

根據《證券及期貨條例》下的持牌法團(CE 編號 API164)及香港聯合交易所有限公司參與者
Licensed Corporation under the Securities & Futures Ordinance (CE No. API164) and Exchange
Participant of the Stock Exchange of Hong Kong Limited

電話 Tel: (852) 3112 8686

傳真 Fax: (852) 2850 8463

Options Addendum to the Customer Agreement

These terms for options trading are supplemental to Cash Account Agreement (“Customer Agreement”) between you and CIS Securities Asset Management Limited, an Options Trading Exchange Participant admitted and registered by the Stock Exchange of Hong Kong Limited (hereinafter as “we” “us” or “our”).

“Exchange” means the Stock Exchange of Hong Kong Limited in this Options Addendum.

You request us to operate an options client account (“Options Account”) for you, in relation to the transaction of exchange traded options business and to transact exchange traded options business for your account through your Options Account and in accordance your Instructions. The terms defined in the Customer Agreement, the Exchange’s Options Trading Rules and the Clearing Rules, have the same meaning in this Options Addendum. The Options Account will be operated on the following terms and condition:-

1. The Account

1.1 You confirm that

- (unless written approval of the Exchange has been obtained prior to the opening of the Options Account) you are not an Exchange Participant or employed by any other Options Exchange Participant of the Exchange, and no employee of any other Options Exchange Participant will have a beneficial interest in the Options Account; and either
- the Options Account is operated solely for your account and benefit, and not for the benefit of any other person; or
- you have disclosed to us in writing the name of the person(s) for whose benefit the Options Account is being operated; or
- you have requested us to operate the Options Account as an Omnibus Account, and will immediately notify us, on request, of the identity of any person(s) ultimately beneficially interested in the Client Contracts.

1.2 We will keep information relating to your Options Account confidential, but may provide any such information to the Hong Kong Regulators and Hong Kong Exchanges and Clearing Limited to comply with their requirements or requests for information.

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 us. This includes the Options Trading Rules of the Exchange, the Clearing Rules of The SEHK Options Clearing House Limited (“SEOCH” and the rules of Hong Kong Securities Clearing Company Limited (“HKSCC”). In particular, SEOCH has authority under the Rules to make adjustments to the terms of Contracts, and we shall notify you of any such adjustments which affect client contracts to which you are a party. All actions taken by us, by the Exchange, by SEOCH or by HKSCC in accordance with such Rules shall be binding on you.

2.2 You agree that the terms of the standard contract for the relevant options series shall apply to each client contract between you and us, and that all client contracts shall be created, exercised, settled and discharged in accordance with the Rules.

2.3 You agree to indemnify us, and our employees and agents, against all losses and expenses resulting from breach of your obligations under the Customer Agreement including this Options Addendum, including costs reasonably incurred in collecting debts from you, and in closing the Options Account.

3. Margin

3.1 You agree to provide us with cash and/or Securities and/or other assets (“Margin”) as may be agreed by us from time to time, as security for your obligations to us under the Customer Agreement including this Options Addendum. Such Margin shall be paid or delivered as demanded by us from time to time. The amounts

required by way of Margin shall not be less than, but may exceed, the amounts as may be required by the Rules in respect of your open positions and delivery obligations, and further Margin may be required to reflect changes in market value.

3.2 If we accept Securities by way of Margin, you on request provide us with such authority as we may require under the Rules to authorize us to deliver such Securities, directly or through another Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of exchange traded options business resulting from your Instructions to us. We do not have any further authority from you to borrow or lend your Securities or otherwise with possession (except to you or on your) of any of your Securities for any other purpose.

3.3 If you fail to comply with any of your obligations and/or to meet your liabilities under any of the provisions of the Customer Agreement including this Options Addendum, including without limitation failure to provide Margin, we may: (a) decline to accept further Instructions in respect of exchange traded options business; (b) close out some or all of your client contracts with us; (c) enter into contracts or transactions in securities, futures or commodities, in order to settle obligations arising out of or to hedge the risks to which we are exposed in relation to your failure; and/or (d) dispose of the Margin or any part thereof, and apply the proceeds thereof to discharge your liabilities to us, and any proceeds remaining after discharge of all your liabilities to us shall be returned to you.

4. Contracts

4.1 In respect of all contracts effected on your instructions, you will pay us, within the period notified by us, premium, our commission and any other charges, and applicable levies imposed by the Exchange, as have been notified to you. We may deduct such premium, commissions, charges and levies from the Options Account.

4.2 We may place limits on the open positions or delivery obligations that you may have at any time. You acknowledge that

- we may be required to close out client contracts to comply with position limits by imposed the Exchange and
- if we go into default, the default procedures of the Exchange may result in client contracts being closed out, or replaced by client contracts between you and another options exchange participant of the Exchange.

4.3 At your request, we may agree to the client contracts between you and us being replaced, in accordance with the Rules, by client contracts between you and another options exchange participant of the Exchange.

4.4 You agree that the terms of the standard contract for the relevant option series shall apply to each of your client contracts with us, and that all client contracts shall be created, exercised, settled and discharged in accordance with the Rules. On exercise of a client contract by or against you, you will perform your delivery obligations under the relevant contract, in accordance with the standard contract and as you have been notified by us.

4.5 You acknowledge that, although all Options Contracts are to be executed on the Exchange, you and us shall contract as principals under client contracts.

4.6 We will provide, upon your request, you with the product specifications for options contracts.

4.7 If we fail meet our obligations to you pursuant to this Options Addendum, you shall have a right to claim under the investor Compensation Fund established under the Securities and Futures Ordinance.

