may, without charge, exercise the right to opt-out.

### **3.4 Duration of Use**

The Company shall store the Customer's data for no longer than required under the rules, regulations, and laws of all relevant regulators.

## **4. Rights of the Customer**

The Customer has the right to have access to and correction of the Customer's personal data as set out in the Ordinance. In general, and subject to certain exemptions, the Customer is entitled to:

- (i) enquire whether an Associate holds personal data in relation to the Customer;
- (ii) request access to the Customer's personal data within a reasonable time, at a fee which is not excessive, in a reasonable manner and in a form that is intelligible;
- (iii) request the correction of the Customer's personal data;
- (iv) be given reasons if a request for access or correction is refused, and object to any such refusal;
- (v) object to the use of its data as listed under clause 3.2 above, however the objection to any one of the uses contained therein shall prevent the Company from administering the account. Therefore any objections shall be treated as a request to close the Customer's account with the Company; and
- (vi) lodge a complaint with a relevant supervisory authority if the Customer considers that the processing of his/her data infringes on his/her rights.

## **5. Disclosure of Personal Data**

Upon the death of the Customer, the Company shall upon the request of the surviving spouse, child, or parent of the Customer (the Applicant) disclose the account balance and such other information concerning the Customer as the Applicant may require if the Applicant provides a certified true copy of the Customer's government issued death certificate to the Company.

## **6. Contact Person**

If the Customer wishes to request access to and /or correct personal data and/or opt out of receiving direct marketing material, the Customer should contact the Data Protection Officer of the Company on 0571-56090666 or johnson.yuan@lixinzq.com.

## RISK DISCLOSURE STATEMENTS

### 1 **Risk of Securities Trading**

Investment involves risk and the past performance of any security is not a guarantee of its future performance. 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 Futures and Options**

The risk of loss in trading futures contracts or options is substantial. In some circumstances, the Customer may sustain losses in excess of the Customer's initial margin funds.

Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders.

The Customer may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, the Customer's position may be liquidated. The Customer will remain liable for any resulting deficit in the Customer's account.

The Customer should therefore study and understand futures contracts and options before the Customer trades and carefully consider whether such trading is suitable in the light of the Customer's own financial position and investment objectives.

If the Customer trades options, the Customer should inform themselves of the exercise and expiration procedures and the Customer's rights and obligations upon exercise or expiry.

### 3 **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 Customer 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 SENZ. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.

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

### 4 **Risk of Customer Assets Received or Held outside New Zealand**

The Customer assets received or held by the Company outside New Zealand are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Ordinance (Cap. 571) and the rules made thereunder.

Consequently, such Customer assets may not enjoy the same protection as that conferred on Customer assets received or held in New Zealand.

### 5 **Risk of Trading Nasdaq-Amex Securities at the SENZ**

The securities under the Nasdaq-Amex Pilot Program (PP) are aimed at sophisticated investors. The Customer should consult the Company and become familiarized with the PP before trading in the PP securities. The Customer 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 SENZ.

### 6 **Risk of using the Electronic Services under the On-line Trading Agreement**

If the Customer undertakes Transactions via Electronic Services, the Customer will be exposed to risks associated with the Electronic Services system including the failure of hardware and software,



and the result of any system failure may be that the Customer's order is either not executed according to the Customer's Instructions or is not executed at all.

Due to unpredictable traffic congestion and other reasons, Electronic Services may not be reliable and Transactions conducted via Electronic Services may be subject to delays in transmission and receipt of the Customer's Instructions or other Information, delays in execution or execution of the Customer's Instructions at prices different from those prevailing at the time your Instructions were given, transmission interruption or blackout.

There are risks of misunderstanding or errors in communication, and it is also usually not possible to cancel an Instruction after it has been given. The Company accepts no responsibility for any loss which may be incurred by the Customer as a result of such interruptions or delays or access by third parties. The Customer should not place any Instruction with us via Electronic Services if the Customer is not prepared to accept the risk of such interruptions or delays.

Market data and other information made available to the Customer through our Electronic Service may be obtained by the Company from third parties. While the Company believes such market data or information to be reliable, neither the Company nor such third parties guarantees the accuracy, completeness, or timeliness of any such market data or information.

## **7 Risk of Margin Trading**

The risk of loss in financing a transaction by deposit of collateral is significant. The Customer may sustain losses in excess of the cash and any other assets deposited as collateral with the Company.

Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders.

The Customer may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, the Customer's collateral may be liquidated without the Customer's consent.

The Customer should closely monitor the Customer's positions, as in some market conditions the Company may be unable to contact the Customer or provide the Customer with sufficient time to make the required deposits, and forced liquidation may be necessary. Moreover, the Customer will remain liable for any resulting deficit in the Customer's account and interest charged on the account.

The Customer should therefore carefully consider whether such a financing arrangement is suitable in light of the Customer's own financial position and investment objectives.

## **8 Risk of Providing an Authority to Repledge Client's Securities Collateral**

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

If the Customer's Securities or securities collateral are received or held by the Company, the above arrangement is allowed only if the Customer consents in writing. Moreover, the authority must specify the period for which it is current and be limited to not more than 12 months.

The Customer has the discretion not to give the Customer Securities Standing Authority set out under Clause 5 of Schedule 5 by giving a written notice to the Company in the circumstances provided for under either Clause 5.1 or Clause 5.7 of Schedule 5.

Additionally, the Customer Securities Standing Authority set out under Clause 5 of Schedule 5 (if it is not revoked prior to its expiry) may be renewed for one or more further periods but not exceeding 12 months. Such Customer Securities Standing Authority shall be deemed to be renewed (i.e. without the Customer's further consent) if the Company issues the Customer a reminder at least 14 days prior to the expiry of the authority and the Customer does not object to such deemed renewal before the expiry date of the then existing authority.

The Customer is not required by any law to sign and give the Customer Securities Standing Authority set out under Clause 5 of Schedule 5, but an authority may be required by the Company, for example, to facilitate margin lending to the Customer or to allow the Customer's Securities or securities collateral to be loaned to or deposited as Collateral with third parties. The Company should explain to the Customer the purpose for which client securities standing authority is to be used.

If the Customer sign and give the Customer Securities Standing Authority set out under Clause 5 of Schedule 5 and the Customer's Securities or securities collateral are lent to or deposited with third parties, those third parties will have lien or charge on the Customer's Securities or securities collateral. Although the Company is responsible to the Customer for the Customer's Securities or securities collateral lent or deposited under the authority, a default by it could result in the loss of Customer's Securities or securities collateral.

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

#### **9 Risk of Trading of Foreign Securities, including Shares Listed in Mainland China**

The Customer should only undertake trading of foreign securities if the Customer understands the nature of foreign securities trading and the extent of the Customer's exposure to risks.

In particular, foreign securities trading is not regulated by the SENZ and will not be covered by the Investor Compensation Fund despite the fact that the Company is an exchange participant of the SENZ.

The Customer should carefully consider whether such trading is appropriate in light of the Customer's trading experience, risk profile and other relevant circumstances and seek independent professional advice if the Customer is in doubt.

#### **10 Risk of Trading on LixinMart**

The Customer should only undertake trading on the over-the-counter ("OTC") trading facilities known as "LixinMart" provided by the Company if the Customer understands the nature of such trading and such trading facilities and the extent of the Customer exposure to the risks.

By trading on LixinMart the Customer 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 Customer will be responsible for any losses or expenses resulting from the Customer and/or the counterparty's settlement failures.

Trades executed on LixinMart may be cancelled and void if that particular Securities subsequently fails to list on the Exchange.

The Customers order may only be partially executed, or not at all, as a result of the lower liquidity in trading on LixinMart as compared to regular market hours of the Exchange. There may also be greater volatility in trading on LixinMart than in regular market hours of the Exchange. The lower liquidity and higher volatility in trading on LixinMart may then result in wider than normal spreads for a particular type of Securities.

The prices of Securities traded on LixinMart 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 on LixinMart 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. In trading on LixinMart, these announcements may occur during trading and may cause an exaggerated and unsustainable effect on the price of a particular type of Securities.

#### **11 Risks of Trading in Foreign Currency**

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

The Customer understands that the trading financial products/securities with underlying assets not denominated in New Zealand dollars are exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the financial product/securities' price.

