

**BETWEEN**

**SOUTH CHINA SECURITIES LIMITED (the "Broker")** licensed by the Securities and Futures Commission for Type 1 regulated activities under the Securities and Futures Ordinance whose CE number is AAA874 and a participant of The Stock Exchange of Hong Kong Limited (the "Exchange"), whose registered office is situated at 36/F., The Centrium, 60 Wyndham Street, Central, Hong Kong of the one part; and

The client whose particulars are set out in the Client Information Statement hereto (the "Client") of the other part.

**WHEREAS**

(1) The Client intends to open one or more accounts ("Account") (as indicated in the Client Information Statement) with the Broker for the purpose of trading in stocks, shares and other securities (collectively referred to as "securities").

(2) The Broker has agreed to open and maintain the Account on the terms and conditions set out hereunder and the Client has agreed to observe, perform and comply with the said terms and conditions.

(3) The terms and conditions herein and the Schedules hereto and the Client Information Statement are collectively referred to as the "Agreement".

**NOW IT IS HEREBY AGREED** as follows:

**1. Terms and Conditions and Schedules**

The parties hereto agree to observe and perform the terms and conditions in the Agreement and in particular to the terms and conditions set out in the respective Schedules for the respective types of Account as set out hereunder:

<u>Account</u>	<u>Schedule</u>
Cash account in which no credit facility is provided for trading in securities on the Main Board or the Growth Enterprise Market of the Exchange or other exchanges ("Cash Account")	1st
Margin account which is an account which the Broker establishes with the Client to record transactions in securities effected by the Broker on behalf of the Client and which the Broker under prior arrangements or agreements has agreed to provide the Client with credit facilities ("Margin Account")	2nd
Account (no matter whether cash account or margin account) the operation of which is through the internet or such on-line or electronic service provided by the Broker or by such electronic means as may be approved, adopted or operated by the Broker from time to time ("On-line Trading Service")	3rd
Options account in respect of transaction of options ("Options Account")	4th

**2. Information**

- 2.1 The Client confirms that he has been explained the Information to Account Holders pursuant to the Personal Data (Privacy) Ordinance (Cap. 486) as set out in the 5th Schedule hereto and agrees thereto.
- 2.2 The Client warrants that the information supplied by the Client as contained in the Client Information Statement is complete, true and accurate in each and every aspect. The Client undertakes promptly to inform the Broker in writing of any changes to those information. The Client authorises the Broker to conduct credit enquiry on the Client and to verify the information from financial institutes including the client's bankers, brokers or any credit agency for the purpose of ascertaining the financial stipulation and investment objectives of the Client and if the consent of the Client is required for the release of information by such financial institutes, the consent of the Client is hereby given.
- 2.3 The Broker may provide such information to the Exchange, the Securities and Futures Commission ("SFC"), any other regulatory bodies or law enforcement authority including but not limited to police and Independent Commission Against Corruption to comply with their requirements or requests for information, or any member company of South China Securities Limited, its subsidiaries, associated and related companies ("the Group").
- 2.4 The Broker undertakes to notify the Client of material change to the name and address, the registration status with the SFC, the nature of services to be provided to or available to the Client, remuneration (and the basic for payment) to be paid by the Client and details of margin requirements, interest, charges, margin calls and the circumstances under which the Client's position may be closed without the Client's consent.
- 2.5 If the Client is a company or a corporation (no matter whether duly incorporated in Hong Kong or elsewhere) the Client agrees to supply to the Broker the following documents:
  - a. Memorandum and Articles of Association;
  - b. Business Registration Certificate;
  - c. Certificate of Incorporation;
  - d. Copy Identity Cards / Passports of directors and authorized person(s); and
  - e. Latest Audited Financial Statements.

For B.V.I. and other non-Hong Kong company, the Client agrees to supply to the Broker the following documents:

- a. Latest (recent 3 months) bank account statement or utilities bill showing proof of address;
  - b. Registered Agent's Certificate identifying the current directors and officers, verified or issued by the registered agent of the Company; and
  - c. Information on the true beneficial ownership of the Company.
- 2.6 For a client which is a company or a corporation, the Client agrees to provide to the Broker, a certified extract of the resolution of the Client containing a "Limited Company Mandate" with words acceptable to the Broker.
  - 2.7 Client's data and information  
The Client authorizes the Broker to: a) disclose, and transfer Client's personal data, financial information and other information related to the Client's account to regulator(s) and regulatory bodies of all jurisdictions, and b) exchange of financial account information in accordance with (i) any law, regulations and rules of any jurisdiction; or (ii) common reporting standard. The Client also agrees with the Broker's personal data privacy policy which may be updated by the Broker from time to time.

## 2.8 2.8 Client Identity Rules

a. The Client Identity Rule Policy of Securities and Futures Commission (“SFC”) requires the Broker to obtain and record the client identity information before doing anything to effect any transaction. If SFC requires such information, the Broker must provide it within 2 business days of the day of the request, although the regulator may also require information soon after a transaction occurs.

b. The Broker may send the Client a request for client identity information (“Client Identity Information”) at any time, including but not limited to after receiving a request from any regulator. The Client agrees to immediately inform the Broker of the identity, address, contact details and occupation of:

- i. the person(s) or entity (legal or otherwise) ultimately responsible for originating the instruction in relation to a transaction;
- ii. the person or entity that stands to gain the commercial or economic benefit of any transaction and/or bear the commercial risks;
- iii. the client for whom the transaction(s) will be carried out;
- iv. any such other information which may be required by any regulator of any relevant jurisdiction(s).

c. The regulator(s) may consider the Broker’s obligation to client identification to be discharged if you/the Client agrees to provide the information about the beneficiary of the relevant transaction(s) and details of the person originating the instruction for such transaction(s) on request directly to the regulator. Therefore, when the Broker receives any request from any regulator(s) in respect of any transaction effected by the Client for another customer (whether as agent, intermediary or on a back-to-back basis), the Client agrees to promptly provide the Client Identity Information to the relevant regulator(s) in Hong Kong and any other relevant jurisdictions. The Client agrees that the Client’s obligation to promptly provide Client Identity Information to the Broker and all relevant regulator(s) under this clause shall survive termination of agreement or account(s) with the Broker.

d. For collective investment schemes, discretionary accounts or discretionary trusts, the information normally required by regulator is the name of the scheme, account or trust in question, and the person who ultimately originates the instruction in relation to that transaction (particularly, the individual investment manager responsible for making the investment decision). In respect of paragraph 5.4 (d) of the Code of Conduct for Persons Licensed by or registered with Securities and Futures Commission, in relation to a collective investment scheme or discretionary account, the entity referred in clause b above is the collective investment scheme or account, and the manager of the collective investment scheme or account, not those who hold a beneficial interest in that collective investment scheme or account.

e. If the Client is acting for or on behalf of a collective investment scheme, discretionary account or discretionary trust, the Client must:

- i. upon the Broker’s request, promptly inform the Broker and/or the regulator(s) within the required timeframes of Client Identity Information of the scheme, account or trust; and
- ii. promptly inform the Broker when the Client’s discretion to invest on behalf of the scheme, account or trust has been overridden; and upon request from Broker, the Client shall comply with the Broker’s request and immediately inform the Broker or the regulator (s) of Client Identity Information of the person(s) who has or given the order or instruction in relation to the transaction.

f. The Client shall be required to disclose to the Broker whether the Client is acting on the Client’s own behalf, or if it is acting as principal or agent. If the Client is acting as an agent, the Broker need to find out who is the principal, and obtained required information about the principal. The Client agrees to promptly provide the required information to the Broker or any relevant regulator(s), upon any request by the Broker from time to time, and the Client’s obligation shall survive the termination of any agreement or terms of business with the Broker and its affiliates.

