



## CTBC ASIA LIMITED

### FINI INVESTMENT AGREEMENT

This Agreement (“**Agreement**”) is made this                      day of

**CTBC Asia Limited** (“**CAL**”), is a securities dealer licensed by the Securities and Futures Commission for Type 1: dealing in securities and Type 9: asset management regulated activities under the Securities and Futures Ordinance (CE Number: AJF 262) with its registered office at Suite 2809, 28/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong;

And

**The Client**, whose name and other particulars are set out in the Schedule.

This Agreement is made supplemental to a Cash/Custodian Client’s Agreement entered into between CAL and the Client (the “**Main Agreement**”) of which this Agreement forms a part. In the event of any conflict between this Agreement and the Main Agreement, this Agreement shall prevail.

The Client has opened a cash trading account with CAL pursuant to the Cash/Custodian Client’s Agreement and agrees to operate sub-account(s) under the Foreign Institutional Investor (“**FINI**”) system in the Relevant Jurisdiction(s).

#### 1. **Definitions**

- 1.1 Terms defined in this Agreement have the same meanings as in the Main Agreement unless stated otherwise.
- 1.2 “**Account Opening Information Form**” means the Account Opening Information Form set out in the Main Agreement and any other information subsequently provided by the Client to CAL.
- 1.3 “**Custodian**” means the custodian bank duly appointed by CAL to hold the Securities on behalf of the Client on CAL’s instructions pursuant to this Agreement.
- 1.4 “**Local Broker**” means the local broker duly appointed by CAL to purchase and sell Securities on behalf of the Client on CAL’s instructions under this Agreement.
- 1.5 “**Property**” means, as the context requires, any Securities, cash, or any other property or financial asset held by the Custodian under the terms of this Agreement.
- 1.6 “**Relevant Applicable Laws**” means all applicable local legislation, subsidiary legislation, rules, regulations of the Relevant Jurisdiction and all codes, guidelines, circulars, directives and other statutory and regulatory requirements issued by the Relevant Securities Regulator, as amended from time to time.
17. “**Relevant Depository System**” means the relevant central depository book entry system established as centralized depository for Securities trading in the Relevant Jurisdiction.

- 1.8 “**Relevant Jurisdiction**” means the relevant jurisdiction to which this Agreement and the transactions contemplated by this Agreement shall be subject and as set out in the Schedule.
- 1.9 “**Relevant Securities Regulator**” means the relevant local regulatory authorities or bodies with overall supervisory powers over all securities-related matters and the transactions contemplated herein in the Relevant Jurisdiction.
- 1.10 “**Securities**” include, without limitation, any shares, stock, debentures, loan stocks, funds, bonds, or notes of, or issued by, any body, and also includes rights, options or interests (whether described as units or otherwise) in or in respect of any of the foregoing, certificates of interest or participation in, or temporary or interim certificates for, or receipts for or warrants to subscribe to or purchase any of the foregoing; interests in any collective investment scheme; interests, rights or property, whether in the form of an instrument or otherwise, commonly known as securities and approved by the Relevant Securities Regulator.

## 2. **Investment Account**

- 2.1 CAL shall duly register as a FINI with the Relevant Securities Regulator in the Relevant Jurisdiction and opens a house custodian account (the “**FINI House Account**”) with the Custodian., as approved by the Relevant Securities Regulator. CAL represents and warrants that it will continue to be a registered FINI during the continuance of this Agreement and will notify the Client if such status has changed as soon as reasonably practicable.
- 2.2 CAL will use and rely on the information provided in the Account Opening Information Form to open a sub-account for the Client under the FINI House Account with the Custodian (the “**FINI Client Account**”)for trading of Securities in the Relevant Jurisdiction. The Client represents and warrants that such information continues to be true and correct as of the date of this Agreement and the Client will immediately notify CAL of any change.
- 2.3 All Securities purchased by and cash received from or for the account of the Client under the QFII system shall be held in the FINI Client Account in the name of CAL..
- 2.4 Client’s Securities purchased for the Client under the FINI Client Account shall be deposited in CAL’s name into the Relevant Depository System to which the Custodian shall have access.
- 2.5 Client’s monies shall be held under the FINI Client Account for the purpose of holding Client’s assets under QFII system.
- 2.6 Any dividend or any other distribution or benefit accruing in relation to Securities purchased for the Client and deposited in the FINI Client Account (or payment made directly to the Client with prior arrangement between CAL and the Client).
- 2.7 Client’s assets held under the FINI Client Account in the name of CAL are beneficially owned by the Client and shall be held in trust for the Client. The Client represents and