## **12 Risk of Trading Exchange Traded Notes (ETNs)**

ETN is a type of unsecured, unsubordinated debt security issued by an underwriting bank, designed to provide investors access to the returns of various market benchmarks. The returns of ETNs are usually linked to the performance of a market benchmark or strategy, minus applicable fees. Similar to other debt securities, ETNs have a maturity date and are backed only by the credit of the issuer.

The Customer can buy and sell the ETNs on the exchange or receive a cash payment at the scheduled maturity or may early redeem the ETNs directly with the issuer based on the performance of the underlying index less applicable fees, with redemption restrictions, such as the minimum number of ETNs for early redemption, may apply.

There is no guarantee that the Customer will at maturity or upon an earlier repurchase, receive the initial investment back or any return on that investment. Significant adverse monthly performances for the Customer's ETNs may not be offset by any beneficial monthly performances.

The issuer of ETNs may have the right to redeem the ETNs at the repurchase value at any time.

If at any time the repurchase value of the ETNs is zero, the Customer's investment will become worthless.

ETNs may not be liquid and there is no guarantee that the Customer will be able to liquidate the Customer's position whenever the Customer wishes.

Although both Exchange Traded Funds and ETNs are linked to the return of a benchmark index, ETNs as debt securities do not actually own any assets they are tracking. Instead, the ETN represents a promise from the issuer to pay investors the theoretical allocation of the return reflected in the benchmark index. It provides limited portfolio diversification with concentrated exposure to a specific index and the index components. In the event that the ETN issuer defaults, the potential maximum loss could be 100% of the investment amount and no return may be received.

The value of the ETN may drop despite no change in the underlying index, instead the drop may be due to a downgrade in the issuer's credit rating. Therefore, by buying ETNs, the Customer gets direct exposure to the credit risk of the issuer and would only have an unsecured bankruptcy claim if the issuer declares bankruptcy.

The principal amount is subject to the periodic application of investor fee or any applicable fees that can adversely affect returns.

The Customer may have leveraged exposure to the underlying index, depending on the product feature. The value of ETNs can change rapidly according to the gearing ratio relative to the underlying assets. The Customer should be aware that the value of an ETN may fall to zero resulting in a total loss of the initial investment.

## **13 Default Risks & Counterparty Risks**

Every investment product contains default risks and/or counterparty risks. Default risk could come from the issuer's failure to make payments as agreed. At time of market downturn, an issuer may default due to their inability to raise new debt to roll over or repay old ones. Credit ratings are the most common tools used for assessing bond default risk. A rating represents the opinion of the rating agency at a particular point of time and may change over time, due to either changes in the financial status of the issuers or changes in market conditions.

Counterparty risk refers to the failure of the trading party in fulfilling their financial contractual obligations. While ratings by credit agencies represented quality assurances, the Customer should

not only refer to the credit ratings of the product issuers, but also seek full understanding of the product structure and its exposure to the financial derivatives in order to avoid financial loss.

#### **14 Risk Relating to Collective Investment Schemes**

Collective Investment Schemes may invest extensively (up to 100%) in financial derivative instruments, fixed income securities and/or structured products (including, but not limited to credit default swaps, sub-investment grade debt, mortgage-backed securities and other asset-backed securities) and be subject to various risks (including but not limited to counterparty risk, liquidity risk, credit risk, and market risk).

Collective Investment Schemes may use trading strategies that use financial derivative instruments which may be unsuccessful due to a number of reasons; including but not limited to volatile market conditions, imperfect correlation between the movements in securities on which derivatives are based, lack of liquidity within markets and counterparty default risk.

#### **15 General Risk of Trading in Derivatives and Structured Products**

**Issuer Default Risk:** In the event that a structured product issuer becomes insolvent and defaults on their listed securities, the Customer will be considered an unsecured creditor and will have no preferential claim to any assets held by the issuer. The Customer should therefore pay close attention to the financial strength and credit worthiness of structured product issuers.

**Uncollateralised Product Risk:** Uncollateralised structured products are not asset backed. In the event of issuer bankruptcy, the Customer can lose the entire investment. The Customer should read the listing documents to determine if a product is uncollateralized and whether the product is suited to them.

**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. The Customer should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.

**Expiry Considerations:** Structured products have an expiry date after which the issue may become worthless. The Customer should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

**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.

**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, the Customer may not be able to buy or sell the product until a new liquidity provider has been assigned.

#### **16 Specific Risk of Trading Derivative Warrants**

**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.

**Volatility Risk:** Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price. The Customer should be aware of the underlying asset volatility.

**Limited Life:** Unlike stocks, derivative warrants have an expiry date and therefore a limited life. Unless the derivative warrants are in-the-money, they become worthless at expiration. Deeply out-of-the-money warrants are less sensitive to movements in the price of the underlying asset because such warrants are unlikely to become in-the-money on expiry.

**Turnover:** High turnover should not be regarded as an indication that a derivative warrant's price will go up. The price of a derivative warrant is affected by a number of factors in addition to market forces, such as the price of the underlying assets and its volatility, the time remaining to expiry, interest rates and the expected dividend on the underlying assets.

## 17 **Specific Risk of Trading Callable Bull/Bear Contracts (“CBBC”)**

**Mandatory Call Risk:** Customers 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. The Customer 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 Customer should also note that the residual value can be zero.

**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, the Customer 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.

**Limited Life:** A CBBC has a limited lifespan as denoted by the fixed expiry date. The life of a CBBC may be shorter if called before the fixed expiry date. The price of a CBBC fluctuates with the changes in the price of the underlying asset from time to time and may become worthless after expiry and in certain cases, even before the normal expiry if the CBBC has been called early.

**Movement with Underlying Asset:** The price changes of a CBBC tends to follow closely the price changes of its underlying asset, but in some situations it may not. Prices of CBBC are affected by a number of factors, including its own demand and supply, funding costs and time to expiry. The delta for a particular CBBC may not always be close to one, especially when the price of the underlying asset is close to the Call Price.

**Trading of CBBC close to Call Price:** When the underlying asset is trading close to the Call Price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result. However, the trade inputted by the Customer may still be executed and confirmed after the Mandatory Call Event (MCE) since there may be some time lapse between MCE and suspension of the CBBC trading. Any trades executed after the MCE will not be recognized and will be cancelled. Therefore, the Customer should be aware of the risk and ought to apply special caution when the CBBC is trading close to the Call Price.

**Overseas Underlying Assets:** CBBC issued on overseas underlying assets may be called outside the Exchange's trading hours.

## 18 **Specific Risk of Trading Exchange Traded Funds (“ETFs”)**

**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. The Customer must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

**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.)

**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.

**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, the Customer may not be able to buy or sell the product.

**Derivative Embedded ETFs Risk:** ETF may invest in derivative products. Derivative Embedded ETF may invest in CAAPs, index futures contracts and other financial derivative instruments (“FDI”).

Investing in a FDI is not the same as investing directly in an underlying asset which is part of the Underlying Index.

A FDI is a form of contract. Under the terms of a derivative contract, Derivative Embedded ETF and its counterparty (i.e. the person(s) with whom Derivative Embedded ETF has made the agreement) agree to make certain payments to the other party under particular circumstances or on the occurrence of particular events specified in the contract. The value of the FDI depends on, or is derived from, or determined by reference to, the value of an underlying asset such as a Security or an index.

Certain FDI may give rise to a form of leverage and may expose Derivative Embedded ETF to greater risk and increase its costs. FDI may be more sensitive to factors which affect the value of investments. Accordingly FDIs have a high degree of price variability and are subject to occasional rapid and substantial price changes. As a result, a relatively small price movement in a FDI may result in immediate and substantial loss (or gain) to Derivative Embedded ETF. Derivative Embedded ETF's losses may be greater and potentially equal to the full value of the FDIs than if it invests only in conventional Securities.

In addition, many FDI are not traded on exchanges. This means that it may be difficult for Derivative Embedded ETF to sell its investments in FDI in order to raise cash and/or to realise a gain or loss or value such FDIs accurately. The sale and purchase of FDI, which are not traded on an exchange, are privately negotiated and are generally not subject to central clearing agency guarantees, daily marking-to-market, settlement, and segregation, minimum capital requirements applicable to intermediaries, or regulation by government authorities and it may be difficult to find a willing buyer/seller because there is no regulatory requirement for a market maker to ensure that there is continuous market for such FDI.