### 3. Owner

The Client undertakes that the Client is the ultimate beneficial owner of the Account, and that the Client is not related to or associated with any of the Broker’s employees or agents and agrees that if the Client shall hereafter become related to or associated with any of such employee or agent the Client shall promptly notify the Broker in writing of the existence and nature of such association and agree that the Broker may, upon receipt of such notice, at the absolute discretion of the Broker, close the Account.

### 4. Cash held for the client

4.1 Any cash held for the Client, other than cash received by the Broker in respect of all transactions in securities in which the Broker effects on the Client’s instructions or for the Client (“Transaction(s)”) and which is on-paid for settlement purposes or to the Client, shall be credited to a client trust account maintained with a licensed bank or such company or organization as required by applicable laws from time to time.

4.2 Save and except as otherwise expressly agreed, interest will be accrued to the Account with net credit balance at the following rates:

a. For any amount below HK\$500,000.00 (or such amount as may be determined and notified to the Client from time to time) at the same rate as the Hong Kong Dollars Savings Account Rate as may be quoted by Standard Chartered Bank (Hong Kong) Limited from time to time or such other bank as may be designated by the Broker from time to time;

b. For the whole of any amount up to or over HK\$500,000.00 (or such amount as may be determined and notified to the Client from time to time) at the same rate as the Hong Kong Dollars Savings Account Overnight Rate as may be quoted by Standard Chartered Bank (Hong Kong) Limited from time to time or such other bank as may be designated by the Broker from time to time.

4.3 For the avoidance of doubt, the interest accrued for the Account shall be irrespective of what the actual amount of interest accrued to the Broker on the grand total of all the accounts, any difference thereof shall belong to or be borne by the Broker.

4.4 The Client authorizes the Broker at any time and from time to time and at the Broker’s absolute discretion to withhold, pay to and retain for the Broker’s own use and benefit absolutely any and all sums or amounts at any time and from time to time earned, accrued, paid, credited or otherwise derived by way of interest or premium from the payment into or retention at any time or from time to time of (i) any amount in the client trust account established by the Broker under the Securities and Futures (Client Money) Rules, and (ii) any amount at any time paid to or received or held by the Broker or any of the Broker’s nominees, agents, representative or bankers for the Client’s account in any other circumstances for any purpose or pursuant to any Transaction.

### 5. Suspension of account

Notwithstanding any provision of this Agreement, the Broker shall have the right exercisable at the absolute discretion of the Broker at any time to suspend operation of the Account or to close the Account without ascribing any reason and without any liability to the Client for such suspension or closure by terminating this Agreement.

### 6. Laws and Rules

All transaction shall be effected in accordance with and shall be subject to the relevant laws, rules, regulations, directions, customs and usage applying to the Broker, including the rules of the Exchange and the Hong Kong Securities Clearing Company Limited (the “Clearing House”) as amended or supplemented from time to time. All action taken by the Broker in accordance with such laws, rules, regulations and directions shall be binding on the Client.

### 7. Agency

The Broker shall act as the agent of the Client in effecting the Transaction unless the Broker indicates (in the contract note for the relevant Transaction or otherwise) that the Broker is acting as principal.

**8. Client's own judgment**

The Client undertakes that the Client shall solely make and rely upon the Client's own judgment and decisions with respect to each Transaction or with respect to refraining from making a Transaction, and will not rely upon any advice or information or suggestion rendered by any of the directors, officers, employees or agent of the Broker and hereby waives the Client's right (if any) to claim against the Broker, the Group, their directors, officers, employees or agent for loss or damages arising therefrom.

**8A. Other Terms**

8A.1 If the Broker, its agents or intermediary, solicit the sale of or recommend any financial product to the Client, the financial product (any securities as defined under Securities and Futures Ordinance) must be reasonably suitable for the Client, having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document we may ask the Client to sign and no statement the Broker may ask the Client to make derogates from this clause.

8A.2 If services are to be provided to the Client in relation to derivative products, including options, the Broker or licensed person shall: (i) provide to the Client upon request product specifications and any other prospectus or other offering document covering such products; and (ii) provide full explanation of the margin procedures, and the circumstances under which a client's position may be closed without the Client's consent).

8A.3 The Broker should ensure that it complies with its obligations under the terms of this Trading Agreement, and this Agreement does not operate to remove, exclude or restrict any rights of the Client or obligations of the Broker or licensed person under the law.

8A.4 The Broker should not incorporate any clause, provision or term in securities trading agreement or any other document signed or statement made by the Client at the request of the Broker which is inconsistent with its obligations under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission °

**9. Commission and other charges**

9.1 On all Transactions, the Client shall pay the Broker commission, charges, fees (including but not limited to transfer fees, registration fees and securities settlement fees) and expenses (including but not limited to costs and interests) as well as all applicable levies and stamp duties in relation to, connection with, resulting from or incidental to any Transaction or maintenance of the Account (including any securities, assets, receivables and/or monies therein) as set out in the account opening documents or in any provision of the Agreement which are subject to adjustments at the sole and absolute discretion of the Broker from time to time by notifying the Client in such manner as determined by the Broker at its sole and absolute discretion. The Broker shall be entitled to deduct a sum equivalent to the aforesaid commissions, charges, fees, expenses, levies and duties directly from the Account and/or any other accounts maintained by the Client with the Broker.

9.2 The Client shall pay interest on all overdue balances in the Account (including any amount owing to the Broker at any time) at such rates and on such other terms or manner as the Broker shall at its sole and absolute discretion set and notify the Client from time to time. Such interest shall accrue on a day-to-day basis and shall be paid on the last trading day of each calendar month or as soon as possible upon demand by the Broker. Overdue interest shall be compounded monthly

**10. Client outside Hong Kong**

If the Client resides or gives any order to the Broker outside Hong Kong, the Client undertakes to ensure and represents that such orders will have been given in compliance with any and all applicable law of the relevant jurisdiction from which the Client's orders are given, and the Client accepts that there may be taxes, duties, impositions or charges payable to relevant authorities in respect of the Client residing or the giving of any order outside Hong Kong and the execution of such order, and the Client agrees to pay such taxes, duties, imposition or charges as are applicable. The Client further agrees to indemnify the Broker from any claims, demands, actions, costs and expenses the Client may suffer or incur in connection with or arising from the Client's residing or giving of any such order outside Hong Kong.