warrants that the Client is the ultimate beneficiary of the Approved Account and will immediately notify CAL of any change and provide such information and documents as CAL may request.

- 2.8 Unless and until CAL actually receives any other instructions from the Client in writing, CAL is entitled to appoint and authorize the Custodian to take any such action required to be taken by Client in relation to the Securities and to request, collect, receive and make payments or distributions attributable to such securities arising from acquisition, ownership, disposal, conversion, exchange or otherwise.
- 2.9 The Client declares that the source of fund in the Account is not from the Republic of China (Taiwan) or the People's Republic of China (China). In case of any dispute, CAL's decision shall be the final and conclusive.
- 2.10 The Client acknowledges and accepts that client assets received or held by CAL or CAL associated entity outside Hong Kong are subject to the applicable laws and regulations of relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap. 571) and the rules made there under. Consequently, such assets may not enjoy the same protection as that conferred on the client assets received or held in Hong Kong.

### 3. **Appointment of Custodian and Local Broker**

- 3.1 CAL has the right (and the Client hereby authorizes CAL) to appoint the Custodian and the Local Broker for and on behalf of the Client for the purposes of this Agreement.
- 3.2 CAL will procure the Custodian and the Local Broker to comply with all Applicable Laws in discharging its duties under this Agreement. .
- 3.3 CAL shall not be liable for any acts or omissions of the Custodian and/or the Local Broker for any loss, damage, costs, expenses or liabilities whatsoever howsoever arising except as a result of the gross negligence or willful default on the part of CAL.

### 4. **Transactions**

All the instructions given by the Client to CAL shall be processed and all the transactions shall be effected and settled in accordance with the provisions of the Main Agreement. For avoidance of doubt, no instruction shall be processed unless and until CAL has received sufficient cleared funds from the Client.

### 5. **Keeping of Accounts**

- 5.1 CAL will maintain records in respect of the FINI Client Account showing full details of the property held by CAL in trust for the benefit of the Client and all movements in and out of the FINI Client Account in respect of such property. The Client acknowledges that CAL will also maintain similar records in respect of the other clients of CAL on

behalf of whom CAL holds property on trust for. Such records will be maintained in such a manner as to show such property and its movements as though they were in a distinct and separate sub-account within the Approved Account.

- 5.2 CAL will ensure that only the property of the Client and other clients of CAL for whom CAL also holds property on trust will be credited to the FINI Client Account and no other property will be mixed with the property of the Client and such other clients in the FINI Client Account. For the avoidance of doubt, CAL will not mix its own property with the property held for the Client or other clients in the Approved Account.

6. **Nominee**

CAL declares that it will hold on trust for the Client absolutely all the rights, title, benefit and interest that CAL may have in respect of all the property from time to time standing to the credit of the Client in the FINI Client Account.

7. **Termination**

- 7.1 Either party may terminate this Agreement by giving not less than one (1) month prior written notice to the other.
- 7.2 In the event that the Main Agreement is terminated for whatever reason, this Agreement shall also terminate forthwith simultaneously.
- 7.3 The termination shall be without prejudice to the rights and obligations of and accrued to each party prior to such termination.
- 7.4 On termination and unless and until the Client instructs otherwise, CAL is entitled to sell all Securities standing to the FINI Client Account without further notice without liability whatsoever at the prevailing market price via the Local Broker and return the net sales proceeds and all the property held for the Client in the FINI Client Account to the Client subject to all deductions and set-off to which CAL may be entitled under this Agreement and/or the Main Agreement.