**Derivatives Counterparty Risk:** As explained, FDI is a form of contract. Payments to be made under many FDI are not made through or guaranteed by a central clearing agency. Accordingly Derivative Embedded ETF which invests in FDIs is exposed to the risk of its counterparty being unwilling or unable to perform its payment (and other) obligations under the contract. If the counterparty to the FDI is involved in any insolvency event, the value of that FDI may drop substantially or be worth nothing and Derivative Embedded ETF may experience significant delays in obtaining any recovery. This is because investing in a FDI is not the same as investing directly in an underlying asset which is part of the Underlying Index.

**Futures Trading Risk:** Futures are highly leveraged which means that a relatively small movement in the price of a futures contract may result in a profit or loss which is high in proportion to the amount of funds actually placed as margin and may result in unquantifiable further loss exceeding any margin deposited. Trading in many futures contracts is subject to daily price fluctuation restrictions which prohibit the execution of futures trades on any given day outside a prescribed price range based on the previous day's closing prices. This may create liquidity risk, as it may be costly or impossible for the Manager to liquidate a futures position against which the market is moving.

“CAAP” means a US dollar denominated China A Share Access Product being a FDI (such as a warrant, note or participation certificate) linked to (a) an A Share that is linked or not linked to the Underlying Index; or (b) the Underlying Index

## **19 Leveraged & Inverse (“L&I”) Products Key risks**

**Investment Risk:** Trading L&I products involves investment risk and are not intended for all investors. There is no guarantee of repaying the principal amount.

**Volatility risk:** Prices of L&I products may be more volatile than conventional exchange traded funds (ETFs) because of the use of leverage and rebalancing activities.

**Unlike Conventional ETFs:** L&I products are different from conventional ETFs. They do not share the same characteristics and risks as conventional ETFs.

**Long-term Holding Risk:** L&I products are not intended for holding longer than the rebalancing interval, typically one day. Daily rebalancing and the compounding effect will make the L&I product's performance over a period longer than one day deviate in amount and possibly direction

from the leveraged/inverse performance of the underlying index over the same period. The deviation becomes more pronounced in a volatile market. As a result of daily rebalancing, the underlying index's volatility and the effects of compounding of each day's return over time, it is possible that the leveraged product will lose money over time while the underlying index increases or is flat. Likewise, it is possible that the inverse product will lose money over time while the underlying index decreases or is flat.

**Risk of Rebalancing Activities:** There is no assurance that L&I products can rebalance their portfolios on a daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the rebalancing activities.

**Intraday Investment Risk:** Leverage factor of L&I products may change during a trading day when the market moves but it will not be rebalanced until day end. The L&I product's return during a trading day may be greater or less than the leveraged/opposite return of the underlying index.

**Portfolio Turnover Risk:** Daily rebalancing causes a higher levels of portfolio transaction when compared to conventional ETFs, and thus increases brokerage and other transaction costs.

**Correlation Risk:** Fees, expenses, transactions cost as well as costs of using financial derivatives may reduce the correlation between the performance of the L&I product and the leveraged/inverse performance of the underlying index on a daily basis.

**Termination Risk:** L&I products must be terminated when all the market makers resign. Termination of the L&I product should take place at about the same time when the resignation of the last market maker becomes effective.

**Leverage Risk (for leveraged products only):** The use of leverage will magnify both gains and losses of leveraged products resulting from changes in the underlying index or, where the underlying index is denominated in a currency other than the leveraged product's base currency, from fluctuations in exchange rates.

**Unconventional Return Pattern (for inverse products only):** Inverse products aim to deliver the opposite of the daily return of the underlying index. If the value of the underlying index increases for extended periods, or where the exchange rate of the underlying index denominated in a currency other than the inverse product's base currency rises for an extended period, inverse products can lose most or all of their value.

**Inverse Products vs Short Selling (for inverse products only):** Investing in inverse products is different from taking a short position. Because of rebalancing, the performance of inverse products may deviate from a short position in particular in a volatile market with frequent directional swings.

## **20 Risks Associated with Rights Issues**

A rights issue is a one-time offering of shares in a company to existing shareholders, allowing them an opportunity to maintain their proportional ownership without being diluted by buying additional new shares at a discounted price on a stated future date.

Until the date at which the new shares can be purchased, the Customer may trade the rights to the market the same way ordinary shares are traded. If the Customer does not intend to exercise the rights, the rights issue can be sold on the open market.

Once exercised, the rights cannot be used again. If the Customer does not exercise their rights within the specified period, the rights will expire.

While shares are offered at a discount during rights issues, the Customer should not assume that the discounted price is necessarily a bargain. An informed decision should be made by looking at the rationale behind the fund raising exercise.

A company may use a rights issue to cover debt, especially when they are unable to borrow money from other sources. The Customer should be concerned with whether or not the management are addressing any underlying problems.

If the Customer decides not to take up the rights the Customer's overall shareholding in the company will be diluted as a result of the increased number of shares in issue.

If the Customer does not participate in the rights issue within the specified time-frame, the nil-paid rights will lapse. The company will sell these entitlements and distribute any net proceeds after deduction of the offer price and costs. The amount of lapsed proceeds, if any, will not be known until the offer has closed. Lapsed proceeds are not guaranteed.

Investments and income arising from rights issue can fall in value and the Customer may get back less than originally invested.

## **21 Risk of Trading Equity-linked Instrument (“ELI”)**

Where the Customer instructs the Company to use the Account for trading ELI, the Customer acknowledges that ELIs are not principal protected and the Customer may suffer a loss if the price(s) of the reference asset(s) of an ELI go against the Customer’s view.

In extreme cases, the Customer could lose the entire investment. The risk of loss may be substantial in certain circumstances and the Customer should not deal in ELIs unless the Customer understands the nature of the transactions entered into and the extent of the Customer’s exposure to risk. The Customer should carefully consider whether the transactions are suitable in the light of the Customer’s circumstances and financial position.

The Customer understands that while most ELIs generally generate higher interest than ordinary time deposits or traditional bonds, the potential gain on an ELI may be capped at a predetermined level specified by the issuer.

During the investment period, the Customer has no rights in the reference asset(s). Changes in the market prices of such reference asset(s) may not lead to a corresponding change in the market value and/or potential payout of the ELI.

The Customer is fully aware that an investment in ELI exposes the Customer to equity risk. The Customer is exposed to price movements in the underlying security and the stock market, the impact of dividends and corporate actions and counterparty risks. The Customer accepts the legal obligation to take the underlying instrument at the pre-agreed conversion price instead of receiving the principal of the ELI, if the price of the underlying instrument falls below the conversion price. The Customer will therefore receive an instrument that has fallen in value to the extent that it is less than the original investment, and might even lose the entire principal or deposit if the underlying instrument become worthless. ELIs are not secured on any assets or collateral.

The Customer is fully aware that by investing in an ELI, the Customer relies on the credit-worthiness of the issuer. In case of default or insolvency of the issuer, the Customer will have to rely on the distributor to take action on the Customer’s behalf to claim as an unsecured creditor of the issuer regardless of the performance of the reference asset(s).

Issuers may provide limited market making arrangement for their ELIs. However, if the Customer tries to terminate an ELI before maturity under the market making arrangement provided by the issuer, the Customer may receive an amount which is substantially less than the Customer’s original investment amount. ELI may be “non transferable” and it may be impossible for the Customer to close out or liquidate them. Issuer of an ELI may also play different roles, such as the arranger, the market agent and the calculation agent of the ELI. Conflicts of interest may arise from the different roles played by the issuer, its subsidiaries and affiliates in connection with the ELI.

The Customer 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. The Customer should also note that issuers may make adjustments to the ELI due to corporate actions on the underlying security.

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 NZEx have not taken fees and charges into consideration.

## **22 Specific Risks involved in Futures-based ETFs**

**Risk of Rolling Futures Contracts:** Futures contracts are binding agreements that are made through futures exchanges to buy or sell the underlying assets at a specified time in the future. “Rollover” occurs when an existing futures contract is about to expire and is replaced with another futures



contract representing the same underlying but with a later expiration date. When rolling futures contracts forward (i.e. selling near-term futures contracts and then buying longer-term futures contracts) in a situation where the prices of the longer-term futures contract are higher than that of the expiring current-month futures contract, a loss from rolling (i.e. a negative roll yield) may occur. Under such circumstances, the proceeds from selling the near-term futures contracts will not be sufficient to purchase the same number of futures contracts with a later expiration date which has a higher price. This may adversely affect the NAV of the futures-based ETF.