4.8 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 from time to time. However, you may instruct us 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. Risk Disclosure Statement

YOU ACKNOWLEDGE THAT DUE TO THE VOLATILE NATURE OF SECURITIES MARKETS, THE PURCHASE AND WRITING OF OPTIONS OVER SECURITIES CARRY A HIGH DEGREE OF RISK.

WARNING TO OPTION HOLDERS

SOME OPTIONS MAY ONLY BE EXERCISED ON ITS EXPIRY DAY (EUROPEAN-STYLE EXERCISE) AND OTHER OPTIONS MAY BE EXERCISED AT ANY TIME BEFORE EXPIRATION (AMERICAN-STYLE EXERCISE). YOU UNDERSTAND THAT UPON EXERCISE SOME OPTIONS REQUIRE DELIVERY AND RECEIPT OF THE UNDERLYING SECURITY AND THAT OTHER OPTIONS REQUIRE A CASH PAYMENT.

AN OPTION IS A WASTING ASSET AND THERE IS A POSSIBILITY THAT AS AN OPTION HOLDER YOU MAY SUFFER THE LOSS OF THE TOTAL PREMIUM PAID FOR THE OPTION. YOU ACKNOWLEDGE THAT, AS AN OPTION HOLDER, IN ORDER TO REALISE A PROFIT IT WILL BE NECESSARY TO EITHER EXERCISE THE OPTION OR CLOSE THE LONG OPTION POSITION IN THE MARKET. UNDER SOME CIRCUMSTANCES IT MAY BE DIFFICULT TO TRADE THE OPTION DUE TO LACK OF LIQUIDITY IN THE MARKET. YOU ACKNOWLEDGE THAT WE HAVE NO OBLIGATION EITHER TO EXERCISE A VALUABLE OPTION IN THE ABSENCE OF YOUR INSTRUCTION OR TO GIVE TO YOU PRIOR NOTICE THE EXPIRATION DATE OF THE OPTION.

WARNING TO OPTION WRITERS

AS A WRITER OF OPTION YOU MAY BE REQUIRED TO PAY ADDITIONAL MARGIN AT ANYTIME. YOU ACKNOWLEDGE THAT AS AN OPTION WRITER, UNLIKE AN OPTION HOLDER, YOU MAY BE LIABLE FOR UNLIMITED LOSSES BASED ON THE RISE OR FALL OF THE PRICE OF THE UNDERLYING SECURITIES AND YOUR GAINS ARE LIMITED TO THE OPTION PREMIUM.

ADDITIONALLY, WRITERS OF AMERICAN-STYLE CALL (PUT) OPTIONS MAY BE REQUIRED AT ANY TIME BEFORE EXPIRY TO DELIVER (PAY FOR) THE UNDERLYING SECURITIES TO THE FULL VALUE OF THE STRIKE PRICE MULTIPLIED BY THE NUMBER OF UNDERLYING SECURITIES. YOU RECOGNISE THAT THIS OBLIGATION MAY BE WHOLLY DISPROPORTIONATE TO THE VALUE OF PREMIUM RECEIVED AT THE TIME THE OPTIONS WERE WRITTEN AND MAY BE REQUIRED AT SHORT NOTICE.

Risk of trading Futures and Options

- 5.1 The risk of loss in trading futures contracts or options is substantial. In some circumstances, you may sustain losses in excess of your 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. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options, you should inform yourselves of exercise and expiration procedures and your rights and obligations upon exercise or expiry.
- 5.2 This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstance.
- 5.3 Transactions in options carry a high degree of risk. Purchasers and sellers of option should familiarize themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.
- 5.4 The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin. If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.
- 5.5 Selling ('writing' or 'granting' an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin. If the option is 'covered' by the seller holding a corresponding position in the underlying interest or a futures or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

5.6 Certain exchanges in some jurisdictions permit deferred payment the option premium, exposing the purchaser to liability for margin payments net exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

6. Additional risks common to Futures and Options

6.1 Terms and conditions of contracts

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

6.2 Suspension or restriction trading and pricing relationships

(a) Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading) in any contract or contract month due to price limits or 'circuit breakers' may increase the risk loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

(b) Further, normal pricing relationships between the underlying interest and the futures, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

6.3 Deposited cash and property

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

6.4 Commission and other charges

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

6.5 Trading facilities

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

6.6 Electronic Trading

Trading on an electronic trading system may differ from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any failure may be that your order is either not executed according to your instructions or is not executed at all.

6.7 Transaction in other jurisdictions

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

6.8 Currency risks

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

6.9 Off-Exchange transactions

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

7. General

- 7.1 You acknowledge that, although all options contracts are to be executed on the Exchange, you and we shall contract as principals under client contracts.
- 7.2 We agree to provide you, upon request, with the product specifications for options contracts.
- 7.3 You confirm that you have received the Exchange booklet "Understanding Stock Options (and their Risks)"
- 7.4 You confirm that you have read and agree to the terms of this Options Addendum, which have been explained to you in a language that you understand. You also confirm that you have been invited to read the risk disclosure statements, ask questions and take independent advice if you so wish and you fully understand the risks involved and are prepared to accept such risks.
- 7.5 This Options Addendum is governed by, and be enforced in accordance with, the laws of the Hong Kong Special Administrative Region.

Signed by:

Authorized Signature
(Corporate Applicant, with company chop)

Print Name (in BLOCK letters)

Title (Corporate Applicant)

Date

Declaration by the Licensed Person

I, a licensed person, hereby declare that I have on the date hereof (a) provided a copy of the Options Addendum; and (including the risk disclosure statements) in a language of the Customers choice; (b) fully explained the contents of the Options Addendum; and (c) invited the above applicant to read the Options Addendum, ask questions, and take independent advice if the above applicant so wishes.

Signed by:

Signature

Print Name (in BLOCK letters)

CE Number

Date