**11. Obligation to settle the Transaction and consequences**

11.1 Unless otherwise agreed, in respect of each Transaction unless the Broker is already holding cash or securities on behalf of the Client to settle the Transaction, the Client will:

- a. pay the Broker cleared funds or deliver to the Broker securities in deliverable form (as the case may be); or
- b. otherwise ensure that the Broker has received such funds or securities

by such time as the normal settlement time or such time as the Broker may notify the Client (in such manner as set out in clause 25 hereof) in relation to that Transaction, whichever is earlier. It is the duty of the Client to check what the normal settlement time is and in doubt to enquire and get confirmation from the Broker. If the Client fails to do so, the Broker may without any liability on the part of the Broker:

I. in the case of a purchase Transaction, sell the purchased securities and/or any other securities which the Broker is already holding on behalf of the Client to satisfy the obligation of the Client to the Broker; and

II. in the case of a sale Transaction, borrow and/or purchase securities in order to settle the Transaction.

11.2 The Client will be responsible to the Broker and indemnify the Broker against any losses, costs and expenses including debt collecting agent's charges and legal costs on a full indemnity basis resulting from the Client's settlement failures.

11.3 The Client agrees to pay interest on all overdue balance (including interest on interest and also interest arising after a judgment is obtained against the Client) at such rates and on such other terms as the Broker may notify the Client from time to time.

11.4. In the case of a purchase Transaction, if the selling broker fails to deliver on the settlement date and the Broker has to purchase securities to settle the Transaction, the Client shall not be responsible to the Broker for the extra costs incurred by such purchase.

**12. Short selling**

The Client will notify the Broker when a sale order relates to securities which the Client does not own, i.e. short selling.

**13. Record of communication**

The Client agrees that the Broker may monitor and record any or all of the communications and/or orders sent or given by the Client over telephone or by electronic or other means of communication.

**14. Statements etc. deemed to be correct**

14.1 Every Transaction indicated or referred to in a notice, statement, confirmation or other communication shall be deemed as correct and confirmed by the Client unless the Broker shall receive from the Client written notice to the contrary within seven (7) days after the date after such notice, statement, confirmation or other communication is deemed to have been received by the Client.

14.2 Every statement of account shall, in the absence of manifest error, be conclusive and binding on the part of the Client as to the amount standing to the debit or credit of the Account.

## 15. Risk Disclosure Statements

The Client confirms and acknowledges that the Broker has fully explained the Risk Disclosure Statement as set out below to the Client in a language of the Client's choice and the Client was invited to read the Risk Disclosure Statement and to ask questions and take independent advice if the Client wishes and the Client accepts such risks.

### APPLICABLE TO ALL SECURITIES

The price of securities can and does fluctuate, and that any individual security may experience downward movements, and may under some circumstances even become valueless. There is an inherent risk that losses may be incurred rather than profit made, as a result of buying and selling securities.

There are risks in leaving securities in the safekeeping of the Broker. For example, if the Broker is holding the Client's securities and the Broker becomes insolvent, the Client may experience significant delay in recovering the securities.

There are risks in leaving securities in the custody of the Broker or in authorising the Broker to deposit securities as collateral for loans or advances made to the Broker or authorising the Broker to borrow or loan securities.

### ON GROWTH ENTERPRISES MARKET TRADING

I/We understand that GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, I/we understand that companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. I/We appreciate that there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate.

I/We am/are aware of the potential risks of investing in such companies and understand that I/we should make the decision to invest only after due and careful consideration. I/We understand the greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, I/we understand there is a risk that securities traded on GEM may be susceptible to higher market volatility compared to securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

I/We further understand that the principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Companies listed on GEM are not generally required to issue paid announcements in gazetted newspapers. Accordingly, I/we acknowledge that I/we need to have access to up-to-date information on GEM-listed companies as published on the GEM website.

I/We acknowledge that this risk disclosure statement does not purport to disclose all the risks and other significant aspects of GEM. I/We understand that I/we should undertake my/our own research and study on the trading of securities on GEM before commencing any trading activities.

I/We understand that I/we should seek independent professional advice if I/we am/are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of securities on GEM.

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

The securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. You should consult the licensed or registered person and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

### RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

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

### RISK OF PROVIDING AN AUTHORITY TO HOLD MAIL OR TO DIRECT MAIL TO THIRD PARTIES

If you provide the licensed or registered person with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of your account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

## 16. Compensation Fund

16.1 In the event that the Broker commits a default as defined in the Securities and Futures Ordinance (Cap.571) and the Client thereby suffers a pecuniary loss, the Client understands and acknowledges that the right to claim under the Securities and Futures (Investor Compensation - Claims) Rules established under the Securities and Futures Ordinance will be restricted to the extent provided for therein.

16.2 For Transactions which are effected in an exchange other than the Exchange, the Client acknowledges and accepts that the right (if any) to compensation in the event of any default on the part of the Broker will be subject to the rules and regulations of the relevant exchange.

## 17. Variation of terms

17.1 The Client agrees and accepts that the Broker is entitled at any time and from time to time at its sole and absolute discretion to vary, modify, amend, add to or delete any terms and conditions of the Agreement by giving the Client reasonable notice of the changes in writing at any time, by such other means including, without limitation, uploading the latest version of the Agreement and/or account opening form and/or fee schedules to the website <https://www.sctrade.com> or such other manner (whether electronic, digital or otherwise) as the Broker shall conclusively determine, and the Client shall be bound by such changes and observe perform and comply with such changes. Upon receiving the relevant notification, the Client should visit the aforesaid website for obtaining the latest version of the Agreement and/or account opening form and/or fee schedules and read the terms thereof carefully and seek for legal or other professional advices at his/her/its own costs and expenses, if necessary. Any amendment shall take effect on the effective date stipulated in the notice issued to the Client. Upon notification to the Client of such changes and the effective date of such changes (including changes which may have retrospective effect), the Client shall be bound by such changes from such effective date. The Client hereby acknowledges and agrees that the Client shall be deemed to have accepted and agreed to such changes after notification being given to him/her/it if (i) no written objection bearing with reason(s) is received by the Broker within seven (7) days from the date of the notice; or (ii) the Client operates the Account (including but not limited to the checking of the balances thereof, depositing or withdrawing or transferring of funds or securities to or from the Account). No amendment made by the Broker to any terms and/or conditions of the Agreement will affect any outstanding order or Transaction or any legal rights or obligations which may have arisen prior thereto.

17.2 Whenever any law or legislation shall be enacted or amended, or any rules regulations by-laws directions policy or policies shall be made by any lawful

authority or under any law which shall be applicable to effect in any manner or be inconsistent with any of the provisions hereof, the provision so affected shall be deemed to be modified or suspended, as the case may be, by such act, statute, ordinance, sub-legislation, by-law, rule, regulation or direction and all other provisions of this Agreement and the provisions so modified shall in all respect continue and be in full force and effect.

**18. Severance of terms**

If any provision of this Agreement is invalid or unenforceable, then such provision shall be deemed to be severed from this Agreement and this Agreement shall be construed as if not containing the invalid or unenforceable provision and the validity and enforceability of the other provisions of this Agreement shall not be affected.