Risk of Statutory Restrictions on number of Futures Contracts being held: There is a statutory position limit restricting the holding of futures contracts traded on the recognised exchange company to no more than a specific number of such futures contracts. If the holding of such futures contracts of a futures-based ETF grows to the limit, this may prevent the creation of units of the ETF due to the inability to acquire further futures contracts. This may lead to differences between the trading price and the NAV of the ETF units listed on the exchange.

### **23 Risk Relating to Securities Denominated in Renminbi (RMB)**

RMB is not freely convertible. Conversion between RMB and foreign currencies (including New Zealand dollar) is subject to PRC regulatory restrictions, which may affect the liquidity of RMB denominated securities.

As RMB denominated securities may have irregular trading or an inactive market, the Customer may not be able to sell the Customer's investment on a timely basis, or the Customer may have to sell the product at a deep discount of its value.

The New Zealand dollar value of the Customer's investment will go down if the RMB depreciates against the New Zealand dollar.

### **24 Risks of SZSE ChiNext Market**

Participation in the ChiNext Market is restricted to institutional professional investors only.

ChiNext Shares involve a high investment risk because companies listed on ChiNext are usually start-up enterprises with smaller operating scale and share capital. Their share prices maybe more subject to manipulation, as there are fewer circulating shares on the market. As such, ChiNext Shares may be subject to higher fluctuations in its prices and liquidity.

The rules and regulations governing the listing of companies on the ChiNext market are less stringent than those of the main board and SME board of the SZSE. It may be more common and easier for companies listed on the ChiNext Board to delist. The Customer may suffer heavy losses in the event of a delisting.

## **25 Specific Risks of Unit Trusts and Mutual Funds (“Funds”)**

The price of units/shares of a unit trust or mutual fund would fluctuate and may even become valueless. Past performance is not an indication of future performance.

Different investment Funds carry different risks. It is crucial to understand the specific terms and risks mentioned in the relevant offering documents (such as Prospectus, Product Key Fact and Fact Sheet) before investing. Key risks include but are not limited to:

**Credit Risk:** This risk usually applies to all fixed income (bonds) and money market instruments. Bonds are subject to the risk of the issuer defaulting on its obligations, i.e. An Issuer fails to make principal and interest payments when due. Credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the Issuer.

**Liquidity Risk:** This risk exists when a particular instrument of a Fund is difficult to purchase or sell. Securities (including bonds, etc.) not listed or rated may take longer or may even be impossible to dispose of in the market resulting in a higher liquidity risk. With these risks, investors may incur significant costs or losses.

**Interest Rate Risk:** If the product invested in bonds, it is more susceptible to fluctuations in interest rates and generally prices of bonds will fall when interest rates rise. The price of Funds investing in bonds may fall.

**Market Risk:** The value of investments may fluctuate due to changing political, legal and, economic conditions and changes in interest rates. This is common to all markets and asset classes. The Customer's return may be substantially less than the initial investment.

In addition to the risks listed above, fund investing in high-yield bonds are subject to risks such as:

**Higher Credit Risk:** Since high-yield bonds are typically rated below investment grade or are unrated and as such are often subject to a higher risk of issuer default.

**Vulnerability to Economic Cycles:** During economic downturns high-yield bonds typically fall more in value than investment grade bonds as investors become more risk averse and default risk rises.

**Capital Growth Risk:** Dividend payout Funds, especially some high-yield bond Funds may have fees and/ or dividends paid out of capital. As a result, the capital that the Fund has available for investment in the future and capital growth may be reduced.

**Dividend Distributions Risk:** Dividend payout Funds, especially some high-yield bond Funds may not distribute dividends, but instead reinvest the dividends into the Fund or alternatively, the investment manager may have discretion on whether or not to make any distribution out of income and/ or capital of the Fund. Also, a high distribution yield does not imply a positive or high return on the total investment.

**Other Key Risks:** Other key risks that may relate to the Funds investing in bonds, especially in high-yield bonds including concentration of investments in particular types of specialized debt or a specific geographical region or sovereign securities.

**Risk of Trading Funds Requiring Derivative Knowledge (FRDK):**

FRDK may use financial derivatives instruments for investment purposes, which may involve embedded leverage. The use of financial derivatives instruments may expose the Customer to additional risks including but not limited to volatility risk and counterparty risk. Fund manager(s) may invest up to 100% of total Funds' net assets in structured products, derivatives and non- investment grade debt securities. During adverse market conditions, the Customer may suffer significant financial losses.

## **26 Specific Risks of Bonds**

Bonds remain 100% principal protected upon maturity subject to the credit risk of the Issuer and/or the Guarantor (if applicable).

Bonds are not an alternative to ordinary savings or time deposits.

The price of bonds may fluctuate during its tenor and may even become valueless.

### **Key Product Risks**

It is crucial to understand the specific risks mentioned in the relevant offering documents (if applicable) before investing. Key risks include, but are not limited to, the ones we have listed below:

**Credit Risk:** The Customer assumes the credit risk of the Issuer and the Guarantor (if applicable). Any changes to the credit rating of them will affect the price and value of the bonds. Bonds are subject to the risk of the Issuer defaulting on its obligations, i.e. an Issuer fails to make principal and interest payments when due. In the worst case scenario of a bankruptcy of the Issuer/Guarantor, the Customer could risk losing the value of the entire investment. Credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the issuer.

**Liquidity Risk:** The bond may have limited liquidity and may not be actively traded and/or quoted by brokers in the market. As such:

- (i) The value of bond and/or indicative bid/offer price will depend on market liquidity and conditions which may not be available at all times;
- (ii) It may take a longer time or it may be impossible to sell the bond at prevailing market conditions; and
- (iii) The executable sale price may differ unfavourably by large amounts from the indicative bid price quoted.

**Interest Rate Risk:** Bonds are more susceptible to fluctuations in interest rates and generally prices of bonds will fall when interest rates rise.

**Market Risk:** The value of investments may fluctuate due to changing political, legal and, economic conditions and changes in interest rates. This is common to all markets and asset classes. Investor's return may be substantially less than the initial investment.

In addition to the risks listed above, high-yield bonds are subject to additional risks such as:

**Higher Credit Risk:** Since high-yield bonds are typically rated below investment grade or are unrated, they are often subject to a higher risk of issuer default.

**Vulnerability to Economic Cycles:** During economic downturns high-yield bonds typically fall more in value than investment grade bonds as (i) investors become more risk averse and (ii) default risk rises.

It is important to note that certain bonds may contain special features and risks that warrant special attention. These include:

**Perpetual Bonds:** Perpetual debentures do not have a maturity date, and the coupon payments pay-out depends on the viability of the issuer in the very long term, it may be deferred or even suspended subject to the terms and conditions of the issue. Furthermore perpetual debentures are often callable and/or subordinated, and bear re-investment risk and/or subordinated bond risk, detailed below.

**Re-investment Risk of Callable Bond:** If the bond is callable in which the issuer may redeem the bond before maturity, it is subject to re-investment risk. The yield received when re-investing the proceeds may be less favourable.

**Subordinated Bonds:** Holders of subordinated debentures will bear higher risks than holders of senior debentures of the issuer due to a lower priority of claim in event of the Issuer's liquidation. Subordinated debentures are unsecured and have lesser priority than that of an additional debt claim of the same asset. They usually have a lower credit rating than senior bonds. The Customer's specific attention is drawn to the credit information of this product, including the respective credit rating of the Issuer, the debenture and/or the Guarantor, as the case may be.

**Bonds with Variable Coupon/Coupon Deferral features:** If the bonds contain variable and/or deferral of interest payment terms, then the Customer would face uncertainty over the amount and time of the interest payments to be received.

**Bonds with Extendable Maturity Date:** If the bonds contain extendable maturity date terms, then the Customer would not have a definite schedule of principal repayment.

**Convertible or Exchangeable Bonds:** Convertible or Exchangeable bonds are convertible or exchangeable in nature and the Customer is subject to both equity and bond investment risk. They may additionally have a contingent write-down or loss absorption feature, meaning the bond may be written-off fully or partially or converted to common stock on the occurrence of a trigger event.

## **27 Risk of entering into over-the-counter derivative transactions with an unlicensed person**

The Customer should cautiously consider whether it would be in your best interest to enter into over-the-counter derivative transactions with LSPL, LCMS and other affiliates instead of a licensed corporation and seek independent professional advice when in doubt."

