

To: CITIC Securities Brokerage (Hong Kong) Limited
(hereinafter referred to as “CSBHK”)

From: Name of client: _____ (Account Number : _____)
(hereinafter referred to as “I/we/our Company” or the “Client”)

Date: _____

OTC Market Trading Acknowledgement and Agreement
(the “Acknowledgement and Agreement”)

I/We/Our Company acknowledges and agree to the below terms for our existing or future trades under the OTC market (that is, new securities (not including derivatives) traded before their listing on The Stock Exchange of Hong Kong Limited (the “Exchange”) (“OTC Transactions”):

- (1) Pursuant to the Terms and Conditions for Securities Trading of CSBHK (the “Terms and Conditions”) and save as otherwise stated in a contract note or in another manner, CSBHK will only act as my/our/our Company’s agent and not as a principal in the OTC Transaction to be conducted for or on my/our/our Company’s behalf, and CSBHK does not guarantee the settlement of such OTC Transactions;
- (2) There may be cases where my/our/our Company’s instructions may only be partially filled or may not be filled at all. If the relevant securities cannot be subsequently listed on the Exchange, then the executed OTC Transactions will be cancelled or become invalid.
- (3) If I/we/our Company fails to deliver the securities that have already been sold, CSBHK may to act on my/our/our Company’s behalf to purchase the relevant securities for from the market (at the then market price) to complete the settlement of the relevant OTC Transaction. I/We/Our Company shall bear all costs, expenses, losses and legal responsibilities which arise from such OTC Transactions;
- (4) If I/we/our Company is buying securities from a seller and if (i) the said seller is unable to deliver the underlying securities or (ii) for any reason, the said seller is unable to complete the OTC Transaction or (iii) CSBHK may in its sole and absolute discretion and according to the terms of trade confirmation decide not to purchase any securities, then I/we/our company does not have the right to obtain the relevant securities at the agreed matching price and only has the right to get a refund of the monies paid for purchase of the relevant securities;
- (5) If I/we/our Company a purchaser of securities in an OTC Transaction and is unable to settle it, CSBHK may in its sole and absolute discretion liquidate any and all securities or collaterals in my/our/our Company’s securities account and or use the net proceeds (that is the liquidation amount less all relevant transaction fees, levies and charges arisen from the such OTC Transaction). However, if I/we/our Company is a seller in an OTC Transaction and through no act, omission or fault on my/our/our Company’s part, settlement of the OTC Transaction fails, then I/we/our Company may only be entitled to recover the relevant securities and not the sale proceeds of the relevant securities.
- (6) Without prejudice to the Terms and Conditions, I/we/our Company shall bear all losses, fees, costs and expenses arising from all OTC Transactions and shall indemnify CSBHK against all losses and fees, costs and expenses incurred by CSBHK as a result of my/our/our Company’s failure or the failure of an OTC Transaction counterparty to settle any such transactions.

I/We/Our company has read and understood the risks related to OTC transactions and are aware that the following risk disclosure may not be capable of covering all relevant risks.

Risk Disclosure

- (a) Before conducting transaction utilizing any OTC trading facilities, the Client must familiarize himself of the nature of the OTC Transactions, the relevant trading facilities and the degree of risk that the client can bear. Transactions in the OTC market are subject to the credit risks, settlement risks and other risks associated with OTC trading, including

(but not limited to) counterparty risks before to the securities are listed on the Exchange. CSBHK is not in a position to guarantee the settlement of any OTC Transactions and the Client must bear all losses, costs, fees and expenses resulting from any failed settlement caused by the Client or its representative.

- (b) If the individual security cannot be subsequently listed on the Exchange, the executed transaction may be cancelled or become invalid. In addition, as the liquidity of such OTC Transaction could be low relative to that of the regular markets, the Client's order may only be partially filled or not filled at all. The volatility of such OTC Transaction may also be higher than that of the regular market. The above risk factors may also result in a wider trading spread as compared with securities that is trading on the Exchange.
- (c) There may also be a significant gap between the price of the securities and the opening price or the trading price of the securities when it is listed and is traded on the Exchange. The price of the securities displayed on the OTC Transaction may not be an accurate representation of the price of the same security in other automated trading systems that are simultaneously operating. Any announcement issued by the securities issuer after trading hours may also affect the price of the securities in the regular market. Similarly, important financial information is usually announced after regular trading hours. Such announcements may be issued during the OTC trading hours and may result in a price inflation or other unsustainable effects on the prices of the related securities.
- (d) The OTC market is not regulated by the Exchange, unless the relevant OTC Transaction will be formally recorded on the Exchange's trading system upon listing of the securities, otherwise, such OTC Transactions will not be protected under the Investor Compensation Fund.

I/We/Our Company agrees to consider whether such OTC Transactions are suitable for me/us/our Company based on my/our own experience, risk tolerance and/or other relevant circumstances. If in doubt, I/We/our Company will seek professional advice from an independent party.

I/We/Our Company agrees that this Acknowledgement and Agreement may be signed by me /us/our Company's authorized person manually or in any electronic form and delivered in person, by mail or electronically to CSBHK. I/We/our Company agrees that this Acknowledgement and Agreement signed electronically (including, but not limited to, the executed Acknowledgement and Agreement sent to CSBHK by way of electronic mails or facsimile or any other electronic method (regardless of whether it is in a format of a PDF file or other scanned document or any other electronic file or method)) shall be deemed as the original of this Acknowledgement and Agreement manually signed by me /us/our Company's authorized person, shall have the same legal effect as the original Acknowledgement and Agreement manually signed by me/our/our Company's authorized person and delivered in person or by mail, shall be equally and legally binding on me/us/the Company, and shall be equally admissible in evidence as the original itself in any judicial, arbitration or administrative proceeding. I/We/Our Company further agrees that I/we/our Company will not dispute or and/or challenge the validity, legal enforceability or authenticity of this Acknowledgement and Agreement in any court or dispute resolution proceeding on the ground of not having the original of the executed document.

Signed on behalf of the Client

Name of Signatory:

Title :

I, _____ with C.E. number _____ confirmed I, have explained the relevant risks relating to OTC trading in the language version of disclosure of the client's choice and I/we/our Company have invited the Client to read the risk disclosure, ask questions and to take independent advice (if the Client wishes).

Licensed Representative's Signature:	Date :
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