**19. Termination**

The Broker may, notwithstanding anything herein contained, at any time without prior notice close, suspend the operation of, or terminate the Account or, if the Account shall consist of more than one account, any of them and/or terminate this Agreement. Such termination shall not affect any transaction entered into by the Broker prior to the termination and shall be without prejudice to the accrued rights of the parties hereto, and any obligations of the party contained in any provision of this Agreement shall remain in full force and effect and shall be enforceable notwithstanding such termination.

**20. General Interpretation**

Words denoting the singular shall include the plural and vice versa, reference to one gender shall include all genders and words denoting person shall include a firm or sole proprietorship, partnership, syndicate and corporate (whether registered or otherwise and whether in Hong Kong or elsewhere) and vice versa and any reference to a party shall include his executor and administrator.

**21. Lien and Right to Set Off**

21.1 All securities purchased or acquired for or on behalf of the Client, or in which the Client has an interest (either individually or jointly with others) and which are held for the Client's Account, including all rights, dividends or interest thereon, and all monies and other property at any time held by the Broker on behalf of the Client, shall be subject to a general lien in favour of the Broker for the performance of the Client's obligation to the Broker arising in respect of dealing in securities for the Client and also subject to a general lien in favour of the Group for the performance and settlement of any of the Client's obligation or liability to the Group. In the event of any failure by the Client with such obligations or in payment on demand or on the due date therefor of any of the Client's indebtedness to the Broker hereunder or to the Group, the Broker may without liability on the part of the Broker sell or otherwise realize the whole or any part of such security as when and how and at such price and on such terms as the Broker may think fit and to apply the net proceeds of such sale or realization and any monies for the time being held by the Broker in or towards discharge of the Client's obligations and indebtedness to the Broker or to the Group.

21.2 The Broker shall be entitled without notice to the Client at any time combine or consolidate any or all of the account(s) of the Client of whatever nature and no matter whether in the name of the Client or held jointly with any other person(s) and no matter whether maintained by the Broker or the Group or transfer any money securities or other property in any one or more of such accounts to set off or to satisfy any of the indebtedness, obligations or liabilities of the Client to the Broker or the Group no matter whether such indebtedness, obligations or liabilities be primary or collateral, secured or unsecured

21.3 The Broker may hold as security and subject to a general lien in favour of the Broker all or any of the Client's money, securities and other property held by the Broker until the Client has fully paid the Broker or the Group any amount due.

**22. Indulgence**

Any indulgence granted or waiver by the Broker of any time or strict compliance with any of the terms or condition of this Agreement or any continued course of such conduct on the part of the Broker shall in no event constitute or be considered as a waiver by the Broker of any of the power, rights, remedies or privileges of the Broker.

**23. Right to assign**

The Client shall not assign any of the Client's rights interests and/or obligations under this Agreement to any other person except with the prior written consent of the Broker. The Broker shall have the right to assign or transfer any of its rights, interests and/or obligations under this Agreement to any other person as it may think fit without having to notify the Client or to seek or obtain the consent of the Client.

**24. Joint Account**

- 24.1 Where the Client consists of more than one person, the Account shall, unless otherwise expressly stated, be a joint account with the right of survivorship.
- 24.2 The liability of each one shall be joint and several and references to the Client shall be construed, as the context requires, to any or each of them and to their respective executor and administrator (if applicable).
- 24.3 The Client agrees to be bound by instructions given by any one of them to the Broker and request the Broker to accept for collection any cheques or order or other documents payable to any one of the account owners and to credit the proceeds thereof to the Account even though such cheque or order or document has not been duly endorsed.
- 24.4 The death of any one of the owners of the Account shall not terminate this Agreement.
- 24.5 Subject to any claim or objection on the part of the Estate Duty Commissioner or other appropriate authority, the Broker is entitled to hold on the death of any one of the account owners any credit balance to the order of the survivor or survivors or the executors or administrator of the last survivor without prejudice to any of the Broker's rights.
- 24.6 The Broker is entitled to deal separately with any of the account owners including the discharge of any liability to any or such extend without affecting the liability of the other(s).
- 24.7 In the event that any one of them is incapacitated or if a bankruptcy order is made against any one of them or if the operation of the Account is affected by any order made by the Court or notice from any competent authority against any one of them, the operation of the Account (including the withdrawal or transfer of funds or securities) will be suspended until administrator or receiver is appointed or the consent of the receiver or Official Receiver is obtained or the Court order is discharged or the relevant notice is removed (as the case may be).

**25. Notices**

All notices and communications to the Client may be effectively given by mailing the same by post addressed to the Client (if more than one, to any one of them) at the address for correspondence and forwarding of confirmation and statements indicated in the Client Information Statement or subsequent amendment thereto, or by delivering the same to the Client (if more than one, to any one of them) or at any such address, or by facsimile or telephone or electronic mail to any number or address notified to the Broker from time to time for the purpose and shall be deemed to be received (a) on the second business day after such notice is mailed (in the case of post), and (b) when delivered (in the case of personal delivery), or communicated (in the case of telephone) and upon receipt of a message confirming transmission or receipt (in the case of facsimile transmission or electronic mail) and that no such notice or communication need be signed on behalf of the Broker.

**26. Time is of essence**

Time shall be of the essence in respect of all matters under this Agreement.

**27. Authorization and Indemnity in respect of Telephone, Fax, Telex and electronic means Instructions**

27.1 The Client hereby authorize the Broker to accept and act on (but the Broker not obliged so to do) any instruction, oral or written, whether by telephone, facsimile transmission, telex or other electronic means regarding payment or transfer of funds from any of the Client's account(s) with the Broker to the bank account stated in the Client Information Statement upon the Client's payment/transfer instruction. Any transaction effected by the Broker on the

basis of instructions, oral or written, given or purported to be given by the Client or the Authorized Representative(s) by telephone, facsimile transmission, telex or other electronic means as aforesaid (collectively referred to as "Payment/Transfer Instructions") shall be binding upon the Client whether made with or without the Client's authority, knowledge or consent.

27.2 In consideration of the Broker agreeing to act in accordance with the above authorization, the Client undertake to keep the Broker indemnified at all time against, and to save the Broker harmless from, all actions, proceedings, claims, loss, damage, costs and expenses which may be brought against the Broker or suffered or incurred by the Broker and which shall have arisen either directly or indirectly out of or in connection with the Broker accepting the Client's Payment/Transfer Instructions and acting thereon.

#### 28. Personal Data (Privacy) Ordinance

The Client confirms that the Broker has duly informed and explained to the Client and that the Client has read and understood the "Information to Account Holders pursuant to the Personal Data (Privacy) Ordinance (Cap.486)" (which for identification purpose is set out in the 5th Schedule) before furnishing to the Broker personal data relating to the Client. The Client consents to the use of such data and all personal data which may be or have been previously supplied, if any, to the Broker for the purpose of discharging all or any of its functions described in the said "Information to Account Holder pursuant to the Personal Data (Privacy) Ordinance (Cap.486)" and for any other purpose directly related to those purposes.