SCHEDULE 4

**ACCOUNT OPENING FORM**

- 1A Customer Information Form (Individual/Joint Account)
- 1B Customer Information Form (Corporate Account)

## SCHEDULE 5

### MARGIN CLIENT AGREEMENT

This Margin Client Agreement is supplemental to the Securities Client Agreement entered into by the Company and the Customer to which this Margin Client Agreement is annexed whereby the Customer's Account is allowed to conduct margin trading ("**Margin Account**") and the Company agrees to grant credit facilities ("**Facility**") to the Customer at the Customer's request for the Customer's Transactions. Where any conflict arises between the Securities Client Agreement and the provisions of this Margin Client Agreement, the provisions of the latter shall prevail.

#### 1 Definitions

- 1.1 Terms defined in this Margin Client Agreement have the same meanings as in the Securities Client Agreement unless stated otherwise.
- 1.2 References to "Account" in the Securities Client Agreement is deemed to include the Margin Account as established pursuant to this Margin Client Agreement.
- 1.3 "**Client Securities Rules**" means the Securities and Futures (Client Securities) Rules made pursuant to section 148 of the Securities and Futures Ordinance as amended from time to time.
- 1.4 "**Customer Securities Standing Authority**" means the customer securities standing authority granted by the Customer to the Company in the terms set out in Clause 5 as amended from time to time.
- 1.5 "**Collateral**" means all monies and Securities of the Customer which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by the Company or its Associates or nominees, or transferred to or held by any other person in circumstances where the Company accepts the same as security for the Customer's obligations under the Agreement. The Collateral shall include those monies and securities that shall come into the possession, custody or control of the Company or its Associates from time to time for any purpose whatsoever (which shall include any additional or substituted securities and all dividends or interest paid or payable, rights, interest, monies or property accruing at any time by way of redemption, bonus, preference, options or otherwise on or in respect of any such Securities or additional or substituted Securities).
- 1.6 "**Credit Limit**" is the maximum amount of Facility that the Company will grant the Customer irrespective of the amount of the Customer's Collateral and Margin Ratio.
- 1.7 "**Margin Ratio**" is the percentage of the value of the Collateral up to which the Customer is permitted to borrow (or otherwise to secure other forms of financial accommodation) from the Company against the Collateral.

#### 2 Margin Facility

- 2.1 The Facility is extended to the Customer in accordance with the provisions set out in this Margin Client Agreement, any fees and charges sheet from the Company to the Customer and in the Securities Client Agreement (collectively called "**Margin Facility Terms**"). The Customer agrees to use the Facility only in connection with the acquisition or holding of Securities by the Company for the Customer.
- 2.2 Subject to Clause 2.4 below, the Company may grant the Customer Facility of such amount up to the Credit Limit as may be notified to the Customer from time to time. The Credit Limit available to the Customer and the Margin Ratio may be varied by notice by the Company from time to time. Notwithstanding the credit limit as notified to the Client, the Company may at its discretion extend Facility to the Customer in excess of the Credit Limit and the Customer agrees that the Customer shall be liable to repay the full amount of any Facility given by the Company in accordance with Clause 6.1.
- 2.3 The Company is instructed and authorized by the Customer to draw on the Facility to settle any amounts due to the Company or its Associates in respect of the Customer's purchase of Securities, margin maintenance obligations for any positions required by the Company or its Associates, or payment of any commission or other costs and expenses owing to the Company or its Associates.

- 2.4 The Company will not at any time be obliged to provide any Facility to the Customer. In particular, the Customer understands that the Company may not provide any Facility to the Customer if any of the following circumstances should arise:
- (i) the Customer is in default of any provisions of the Agreement; or
  - (ii) in the opinion of the Company there is or has been a material adverse change in the Customer's financial condition or in the financial condition of any person which might adversely affect the Customer's ability to discharge the Customer's liabilities or perform the Customer's obligations under the Agreement; or
  - (iii) making an advance would cause the applicable Credit Limit to be exceeded; or
  - (iv) the Company in its absolute discretion considers it prudent or desirable for its protection not to do so.
- 2.5 For so long as there exists any indebtedness to the Company on the Customer's part, the Company shall be entitled at any time and from time to time to refuse any withdrawal of any or all of the Collateral and the Customer shall not without the prior written consent of the Company be entitled to withdraw any Collateral in part or in whole from the Customer's Account.
- 2.6 The Customer shall on demand from the Company make payments of deposits or margin in monies, Securities and/or other assets in such amount and in such form into a designated account and within such time as specified by the Company (referred to as a "**Margin Call**"), as the Company in its absolute discretion determines necessary to provide adequate security in respect of the Facility. For the purpose of a Margin Call, the Company shall use its best endeavours to contact the Customer promptly by phone on the telephone numbers indicated by the Customer on the Account Opening Form and/or by sending to the Customer a Margin Call notice by post, fax, email or otherwise. The Customer agrees that it shall be deemed properly notified of the Margin Call even if the Company fails to contact it by phone or the Customer fails to receive the written notice.
- 2.7 Any failure by the Customer to comply with Clause 2.6 of this Margin Client Agreement will constitute an Event of Default under Clause 11 of the Securities Client Agreement.
- 2.8 The Customer agrees to pay interest on a daily basis on the amount of Facility extended to the Customer. The interest rate shall be at a percentage above the Company's cost of funds which will vary according to the prevailing money market situation and as notified to the Customer by the Company from time to time. Such interest charges may be deducted by the Company from the Margin Account or any other account of the Customer with the Company or its Associates.

### 3 **Charge**

- 3.1 The Customer, as beneficial owner, charges in favour of the Company by way of first fixed charge all the Customer's respective rights, title, benefits and interests in and to all Collateral as a continuing security ("**Charge**") for the payment and satisfaction on demand of all monies and liabilities (absolute or contingent) and performance of all obligations under the Margin Facility Terms which are now or at any time hereafter may be due, owing or incurred from or by the Customer to the Company or its Associates, or for which the Customer may be or become liable to the Company or its Associates on any account or in any manner whatsoever (whether alone or jointly with any other person and in whatever name style or firm) together with interest from the date of demand to the date of repayment, and any commission, legal and other costs, charges and expenses as they appear in the records of the Company or its Associates.
- 3.2 The Charge shall be a continuing security notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of any sum owing by the Customer to the Company and/or its Associates and notwithstanding the closing of any of the Customer's accounts with the Company and which are subsequently reopened or the subsequent opening of any account by the Customer either alone or jointly with others and shall extend to cover all or any sum of monies which shall for the time being constitute the balance due from the Customer to the Company or its Associates on any account or otherwise.
- 3.3 The Customer represents and warrants that the Collateral is legally and beneficially owned by the Customer, that the Customer is entitled to deposit the Collateral with the Company or its Associates that the same is and will remain free from any lien, charge or encumbrance of any kind, and any stocks, shares and other securities comprised in the Collateral are and will be fully paid up.

- 3.4** Upon irrevocable payment in full of all sums which may be or become payable under the Securities Client Agreement and the full performance of the Customer's obligations under the Margin Facility Terms, the Company will at the Customer's request and expense release to the Customer all the rights, title and interests of the Company in the Collateral and will give such Instructions and directions as the Customer may require in order to perfect such release.
- 3.5** Until the Charge becomes enforceable, (i) the Company will have the right, subject only to giving the Customer notice, to exercise rights relating to the Collateral to protect the value of the Collateral; and (ii) except as otherwise provided in this Margin Client Agreement, the Customer may direct the exercise of other rights attaching to, or connected with, the Collateral, but not in any manner which is inconsistent with the Customer's obligations under the Margin Facility Terms, or which in any way may prejudice the Company's rights in relation to the Collateral.

#### **4 Powers of Attorney**

The Customer by way of security irrevocably appoints the Company to be the Customer's attorney on the Customer's behalf and in the Customer's name to do all acts and things and to sign, seal, execute, deliver, perfect and do all deeds, instruments, documents, acts and things which may be required for carrying out any obligation imposed on the Customer by or pursuant to the Margin Facility Terms and generally for enabling the Company to exercise the respective rights and powers conferred on it by or pursuant to the Margin Facility Terms or by law including (but without limitation):

- (i) to execute any transfer or assurance in respect of any of the Collateral;
- (ii) to perfect its title to any of the Collateral;
- (iii) to ask, require, demand, receive, compound and give a good discharge for any and all monies and claims for monies due or to become due under or arising out of any of the Collateral;
- (iv) to give valid receipts and discharges and to endorse any cheques or other instruments or orders in connection with any of the Collateral; and
- (v) generally to file any claims or take any lawful action or institute any proceedings which it considers to be necessary or advisable to protect the security created under the Margin Facility Terms.