8. **Fees and Expenses**

- 8.1 The Client agrees to pay (and authorizes CAL to collect) such fees and charges as CAL may from time to time prescribe in consideration of the services rendered by CAL hereunder as well as all fees and expenses paid or incurred by CAL or its nominees or agents with respect thereto.
- 8.2 Without prejudice to any of its liabilities and obligations under this Agreement, the Client agrees to pay to CAL such fees/commissions as set out in the Schedule.

9. **Risk Disclosure**

CAL refers the Client to the relevant Risk Disclosure Statements contained in the Main Agreement.

10. **Governing Laws and Jurisdiction**

- 10.1 All transactions concerning Securities in a Relevant Jurisdiction made for or on behalf of the Client pursuant to this Agreement shall be subject to the Relevant Applicable Laws in the Relevant Jurisdiction. CAL shall refer the Client to the extract of the Relevant Applicable Laws as set out in the appropriate Part of the Appendix. The Client understands that the extract does not constitute the full set of the Relevant Applicable Law and thus not exhaustive. The Client confirms that he has been advised to seek independent advice on the Relevant Applicable Laws applicable to the transactions contemplated under this Agreement if he so wishes. The Client confirms that he has read, understood and agreed the content of the extract.
- 10.2 Save as set out in Clause 10.1 above, this Agreement and all rights, obligations and liabilities hereunder shall be governed by and construed in accordance with the laws of Hong Kong SAR and is subject to the non-exclusive jurisdiction of the courts of Hong Kong SAR.

For and on behalf of  
CTBC Asia Limited

Acknowledged and agreed by  
the Client

\_\_\_\_\_  
Name :  
Title :

\_\_\_\_\_  
Name :  
Title

**Schedule**

**Particulars**

**Client Name:**

(Reference is made to the Account Opening Information Form for full details)

**Client Cash Account Number:**

**Date of relevant Cash/Custodian Client Agreement:**

**Relevant Jurisdiction:** Taiwan

**Schedule of Fees/Commissions**

Item	Amount
Commission Rate / per trade	0.25%
Duty and Levy	0.3% of transaction amount at sale
Transaction Fee charges	USD50/ NTD1,600 per transaction
Safe Custody Fee	0.1% per annum

## APPENDIX

### EXTRACT OF TAIWAN FINI SYSTEM

(This is for reference only)

*[Please consult your Taiwan legal adviser]*

#### 1. **FOREIGN Institutional INVESTORS**

- **FINI** (previously QFII) – Foreign Institutional Investors, without any upper limit of investment quota and any duration limit for remittance of capital. However, some industries still impose investment ceiling for FINI.

#### 2. **APPLICATION PROCEDURE FOR AN INVESTMENT ID**

- File a registration with Taiwan Stock Exchange (TSEC) – for all foreign investors.
- Obtain consent from CBC for foreign exchange purposes – for foreign institutional investors.

#### 3. **INVESTMENT SCOPE FOR FOREIGN INVESTORS**

- Listed stocks, GTSM shares, emerging stocks, entitlement certificates, including, but not limited to, 1) stocks for IPO prior to becoming listed and stocks to be issued in rights offerings; 2) preferred stocks issued by listed/GTSM companies; 3) private placement of securities issued by listed/GTSM companies; 4) stocks of listed/GTSM companies for secondary public offering.
- Taiwan depositary receipts
- Securities investment trust funds (incl. ETFs)
- Government bonds, financial and corporate bonds, convertible bonds, TWD bonds issued by international financial institutions.
- Public-offering asset-backed securities, and private-placing asset-backed securities made in accordance with ‘Financial Asset Securitization Law’
- Warrants
- Futures/options listed on TAIEX.
- The remitted-in amount not being invested in stocks shall be allowed to engage in the following categories:
  - Bonds, time deposits and money market instruments (whose total value should not exceed 30% of remitted-in amount, yet the re-purchase and re-sell of bonds trading is excluded), and the transaction of futures contracts and TAIEX options contracts for the purpose of hedging. The longest period for time deposit is three months, with a one-time extension of three months allowed at expiration. The money market instrument is limited to bills within 90 days of expiration.
- Other marketable securities approved by the SFC