#### 29. English and Chinese versions

The Client confirms that the Client has read the English/Chinese version of this Agreement and that the contents of this Agreement have been fully explained to the Client in a language which the Client understands. In the event of any inconsistency or conflict in the interpretation of this Agreement, the English language version shall prevail. The Client hereby agrees and consents to the terms and conditions herein contained.

#### 30. Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong Special Administrative Region of the People's Republic of China and the parties hereby submit to the non-exclusive jurisdiction of the Hong Kong Courts.

### THE 1ST SCHEDULE ABOVE REFERRED TO CASH ACCOUNT

#### 1. Safekeeping of Securities

- 1.1 Any securities which are held by the Broker for safekeeping may, at the absolute discretion of the Broker :
  - a. (in the case of registrable securities) be registered in the name of the Client or in the name of the nominee of the Broker; or
  - b. be deposited in safe custody in a designated account with the Broker's bankers or with any other institutions which provides facilities for the safe custody of documents. In the case of securities in Hong Kong, such institutions shall be acceptable to the SFC as a provider of safe custody services.
- 1.2 Where securities are not registered in the name of the Client, any dividends or other benefits arising in respect of such securities shall, when received by the Broker, be credited to the Account or paid or transferred to the Client, as agreed with the Broker. Where the securities form part of a larger holding of identical securities held for the Broker's clients, the Client shall be entitled to the same share of the benefits arising on the holding as the Client's share of the total holding.

### THE 2nd SCHEDULE ABOVE REFERRED TO MARGIN ACCOUNT

#### 1. The Account

- 1.1 The Client shall be granted credit facilities subject to and upon the execution of all necessary loan and security documentation to be secured by deposits or margins in cash or securities acceptable to the Broker as collateral. The Broker shall have the discretion to determine the value of each collateral security. At all times the outstanding balance owing to the Broker shall not exceed the value of the collateral maintained with the Broker.
- 1.2 The Client agrees to pay interest on all overdue balance owing by the Client to the Broker (including interest on interest and after as well as before any judgment) at such rate as may be determined from time to time by the Broker above (a) the Hong Kong prime lending rate as quoted by Standard Chartered Bank (Hong Kong) Limited from time to time and (b) the Broker's costs of funds, whichever is the higher. For the purpose of this Agreement, a certificate issued by the Accountant of the Broker certifying the amount of the Broker's costs of fund shall be final and conclusive. Interest shall be calculated and payable on the last day of each calendar month or upon any demand being made by the Broker (whichever is earlier).

#### 2. Transactions

- 2.1 The Broker shall have an absolute discretion to accept or reject any order or the execution of any order until (as the case may)
  - a. there is sufficient cleared funds in the Account; or
  - b. there are sufficient securities in the Account for settlement of the Transaction.
- 2.2 The Client shall on demand from the Broker make payments of deposit or margins in cash, securities or otherwise in amount determined by or otherwise agreed with the Broker or which may be required by the Rules of the Exchange or the rules of any other exchange or market of which the Broker is a member.
- 2.3 Unless otherwise agreed, in respect of each Transaction unless the Broker is holding sufficient cash or securities on behalf of the Client to settle the Transaction, the Client will
  - a. pay the Broker sufficient cleared funds or deliver to the Broker sufficient securities in deliverable form (as the case may be); or
  - b. otherwise ensure that the Broker has received such funds or securities by such time as the Broker have notified the Client in relation to that Transaction. The Broker shall have the absolute discretion to determine the sufficiency of such cash or securities to be paid or delivered to the Broker. If the Client shall fail to do so, the Broker may without any liability on the part of the Broker :
    - I. in the case of a purchase Transaction, sell the purchased securities and/or other securities which the Broker is already holding on behalf of the Client to satisfy the Client's obligation to the Broker; and
    - II. in the case of a sale Transaction, borrow and/or purchase securities in order to settle the Transaction, and the Client agrees to be responsible for any deficit in so doing and also to bear and be responsible for all costs and expenses incurred for such sale, borrowing or purchase of securities.

#### 2.4 Client Margin Agreement, Margin Lending, and Margin Call

##### 2.4.1 Client Margin Agreement

The Client agrees that this 2nd Schedule to South China Securities Trading Agreement (as may be amended by the Broker at its discretion from time to time) shall constitute the terms and conditions of the Client Margin Agreement, subject to: (i) the terms and conditions which may be imposed by the Broker (at its discretion) from time to time, and (ii) the execution of relevant loan and security documentation by the Client regarding Margin Financing Facilities.

##### Definitions

"Charged Securities" means any securities which the Client charged to the Broker as continuity security for the Margin Financing Facilities, and for the performance of all of the Client's obligation from time to time, pursuant to all the terms of the Securities Trading Agreement and the Client Margin Agreement.

"Eligible Securities" means such securities which may be determined by the Broker (at its sole discretion from time to time) and notified to the Client by

the Broker from time to time.

“Margin” means the monies and Eligible Securities of the Client which may be required by the Broker (from time to time) to be deposited with, transferred or caused to be transferred to or held by the Broker as collateral of the Client’s Securities Account.

“Margin Financing Facilities” means the revolving credit facilities (granted or to be granted by the Broker from time to time) to the Client from time to time, which includes but not limited to the principal amount, any accrued interests and any other amounts which the Client may owe to the Broker, pursuant to the terms herein and/or the Agreement with the Broker.

“Margin Percentage” means the relevant percentage of the Market Value of Eligible Securities which the Customer is allowed (within limits) to borrow or obtain financing from the Broker against the Margin, as may be determined or revised by the Broker (at its sole and absolute discretion) from time to time.

“Market Value” means the market value (in respect of any relevant securities at any relevant time) which the Broker determines (or may determine, at Broker’s absolute discretion) could be obtained by such securities, upon sale of such securities at the relevant time and in such market that such type of securities are normally dealt.

“Outstanding Amount” means the total liabilities of the Client (present, future, actual or contingent, joint and several) to the Broker at any and all relevant times, under margin trading facilities or any other facilities concerning the Client’s account(s) with the Broker.

“Loan” means the aggregate principal amount and interest owing to the Broker under the Margin Financing Facilities at any relevant time.

“Security Value” means in respect to any Charged Securities any given time (net of expenses) which the Broker determine at its discretion, could be obtained on a sale of such charged Eligible Securities at such time and in such market on which securities of the same type is normally dealt (to avoid any uncertainty, certain Charged Securities may be valued by the Broker at zero or no value).

#### 2.4.2 Margin Financing Facilities

The facility limit of the Margin Financing Facilities shall be as determined and advised by the Broker from time to time. The Client’s account shall be a margin account whenever Margin Financing Facilities is granted and applicable to the Client’s account. The Broker is entitled (by notice to the Client) to increase or reduce the facility limit of Margin Financing Facilities or terminate Margin Financing Facilities or refuse to make any advance under the Margin Financing Facilities (regardless of whether there is any remaining facility limit) or to demand immediate payment of all or any moneys and amounts (including but not limited to principal, interests or any other sums) owing by the Client in respect of the Margin Financing Facilities or otherwise. The Broker is authorized by the Client to draw on the Margin Financing Facilities to settle any amount owing to the Broker (including but not limited to money relating to Client’s purchase of securities, payment of any commission, expenses or any other costs).