#### **5 Customer Securities Standing Authority**

**5.1** By entering into this Margin Client Agreement, the Customer hereby agrees to provide the Customer Securities Standing Authority set out under Clause 5.2 in respect of the Customer's Securities and securities collateral, subject to the Customer's right to revoke such Customer Securities Standing Authority at any time in accordance with Clause 5.7. The Customer understands and acknowledges the risks to the Customer associated with giving the Customer Securities Standing Authority. If the Customer does not agree to provide such Customer Securities Standing Authority at the time of entering into this Margin Client Agreement, the Customer shall submit a written notice to the Company together with the Customer's completed account opening form which indicates clearly that the Customer does not agree to give such Customer Securities Standing Authority to the Company.

**5.2** The Customer hereby authorises the Company to:

- (i) apply any of the Customer's Securities or securities collateral pursuant to a securities borrowing and lending agreement between the Company and a third party, subject to compliance with the Client Securities Rules and/or other applicable regulatory rules;
- (ii) subject to the Client Securities Rules regarding repledging limits, deposit any of the Customer's securities collateral with an authorised financial institution as Collateral for financial accommodation provided to the Company;
- (iii) deposit any of the Customer's securities collateral with NZSCC as collateral for the discharge and satisfaction of the Company's settlement obligations and liabilities. The Customer understands that NZSCC will have a fixed charge over the Customer's securities to the extent of the Company's obligation and liabilities;
- (iv) deposit any of the Customer's securities collateral with any other recognised clearing house, or another intermediary licensed or registered for dealing in securities, as collateral for the discharge and satisfaction of the Company's settlement obligations and liabilities; and
- (v) apply or deposit any of the Customer's securities Collateral in accordance with Clauses 5.2(i), 5.2(ii), 5.2(iii) and/or 5.4(iv) above if the Company provides financial accommodation to the Customer in the course of dealing in securities and also provides financial accommodation to the Customer in the course of any other regulated activity for which the Company is licensed or registered.



- 5.3** The Customer acknowledges and agrees that the Company may do any of the things set out in this Clause 5 without giving the Customer further notice.
- 5.4** The Customer also acknowledges that:
- (i) the Customer has been informed of the repledging practice of the Company and the Customer has provided the Company with a standing authority to repledge the Customer's Securities or securities collateral;
  - (ii) the Customer Securities Standing Authority is given without prejudice to other authorities or rights which the Company or any of its Associates may have in relation to dealing in the Customer's Securities and securities collateral in the segregated accounts; and
  - (iii) the Customer Securities Standing Authority shall not affect the Company's right to dispose or initiate disposal by the Company's Associates of the Customer's Securities or securities collateral in settlement of any liability owed by or on behalf of the Customer to the Company, the associated entity, or a third person.
- 5.5** **The Customer understands that a third party may have rights to the Customer's Securities, which the Company must satisfy before the Customer's securities can be returned to the Customer.**
- 5.6** The Customer Securities Standing Authority shall be valid for a period of 12 months from the date of this Margin Client Agreement, subject to renewal by the Customer or deemed renewal under the Client Securities Rules as referred to in Clause 5.8.
- 5.7** The Customer Securities Standing Authority may be revoked by giving the Company written notice addressed to the Customer Service Department at the Company's address specified in the Account Opening Form or such other address which the Company may notify the Customer in writing for this purpose. Such notice shall take effect upon the expiry of 14 days from the date of the Company's actual receipt of such notice.
- 5.8** The Client understands that the Customer Securities Standing Authority shall be deemed to be renewed on a continuing basis without the Customer's written consent if the Company issues the Customer a written reminder at least 14 days prior to the expiry date of the Customer Securities Standing Authority, and the Client does not object to such deemed renewal before such expiry date.

## **6 Disposal of Collateral**

The Customer agrees that in the event of any sale pursuant to the Securities Client Agreement or the Margin Facility Terms, any Collateral will be sold or disposed of in the absolute discretion of the Company and upon any sale by the Company, a declaration made by an officer of the Company that the power of sale has become exercisable shall be conclusive evidence of the fact in favor of any purchaser or other person deriving title to any of the Collateral under the sale and no person dealing with the Company or its nominees shall be concerned to inquire into the circumstances of the sale.

## **7 Termination of Facility**

- 6.1** The Facility is repayable on demand and may be varied or terminated in the absolute discretion of the Company. In particular the Facility will be terminated upon the occurrence of any one or more of the following events:
- (i) the withdrawal or non-renewal of the Customer's authorization to the Company as required by section 7 of the Securities and Futures (Client Securities) Rules; or

- (ii) any termination in accordance with Clauses 11 and 12 of the Securities Client Agreement, and any notice of termination for that purpose shall be deemed to be a notice of termination of the Facility.
- 6.2 Upon termination of the Facility, any outstanding indebtedness by the Customer shall forthwith be repaid to the Company.
- 6.3 Repayment of all or any of the loan amounts owed to the Company will not of itself constitute cancellation or termination of the Margin Facility Terms.

## **8 Security Unaffected**

Without prejudice to the generality of the foregoing, neither the Charge nor the amounts thereby secured will be affected in any way by:

- (i) any other security, guarantee or indemnity now or hereafter held by the Company or its Associates under or in respect of the Margin Facility Terms or any other liabilities;
- (ii) any other variation or amendment to or waiver or release of any security, guarantee or indemnity or other document (including, except to the extent of the relevant variation, amendment, waiver or release, the Charge);
- (iii) the enforcement or absence of enforcement or release by the Company or its Associates of any security, guarantee or indemnity or other document (including the Charge);
- (iv) any time, indulgence, waiver or consent given to the Customer or any other person whether by the Company or its Associates;
- (v) the making or absence of any demand for payment of any sum payable under the Margin Facility Terms made on the Customer whether by the Company or any other person;
- (vi) the insolvency, bankruptcy, death or insanity of the Customer;
- (vii) any amalgamation, merger or reconstruction that may be effected by the Company with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of the Company to any other person;
- (viii) the existence of any claim, set-off or other right which the Customer may have at any time against the Company or any other person;
- (ix) any arrangement or compromise entered into by the Company with the Customer or any other person;
- (x) the illegality, invalidity or unenforceability of, or any defect in, any provision of any document relating to the Facility or any security, guarantee or indemnity (including the Charge) or any of the rights or obligations of any of the parties under or in connection with any such document or any security, guarantee or indemnity (including the Charge), whether on the ground of ultra vires, not being in the interests of the relevant person or not having been duly authorized, executed or delivered by any person or for any other reason whatsoever;
- (xi) any agreement, security, guarantee, indemnity, payment or other transaction which is capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by the Customer on the faith of any such agreement, security, guarantee, indemnity, payment or other transaction, and any such release, settlement or discharge shall be deemed to be limited accordingly; or any other thing done or omitted or neglected to be done by the Company or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the Customer's liabilities under the Margin Facility Terms.

## **9 Acknowledgement in respect of SEOCH Margining on a portfolio basis**

The Customer acknowledges that he/she hereby authorize the Company to submit a claim with the SEOCH in respect of his/her open positions to the effect that SEOCH will calculate and collect margin in respect of such positions on a portfolio basis. The Customer further acknowledges that he/she was invited to read the reporting requirements and the responsibilities of reporting set out in the Rules of the NZEx and in the Securities and Futures (Contracts Limits and Reportable Positions) Rules and related guidance notes issued by the SFC.

## **10 Risk Disclosure**

The Company refers the Customer to the Risk Disclosure Statements contained in Schedule 3.

## OPTIONS TRADING AGREEMENT

This Options Trading Agreement is supplemental to the Securities Client Agreement entered into by the Company and the Customer to which this Stock Options Trading Agreement is annexed whereby the Customer is allowed to conduct Options Trading (“**Options Account**”) and the Company agrees to provide Exchange Traded Options Business to the Customer. Where any conflict arises between the Securities Client Agreement and the provisions of this Options Trading Agreement, the provisions of the latter shall prevail.