#### 4. **RESTRICTIONS ON FUND-TYPE FOREIGN INSTITUTIONAL INVESTORS**

- Hedge funds and funds from PRC are **prohibited** from investment in Taiwan.
- Fund-type foreign institutional investors are required to provide **documentation** indicating strategies employed and source of capital shall not relate to China.
- Fund-type foreign institutional investors shall provide the TSEC with additional information plus supporting documents for taking uncovered hedge strategies and involving taking large directional positions.
- TSEC has discretion over whether or not to register the applicant’s status based on the findings of the review.

#### 5. **RESTRICTIONS ON FUTURE TRADING AND MARGIN TRADING**

- Futures position shall not exceed that of its stock holdings
- Margin amount shall not exceed the cap of 30% of net remitted investment capital
- Future trading shall be for hedging purpose only.
- Opening up of margin trading to foreign investors is not being considered by the government for the time being.

#### 6. **RESTRICTIONS ON INVESTING IN MONEY MARKET**

- Per new regulation, investment in futures/options, time deposits, and money market instruments cannot exceed 30% of the net remitted-in investment capital.

**7. RESTRICTIONS ON SHORT SELLING**

- Foreign investors and a large majority of local investment institutions are not allowed to engage in short selling by the Securities and Exchange Law.

**8. CHANGES IN FEATURES OF TAIWANESE MARKET UNDER NEW REGULATIONS**

- **Restrictions in Securities Lending and Borrowing (SLB)**

Taiwan Stock Exchange launched the Stock Lending and Borrowing Program (SLB). Institutional investors, both domestic and foreign, may engage in SLB activities for “strategic trading purposes”. Risk control mechanism such as minimum credit ratings of counterparties and collateral guidelines is applied to participants. Further relax or lift restrictions will be considered after a significant period of time.

- **Penalties on Failed Trades**

TSEC and the Gre Tai Securities Market (formerly known as the OTC Exchange) impose strict penalties on failed trades to maintain market integrity. Investor’s trading right may be suspended for up to 3 years by the TSEC. In 2002, government modified rules to allow brokers to report error trades without regulatory sanction.

- **Pre-Funding Requirements**

Not legally required except for certain shares, which have been defined as “full delivery” due to deteriorating financial condition of the issuer, and “block trades” where funds/securities must be delivered to the broker in advance.

It is common practice that Brokers generally conduct availability checks with Taiwan Securities Central Depository Co Ltd and custodians to confirm that securities and cash are in place before placing orders in market.

- **Lack of Full Two-Way Fungibility of ADRs**

Foreign investors are permitted to participate in DR offerings by converting holdings in ROC listed shares into DR or to provide listed shares held by them for re-issuance of DR. The 3-month lock up for DR issuance has been eliminated.

**11. RULES FOR FINI TO ATTEND SHAREHOLDER MEETINGS**

- FINI is not required to appoint its local agent or representative to attend a shareholder meeting in person if it has consignments to an agent for stock affairs (stock registrar) mandated to act as the consigned agent of proxies in accordance with Paragraph 4, Article 14 of the “Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”.
- Other than the above-mentioned method of exercising voting rights, if a FINI holds less than 300,000 shares of the stocks of a public company, it is not mandatory for its local agent or representative to attend the meeting and exercise the voting right. If a FINI holds 300,000 or more shares (previously 100,000 shares) of a public company, the attendance and exercise of voting rights may be directed to a third party agent appointed by its local agent or representative per the authorization of the said FINI; however, the letter of appointment must clearly indicate the FINI’s instruction for the exercise of voting rights regarding each motion in the meeting agenda.

**12. REGULATION FOR FINI TO INVESTMENT IN NON-LISTED TAIWANESE COMPANIES**

- FINI may invest in non-listed Taiwanese companies as long term equity investments or involved in management control, by obtaining investment permit from the Investment Commission of either the MOEA or Hsinchu Science Park.