A certificate or statement which may be issued by the Broker (at any and all relevant times) as to the amount due and payable by the Client to the Broker, (under the Margin Financing Facilities or otherwise under the Agreement) shall be conclusive and binding on the Client, in the absence of manifest error.

#### 2.4.3 Margin Call

The Client shall maintain the Margin deposit as may be required by our Broker from time to time, and the Client shall make payments or deposits of the required additional margin deposits (from time to time), in such amount, form and time frame as may be determined by our Broker (at its sole and absolute discretion as the Broker considers necessary from time to time) to provide security for the Margin Financing Facilities.

If the Client fails to maintain the Margin (as determined and required by the Broker from time to time) or if the Broker decides (at its sole and absolute discretion) to terminate the Margin Financing Facilities, the Broker may, without any prior notice, demand, legal process or other action sell, realise, liquidate, redeem, or dispose of such securities in the Client’s Securities Account or any part thereof, at the relevant market or by private contract with any third party(ies), upon such terms that the Broker deems appropriate (at its sole and absolute discretion), free from claims, trusts and rights of redemption of the Client and any other equitable rights of the Client. The Client shall not have any claim or right in respect of any loss which may be sustained by the Client in relation any of the Broker’s actions to sell, realise, liquidate, redeem, or dispose of such securities in the Client’s Securities Account, regardless of lack of prior notice or the timing of such actions. The Client agrees to promptly and fully indemnify the Broker and its employees, officers, representatives and agents for any loss, expenses, costs or liabilities and expenses which may be incurred by the Broker (including but not limited to legal fees on a full indemnity basis), arising from or relating to any breach by the Client of the Client’s obligations.

The Client undertakes and agrees as follows:

- a. the Client shall monitor the Loan and Outstanding Amount from time to time;
- b. at all time, the Client shall maintain the Margin Percentage and/or any level of margin as may be specified or determined by the Broker (at its discretion) from time to time;
- c. The Broker shall have the right to give the Client a margin call requiring the Client to reduce the Loan or increase the Security or both within a specified time;
- d. the Client agrees that the Broker is entitled to exercise its rights to sell or dispose of the Charged Securities even if (i) the Broker has not given the Client a Margin Call, or (ii) the Broker has not been promptly notified of the satisfaction of a Margin Call by the Client. The Broker shall not be liable to the Client for any sale or disposal under all circumstances, as long as the Broker have acted in good faith; and
- e. upon demand by the Broker, the Client shall forthwith pay to the Broker such Outstanding Amount, in cleared funds, in cash, and/or to deliver to the Broker such additional securities as additional and/or substituted securities as Charged Securities. Any securities deposited or to be delivered to the Broker (at all times, present and future) shall all form part of the Charged Securities.

2.4.4 The Client agrees to promptly make payment to the Broker on demand (in accordance with the Broker’s request), the principal of the loan, revolving credit facilities, any accrued interests, Margin Financing Facilities and any other amounts which the Client may owe to our Broker. The Client shall still forthwith repay all Loan and Outstanding amount to the Broker, upon demand by the Broker, under all circumstances, even if the value of Charged Securities may drop to zero or no value.

#### 2.4.5 Interest Charges

The Client shall promptly pay the Broker interest on all Outstanding Amount at the interest rate as may be determined and advised by the Broker from time to time.

### 3. Safekeeping of Securities

3.1 Any securities which are held by the Broker for safekeeping may, at the discretion of the Broker:

- a. (in the case of registrable securities) be registered in the name of the client or in the name of the nominee of the Broker; or
- b. be deposited in safe custody in a designated account with the banker of the Broker or with any other institution which provides facilities for the safe custody of documents. In the case of securities in Hong Kong, such institution shall be acceptable to the SFC as a provider of safe custody services.

3.2 Where securities are not registered in the name of the Client, any dividends or other benefits arising in respect of such securities shall, when received by the Broker, be credited to the Account or paid or transferred to the Client, as agreed with the Broker. Where the securities form part of a larger holding of identical securities held for the client of the Broker, the Client shall be entitled to the same share of the benefits arising on the holding as the Client’s share of the total holding.

3.3 The Client authorizes and agrees that in respect of securities collateral deposited with the Broker, or with another person to facilitate the provision of any financial accommodation by the Broker, or on behalf of the Broker and for a period of not more than 12 months from the date when the Account is first approved by the Broker to conduct margin trading, the Broker may :

- a. deposit the relevant securities with financial institutions as collateral for any financial accommodation provided to the Broker; or
- b. lend or deposit the securities to any person; or
- c. deposit the securities with clearing houses as collateral for the discharge and satisfaction of the Broker’s clearing obligation and liabilities; or
- d. deposit the securities with clearing houses as collateral in respect of the Broker’s transaction in or relating to options contract.

Such authority may be renewed in writing at the Broker's discretion for one or more further periods not more than 12 months unless objected to in writing by the Client. Such authorization will be deemed to have been renewed (i.e. without the Client's consent) if at least 14 days prior to the expiry of the authorization, the Broker gives a written notice to the Client, reminding the Client of its impending expiry and informing the Client that unless the Client objects, it will be renewed upon expiry upon the same terms and conditions as specified in the authorization. Where the authorization is deemed to have been renewed, the Broker will give a written confirmation of the renewal of the authorization to the Client within 1 week after the date of expiry. This authorization shall remain in full force and effect until the Broker receives written notice of revocation from the Client and until such written notification has been received by the Broker.

**4. Cash held for the Client**

The Client authorizes the Broker at any time and from time to time and at the Broker's absolute discretion to withhold, pay to and retain for the Broker's own use and benefit absolutely any and all sums or amounts at any time and from time to time earned, accrued, paid, credited or otherwise derived by way of interest or premium from the payment into or retention at any time or from time to time of (i) any amount in the client trust account established by the Broker under the Securities and Futures (Client Money) Rules, and (ii) any amount at any time paid to or received or held by the Broker or any of the Broker's nominees, agents, representative or bankers for the Client's account in any other circumstances for any purpose or pursuant to any Transaction.

**5. Risk Disclosure Statements**

The Client confirms that the Risk Disclosure Statement set out below has been explained to him in a language of the Client's choice and the Client has been invited to read the Risk Disclosure Statement and to ask questions and take independent advice if the Client wishes.

**RISK OF MARGIN TRADING**

The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the dealer or securities margin financier. Market conditions may make it impossible to execute contingent orders, such as "stop-loss": or "stop-limit" orders. You 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, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.

**RISK OF PROVIDING AN AUTHORITY TO REPLEDGE YOUR SECURITIES COLLATERAL ETC.**

There is risk if you provide the licensed or registered person with an authority that allows it to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.

If your securities or securities collateral are received or held by the licensed or registered person in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.

Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if the licensed or registered person issues you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority.

You are not required by any law to sign these authorities. But an authority may be required by licensed or registered persons, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. The licensed or registered person should explain to you the purposes for which one of these authorities is to be used.

If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although the licensed or registered person is responsible to you for securities or securities collateral lent or deposited under your authority, a default by it could result in the loss of your securities or securities collateral.

A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If you do not require margin facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account

**THE 3rd SCHEDULE ABOVE REFERRED TO ON-LINE TRADING SERVICE**

**1. On-line Service**

- 1.1 The Client may access the Account through the Internet Website and service or on-line or electronic service established by the Broker or such electronic means or device as may be approved, adopted or operated by the Broker from time to time for the purpose of and in connection with the sale and purchase of securities (the "on-line service").
- 1.2 The Client understands that the on-line service does or may make available to the Client from time to time various services which allow the Client through the internet or other electronic means to access and obtain information concerning the Account, to use electronic means to place order for the purchase and sale of securities, to access an electronic mail or messaging facility operated by the Broker for the delivery and receipt of confirmations, statements, notices and other documents and to receive market information and data.
- 1.3 The Client consents to the use of the on-line service as a medium of communication with the Broker and to transmit or receive information, data and documentation to the Client and agree to be bound by any of the instructions given to the Broker no matter whether the instruction is actually given by the Client personally or not.
- 1.4 The Client acknowledges that information concerning the use, operation, policy and procedures of the on-line service and the Account applicable at all times has been made available to the Client on the service web site, and the Client has read and understood the terms of which may be amended from time to time and which shall be deemed to be binding on the Client in respect of the Client's use of the on-line service and the Account. In the event of inconsistencies between the terms of this Agreement and the information, the terms of this Agreement shall prevail.
- 1.5 The Client agrees to use the on-line service only in accordance with the terms of this Agreement and the terms of the website ([www.sctrade.com](http://www.sctrade.com)).
- 1.6 The Client will be the only authorized user of the on-line service, and acknowledges that the service may require the Client to use various identification and access codes, including password, personal identification number and other user identification to access the service and the Account and that the Client will be responsible for the confidentiality and proper use at all times of the password, personal identification number, user identification and account number for all transaction initiated through the on-line service.
- 1.7 The Client agrees to notify the Broker immediately of the Client becoming aware of any loss, theft or unauthorized use of the Client's password, personal identification number and other user identification, Account or account number, or any unauthorized use of the on-line service or any of the market information or data provided.
- 1.8 The Client acknowledges that any information and data (including news and real time quotes) provided through the on-line service or otherwise by telephone, electronic or other means, relating to securities and the securities markets has been obtained from securities exchanges and markets and from other third party service providers appointed by the Broker from time to time and who may or may not be related to the Broker. The Client further acknowledges and accepts that :

a. such information and data are or may be protected by copyright laws, and are provided for the Client's personal non-commercial use only, and the Client may not use, reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit any such information or data in any way without the consent of such service providers; and

b. such information and data are received by the Broker from sources that are believed to be reliable, however the accuracy, completeness, timeliness or sequence of any of the information or data cannot be guaranteed either by the Broker or by such service provider.

- 1.9 The Client acknowledges and agrees that neither the Broker nor any of the service providers will be liable to the Client for any reliance by the Client on any of the information or data provided through the on-line service, nor for the availability, accuracy, completeness or timeliness of such information or data nor for any action taken or decisions made by the Client in reliance of such information or data.
- 1.10 The Client acknowledges that all proprietary and copyright and other intellectual property rights in or subsisting in the on-line service are the exclusive property of the Broker or of the relevant service providers, and agrees and undertakes that the Client shall not, and shall not at any time attempt to, tamper with, modify, or otherwise alter in any way, or otherwise access or attempt to gain access to any part of the on-line service other than as authorized under this Agreement. The Client further undertakes to notify the Broker immediately if the Client becomes aware that any of such unauthorized use or access to the on-line service by any other person.
- 1.11 The Client agrees to pay all subscription, service and user fees, if any, that the Broker may charge from time to time for the use of the on-line service.
- 1.12 Notwithstanding any provision of this Agreement, the Broker shall have the right exercisable at the absolute discretion of the Broker at any time to terminate, without any liability to the Client, the Client's access to the on-line service or to any information or data from any service provider or any part of it, without notice and without limitation, for any reason whatsoever, including any improper or unauthorized use by the Client of the service and/or any of the information or data, or any password, personal identification number and other user identification or account number.
- 1.13 The Client will be responsible to the Broker and indemnify the Broker on demand against any and all claims, demands, actions, losses, damages, costs (including legal costs on full indemnity basis) and expenses resulting from any unauthorized use by the Client of the on-line service and/or any of the information or data.

## **2. Transaction**

- 2.1 The Client acknowledges and agrees that the Client shall be solely responsible for all orders communicated through the on-line services, and neither the Broker nor any of the Broker's directors, officers or employees or agents shall be liable to the Client, or to any other person claiming under or through the Client, for any claims made with respect to the receipt and execution of any such orders.
- 2.2 Any order communicated to the Broker through the on-line service will be considered to have been sent by the Client. The Client agrees to notify the Broker immediately if the Client:
  - a. does not receive any confirmation (whether by hard copy, electronic or verbal means) that any order communicated by the Client through the service has been received or executed;
  - b. receives a written confirmation of an order or its execution which is not accurate or which the Client did not place.
- 2.3 The Client agrees that the Broker and its directors, officers, employees and agents shall not be responsible or liable for any loss suffered or which may be suffered by the Client arising from any delay or failure to perform any of the Broker's obligations hereunder or in the transmission, receipt, execution or confirmation of orders due to any breakdown, interruption or failure of transmission of the electronic service or any communication equipment or facilities or to any unauthorized access, tampering, modification or alternation of the service and/or the data and information contained therein or to any other cause or causes beyond the control of the Broker including but not limited to government restriction, exchange or market rulings, suspension of trading, severe weather, earthquakes and strikes, and should the Client experience any problems in communicating with the Broker through the electronic service, the Client shall use all other alternative means available to the Client to communicate with the Broker.

## **3. Risk Disclosure Statement**

The Client confirms and acknowledges that the Broker has fully explained the Risk Disclosure Statement as set out below to the Client and the Client accepts such risks.

### **RISK DISCLOSURE STATEMENT ON ON-LINE TRADING SERVICE**

Electronic means of communication is an inherently unreliable medium of communication and provision of information services due to the public nature of the communication and that the accuracy, reliability and soundness of such means of communication and provision of services depends upon, amongst others, the service providers and the telephone, modem, cables, systems, facilities and the like used and operated from time to time by such providers and other participants. As a result of such unreliability, there are risks associated in using such means of communication including the congestion, breakdown, interruption or failure of transmission of the electronic service or any communication equipment or facilities, errors omission or delays in the transmission and receipt of orders and other data and information and in the execution and confirmation of orders and/or the execution of orders at prices which may be different from those indicated on the service or prevailing at the time the orders were given. There are also other risks involved such as in the unauthorized access, tampering, modification or alteration of the service and/or the system, components and software used or comprised in the service which may result in the use, manipulation, retrieval or the theft or loss of data and information, including personal data.