### 1 Definitions

- 1.1 Terms defined in this Options Trading Agreement have the same meanings as in the Securities Client Agreement or the Options Trading Rules of the SENZ unless stated otherwise.
- 1.2 References to “Account” in the Securities Client Agreement is deemed to include the Options Account as established pursuant to this Options Account Agreement.
- 1.3 “Options Trading” means the purchase, closing, exercise, settlement and discharge of long options transactions and include writing of options through the Options Account or otherwise creating any short open position.
- 1.4 “Client Contract” has the meaning as defined in the Options Trading Rules of the SENZ which means a contract validly made at the time when an order in respect of an option series is matched by the Options System with another order in respect of that option series and incorporates the terms and conditions of the Standard Contract for a particular option series.

### 2 Laws and rules

- 2.1 All Exchange Traded Options Business shall be effected in accordance with all laws, rules and regulatory directions (the “**Rules**”) applying to the Company. This includes the Options Trading Rules of the SENZ, the Clearing Rules of the SENZ Option Clearing House Limited (“**SEOCH**”) and the rules of the NZSCC and any other applicable laws and regulations. In particular, SEOCH has authority under the Rules to make adjustments to the terms of Contracts, and the Company shall notify the Customer of any such adjustments which affect Client Contracts to which the Customer is a party. All actions taken by the Company, by the SENZ, by the SEOCH or by the NZSCC in accordance with such Rules shall be binding on the Customer.
- 2.2 The Customer agrees that the terms of the Standard Contract for the relevant options series shall apply to each Client Contract between the Company and the Customer, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules.

### 3 Collateral

- 3.1 The Customer agrees to provide the Company with cash and/or securities and/or other assets (“**Collateral**”) as may be agreed from time to time, as security for the Customer’s obligations to the Company under this Options Trading Agreement. Such Collateral shall be paid or delivered as demanded by the Company from time to time. The amounts required by way of Collateral shall not be less than, but may exceed, the amounts as may be required by the Rules in respect of the Customer’s open positions and delivery obligations, and further Collateral may be required to reflect changes in market value.
- 3.2 The Customer shall on request provide the Company with such authority as the Company may require under the Rules to authorize the Company to deliver such securities, directly or through an Options Exchange Participant, to SEOCH or other clearing house as Collateral in respect of Exchange Traded Options Business resulting from the Customer’s instructions to the Company; and the Company does not have any further authority from the Customer to borrow or lend the Customer’s securities or otherwise part with possession (except to the Customer or on the Customer’s instructions) of any of the Customer’s securities for any other purpose.

#### **4 Client Default**

- 4.1 If the Customer fails to comply with any of the Customer's obligations and/or to meet the Customer's liabilities under this Options Trading Agreement, including failure to provide Collateral, this will be treated as an Event of Default under Clause 11 of the Securities Client Agreement.
- 4.2 In addition to the actions the Company may take under Clause 11.2, the Company is further authorized to the followings while Clause 11.3 still applies:
- (i) decline to accept further instructions from the Customer in respect of Exchange Traded Options Business;
  - (ii) close out some or all of the Customer's Client Contracts with the Company;
  - (iii) enter into Contracts, or into transactions in securities, futures or commodities, in order to settle obligations arising or to hedge the risks to which the Company is exposed in relation to the Customer's default; and/or
  - (iv) dispose of Collateral, and apply the proceeds thereof to discharge the Customer's liabilities to the Company.
- Any proceeds remaining after discharge of all the Customer's liabilities to the Company shall be paid to the Customer.
- 4.3 The Customer agrees to pay interest on all overdue balances in its Options Account (including but not limited to interest arising after a judgment debt is obtained against the Customer) at such rates and on such other terms as the Company may have notified the Customer from time to time.

#### **5 Contracts**

- 5.1 In respect of all options contracts effected on the Customer's Instructions, the Customer will pay the Company, within the time period notified by the Company, Premium, the Company's commission and any other charges, and applicable levies imposed by the SENZ or any other exchange, as have been notified to the Customer. The Company may deduct such Premium, commissions, charges and levies from the Options Account or any other account of the Customer with the Company or any Associate.
- 5.2 The Company may place limits on the open positions or delivery obligations that the Customer may have which will be notified to the Customer from time to time.
- 5.3 The Customer acknowledges that:
- (i) the Company may close out Client Contracts to comply with position limits imposed by the SENZ or any other relevant exchange;
  - (ii) if the Company goes into default, the default procedures of SENZ may result in Client Contracts being closed out, or replaced by Client Contracts between the Customer and another Options Exchange Participant.
- 5.4 On exercise of a Client Contract by or against the Customer, the Customer shall perform the Customer's delivery obligations under the relevant contract, in accordance with the Standard Contract and as notified by the Company.
- 5.5 The Customer acknowledges that on the expiry day but only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH or other clearing houses from time to time. The Customer may instruct the Company to override such an "automatically generated exercise instruction" before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH.
- 5.6 The Customer acknowledges that the Company may, at the Customer's request, agree to the Client Contracts between the Company and the Customer being replaced, in accordance with the Rules by Client Contracts between the Customer and another Options Exchange Participant.
- 5.7 The Customer acknowledges that, although all Options Contracts are to be executed on SENZ or other exchange, the Customer and the Company shall contract as principals under Client Contracts.

**6 Risk Disclosure Statement**

The Company refers the Customer to the Risk Disclosure Statements in Schedule 3.

**7 Representation and Warranties**

The Customer confirms that:

- (i) the Options Account is operated solely for the Customer's Account and benefit, and not for the benefit of any other person; or
- (ii) the Customer has disclosed to the Company in writing the name of the person(s) for whose benefit the Options Account is being operated; or
- (iii) the Customer has requested the Company to operate the Options Account as an Omnibus Account, and will immediately notify the Company, on request, of the identity of any person(s) ultimately beneficially interested in Client Contracts.

**8 General**

8.1 The Company shall provide the Customer, upon request, with the product specifications for Options Contracts.

8.2 If the Company fails to meet its obligations to the Customer pursuant to this Options Trading Agreement, the Customer shall have a right to claim under the Investor Compensation Fund established under the laws of New Zealand, subject to the terms of the Investor Compensation Fund from time to time.

8.3 The Company is registered as an Options Trading Exchange Participant and the Options Officer/Options Representative who will be primarily responsible for the Customer's affairs is stated in the Account Opening Form in Schedule 4.

8.4 If the Customer shall at any time open one or more accounts with members of the SENZ other than the Company for the purpose of carrying out transactions relating to Option Trading contracts, and the Customer's number of Option Trading contracts in aggregate amounts to a "Large Open Position", as determined by the board of the SENZ, the Customer shall report to the Company immediately of such "Large Open Position" and provide the Company with such information as the Company may require in connection therewith. The Customer hereby confirms and acknowledges that the Company is obliged to report information relating to Customer's "Large Open Position" to the SENZ as required by Rule 440 of the Rules of the Options Exchange and the Customer hereby consents to the release of such information by the Company to the SENZ.

## SCHEDULE 7

### Unit Trusts and Mutual Funds Trading Agreement

This Unit Trusts and Mutual Funds Trading Agreement is supplemental to the Securities Client Agreement entered into by the Company and the Customer to which this Unit Trusts and Mutual Funds Trading Agreement is annexed whereby the Customer is allowed to conduct trading of Unit Trusts and Mutual Funds and the Company agrees to provide such trading services to the Customer. Where any conflict arises between the Securities Client Agreement and the provisions of this Unit Trusts and Mutual Funds Trading Agreement, the provisions of the latter shall prevail.

#### Unit Trusts and Mutual Funds ("Fund(s)") Trading Conditions

1. The Customer fully understands that Funds are not bank deposits and are not endorsed or guaranteed by, and do not constitute obligation of the Company or its affiliates.
2. The Customer has read all offering documents including, without limitation, the relevant prospectus and/or its summary of product key facts statement and annual report and agrees to the terms set out in such offering documents. The Customer is fully aware of and understands the terms set out in the offering documents, including, without limitation, the risks of investing in the Fund(s). The aforementioned offering documents are provided in a language of the Customer's choice (English or Chinese). The Customer has been invited to read them, to ask questions and take independent advice if the Customer wishes. The Customer agrees to the contents as set out in the aforementioned offering documents, and the Customer hereby declares that the Customer is fully responsible for bearing the risk of loss involved in investing in the Fund(s).
3. The Customer fully understands that the aforementioned offering documents are not intended to provide, and must not be relied upon for, tax, legal or accounting advice, a credit or other evaluation of the Fund(s) nor as an assurance or guarantee as of the expected return (if any) of the Fund(s). The Customer should consult their tax legal, accounting, investment, financial and/or other advisors.
4. The Customer certifies that the Customer is not prohibited from purchasing or holding units, and acting on behalf of any person or entity who is prohibited from purchasing or holding units, as provided in the aforementioned offering documents. The Customer declares that the Customer is not forbidden to invest in aforementioned offering documents, including but not limit to the citizen(s) or resident(s) of the United States of America. The Customer undertakes to inform the Company immediately if a change to the Customer's status occurs, in which circumstances the Customer may be obliged to redeem the units of the respective Fund(s).
5. Any discount that may be provided by the Company will be offered on a discretionary basis only.
6. Any order instruction form received on non-dealing day/after dealing cut-off time will only be processed on the next dealing day and the Customer's order instruction may not be carried out at such time due to circumstances beyond the Company's reasonable control.
7. The Customer understands and agrees that the Company will not be liable for any unsuccessful execution or any delay in the execution of the Customer's order. All unexecuted orders will lapse by the end of trading day on which the order is actually received by the Company.
8. The Customer understands that the Company acts as the Customer's agent in the transaction, and has no affiliation with the fund manager, except for Fund(s) issued by Lixin Brokers (NZ) Limited.
9. The Customer understands that the Company is NOT an independent intermediary because:
  - (i) the Company receives fees, commissions, or other monetary benefits from other parties (which may include product issuers) in relation to the Company's distribution of investment products to the Costumers. For details, the Customer may refer to the Company's disclosure on monetary benefits which are delivered to the Customer prior to or at the point of entering into a transaction for Fund(s); and/or
  - (ii) the Company receives non-monetary benefits from other parties, or have close links or other legal or economic relationships with issuers of products that the Company may distribute to the Customer.

10. The Company reserves the right to nominate any non-New Zealand company as a custodian for any Fund investment purchased and to hold them under the custodian's name on the behalf of the Customer.
11. The Customer understands the relevant fees, charges and expenses incurred from the Customer's instructions. The Customer hereby authorises the Company to accept and retain for the Company's own benefit including, without limitation, any commission, rebate, reallowance, benefit, and/or other advantage arising out of or in connection with the handling of any transaction(s) entered into on the Customer's behalf from the fund managers, service providers, and/or other parties. The Customer accepts that the Company shall be entitled to retain any interest generated on any transaction pending payment(s) of that amount in settlement of that transaction.
12. The Customer accepts the actual transaction price will be determined in accordance with the aforementioned offering documents after the cut-off time of the trading day. The Customer accepts that any figures, the Company or its representatives may have quoted at any time, are for indicative purposes only. Where the price of the relevant units, or any other payment due hereunder, is denominated in a currency different from the settlement currency, the Customer authorises the Company to convert any currency into the required currency at such rate of exchange as conclusively determined by the Company to be prevailing at the relevant time.
13. The Company reserves the right to reject any transaction at its sole discretion if settlement account has insufficient balance to cover the settlement amount, and the Customer will bear any financial loss including, without limitation, initial charge, switch charge, and price discrepancy due to the rejection.
14. The actual dividend pay date of the Fund(s) may be different from its designated dividend pay date, subject to various factors including, without limitation, the discretion of the fund manager, custodian, or trustee assigned by the fund manager, and relevant bank transaction procedure.
15. The Customer understands and agrees that if the settlement currency is any other than New Zealand Dollar, Renminbi and US Dollar, bank charges may be incurred.
16. The Customer understands that all instructions are conclusive and binding on the Customer upon placement of any instruction but is subject to final execution and acceptance by the Company.
17. The Customer has read and understands the risks relevant to Fund(s) trading contained in Schedule 3 of the Securities Client Agreement.

## SCHEDULE 8

### **Bond Trading Agreement**

This Bond Trading Agreement is supplemental to the Securities Client Agreement entered into by the Company and the Customer to which this Bond Trading Agreement is annexed whereby the Customer is allowed to conduct trading of bonds and the Company agrees to provide such trading services to the Customer. Where any conflict arises between the Securities Client Agreement and the provisions of this Bond Trading Agreement, the provisions of the latter shall prevail.

#### Bond Trading Conditions

1. The Customer fully understands that bonds are not bank deposits, are not endorsed or guaranteed by, and do not constitute any obligation of the Company or its affiliates.
2. The Customer has read the prospectus and agrees to the terms contained therein. The Customer is fully aware of and understands the terms set out in the prospectus, including, without limitation, the risks of investing in the bond(s). The aforementioned prospectus is provided in a language of the Customer's choice (English or Chinese). The Customer has been invited to read the prospectus, to ask questions, and to take independent advice if the Customer wishes. The Customer agrees to the contents as set out in the aforementioned prospectus, and the Customer hereby declares that the Customer is fully responsible for bearing the risk of loss involved in investing in the bond(s).
3. The Customer fully understands that the aforementioned prospectus is not intended to provide, and must not be relied upon for, tax, legal or accounting advice, a credit or other evaluation of the bond(s) nor as an assurance or guarantee as to the expected return (if any) of the bond(s). The Customer should consult their tax, legal, accounting, investment, financial and/or other advisors.
4. The Customer certifies that the Customer is not prohibited from purchasing or holding the bond(s), and acting on behalf of any person or entity who is prohibited from purchasing or holding the bond(s), as provided in the aforementioned prospectus. The Customer declares that the Customer is not forbidden to invest in countries set out in the aforementioned prospectus, including but not limit to the citizen(s) or resident(s) of the United States of America. The Customer undertakes to inform the Company immediately if a change to the Customer's status occurs, in which circumstances the Customer may be obliged to sell the bond(s) respectively.
5. The Customer understands that the bond may have limited liquidity and may not be actively traded and/or quoted by brokers in the market. As such, (i) the indicative bid/offer price may not be available at all times as it depends on market liquidity and conditions; (ii) It may take a longer time or it may be impossible to sell the bond to the market; and (iii) The executable sale price may be unfavourably different by large amounts from the indicative bid price quoted.
6. Any discount that may be provided by the Company will be on a discretionary basis only.
7. Any order instruction form received on non-dealing day/after dealing cut-off time will be lapsed upon receipt by the Company.
8. The Customer understands and agrees that the Company will not be liable for any unsuccessful execution or any delay in the execution of the Customer's order. All unexecuted orders will lapse by the end of trading day on which the order is actually received by the Company.
9. The Customer understands that the Company acts as principal in the transaction, and has no affiliation with product issuers. The Customer understands the relevant fees, charges and expenses that are incurred from the Customer's instructions. The Customer accepts that the Company shall be entitled to retain any interest generated on any transaction pending payment(s) of that amount in settlement of that transaction.
10. The Customer understands that the Company is an independent intermediary because:
  - (i) the Company does not receive fees, commissions, or any other monetary benefits, provided by any party in relation to the Company's distribution of any investment product



- to the Customer; and
- (ii) the Company does not have any close links or other legal or economic relationships with product issuers, or receive any non-monetary benefits from any party, which are likely to impair the Company's independence to favour any particular investment product, any class of investment products or any product issuer.
11. The Company reserves the right to nominate any non-New Zealand company as a custodian for any bond investment purchased and to hold them under the custodian's name on the behalf of the Customer.
  12. The Customer accepts the actual transaction price will be determined in accordance with the market price at the time of execution. The Customer accepts that any figures, the Company or its representatives may have quoted at any time, are for indicative purposes only. Where the price of the bonds, or any other payment due hereunder, is denominated in a currency different from the settlement currency, the Customer authorises the Company to convert any currency into the required currency at such rate of exchange as conclusively determined by the Company to be prevailing at the relevant time.
  13. The Company reserves the right to reject any transaction at its sole discretion if the settlement account has insufficient balance to cover the settlement amount, and the Customer will bear any financial loss including, without limitation, handling charge, transaction fee, and price difference.
  14. The Customer understands that all instructions are conclusive and binding on the Customer upon placement of any instruction but is subject to final execution and acceptance by the Company.
  15. The Customer understands that if the bond's settlement date is behind its record date, the interest given may be postponed for one month or more.
  16. The Customer understands and agrees that the bond(s)' actual coupon pay date may be different from its designated coupon pay date, subject to various factors including but not limit to the discretion of Issuer and Custodian assigned by company, and relevant bank transaction procedure.
  17. The Customer understands and agrees that if the settlement currency is any other than New Zealand Dollar, Renminbi, and US Dollar, bank charges may be incurred.
  18. The Customer has read and understands the risks relevant to bond trading contained in Schedule 3 of the Securities Client Agreement