### **THE 4th SCHEDULE ABOVE REFERRED TO OPTIONS ACCOUNT**

#### **1. Definitions & Interpretation**

- 1.1 The terms and conditions in this agreement and this Schedule shall form the Option Client Agreement as required by the Options Trading Rules of the Exchange ("the Options Trading Rules")
- 1.2 In this Schedule, the Broker who is an Option Trading Member of the Exchange shall be referred to as "OTM".
- 1.3 The Client acknowledges that prior to entering into this Option Client Agreement, the Client has been provided by the OTM with the following:
  - a. a written statement of the full name and address of the OTM and the full name and address of the Options Trading Officer or Options Trading Representative who will be primarily responsible for the Client's affairs as a Client of the OTM;
  - b. the Exchange's booklet "Understanding Stock Option (And Their Risks); and
  - c. a Client Information Statement, which the Client has duly completed
- 1.4 The full name and particulars of the Options Trading Officer or Options Trading Representative primarily responsible for the Client's Exchange Traded Options Business are set out in the Particulars of the Option Trading Officers or Options Trading Representative hereto.
- 1.5 In this Schedule, words and expressions defined in the Options Trading Rules and Clearing Rules have the same meanings.

#### **2. Applicability of Exchange Rules, Regulations etc.**

- 2.1 All Exchange Traded Options Business shall be subject to and, in relation to such business, the Client and OTM shall be bound by the relevant provisions of the constitution, the Exchange Rules, the Options Trading Rules, the Clearing Rules, regulations, by-laws, customs and usages of the

Exchange, the Hong Kong Securities Clearing Company Limited ("HKSCC") and the SEHK Options Clearing House Limited ("SEOCH") and of the laws of Hong Kong.

2.2 The Client consents to the creation, exercise, settlement, and discharge of Client Contracts as contemplated by the Options Trading Rules and the Clearing Rules. The Client acknowledges and agrees to be bound by the terms and conditions as laid out in the Standard Contract of all Client Contracts to which he is party.

**3. Transaction Levy**

All Exchange Traded Option Business is subject to a Transaction Levy. The OTM is authorized to collect any such levy in accordance with the Option Trading Rules.

**4. Position and Exercise Limits**

The OTM may from time to time at its discretion and without notice to the Client place limits on the positions that may be held or exercised by the Client. In addition, the Client understands that subject to the Option Trading Rules and Clearing Rules, the OTM may be required to close or give-up Client Contracts as will result in the OTM complying with position limits prescribed by the Exchange, or where the OTM is in default or the Exchange in its absolute discretion determines that an event of default (as defined in the Options Trading Rules) has occurred in respect of the OTM, the default procedures of the Exchange, and that the result of such could be the closing or giving-up of one or more Client Contract to which the Client is party.

**5. Premium**

Premium is payable in respect of an Option Contract. The Premium to be charged shall be settled in cash. The Client agrees to pay such Premium to the OTM within the time period required by the OTM and notified to the Client. Where the OTM purchases, sells, or exercises an Option Contracts in accordance with the instructions of the Client, the Client shall pay commission as agreed with the OTM. The OTM shall provide the Client with prior notice of any other fees or charges applicable to the Client's Option Account.

**6. Margin**

The Client agrees to pay margin to the OTM in relation to Exchange Traded Options Business as required by the Options Trading Rules and in such additional amounts and at such times as may be required by the OTM and notified to the Client. The Client further acknowledges and agrees that the OTM shall be entitled to calculate margin more frequently during active market. In addition, the Client hereby agrees that if the OTM has not received such additional SEOCH Collateral from the Client upon demand or within the time specified, the OTM may treat the Client as being in default.

**7. Delivery**

Delivery obligation shall arise when a Client Contract is validly exercised. The Client shall perform such delivery obligation in accordance with this Agreement and the Standard Contract and in a manner consistent with the performance of the OTM's corresponding delivery obligations under the Option Trading Rules.

**8. Default, breach by Client**

If the Client commits a default in payment of Premium, delivery of margin, performance of delivery obligations, or otherwise fails to comply with any of the terms contained in this Agreement, without prejudice to any other rights the OTM may have, the OTM shall have the right at its absolute discretion without further notice or demand or margin call or consent from the Client and the Client hereby authorizes the OTM :

- a. to decline to take further instructions from the Client in respect of Exchange Traded Option Business;
- b. to close, give up or exercise some or all of the Client Contracts to which the Client is party;
- c. to enter into any Contracts for the purpose of hedging risk to which he is exposed as a result of the Client's default;
- d. to buy or borrow any or all underlying securities required to make delivery on behalf of the Client;
- e. to make, on an exchange or otherwise, any contract for the sale, purchase or other acquisition or disposal of any securities, futures contracts or commodities for the purpose of meeting obligations, or of hedging risk to which he is exposed, in relation to the Client's default;
- f. to dispose of some or all of the SEOCH Collateral (other than cash) held for or on behalf of the Client and apply the proceeds thereof, plus any cash SEOCH Collateral held for or on behalf of the Client, to all outstanding balance of the Client owing to him; and
- g. to dispose of any or all securities held for or on behalf of the Client in order to set off any obligations of the Client and to exercise any rights of set off he may have in relation to the Client.

Any monies remaining after such application shall be refunded to the Client.

**9. Use of Client's securities as collateral**

The OTM shall not, without the client's prior written consent, deposit any of the Client's securities as security for any loans or advances made to the OTM, or lend or otherwise part with the possession of any of the Client's securities for any purpose.

**10. Client's Information**

The client warrants that the information supplied by or on behalf of the Client to the OTM in connection with the opening of Options Account is complete, true and correct.

The Client confirms that he is not an employee of any other Options Trading Member and that no employee of any other Options Trading Member will have a beneficial interest in the Client's Options Account.

**11. Capital Adjustment**

The Client acknowledges that where there is a change in the capital structure or composition of the issuer of the underlying security of an option class, or in other exceptional circumstances, SEOCH may make such adjustments to the terms and conditions of that option class as are, in its opinion, necessary or desirable to ensure that all parties to Contracts comprised in open positions in that option class are treated fairly. The Client hereby acknowledges and agrees that all such adjustments shall be binding on the Client.

**12. Authorized Representative**

(If the Client appoints an Authorized Representative in addition to itself) The Authorized Representative is hereby fully authorized by the Client to give instructions whatsoever or otherwise deal with or in relation to the transaction of any Exchange Trade Option Business, on margin or otherwise, in relation to the Client's Option Account on behalf of the Client. The Client hereby undertakes with the OTM from time to time and at all times to ratify and confirm any instructions whatsoever given or purported to be given by the Authorized Representative for and on the client's behalf including without limitation any instructions which may be given and purported to be given between the revocation of the authority of the Authorized Representative and the actual receipt by the OTM of notice of such revocation and also further declares that the authority herein contained shall remain in full force and effect until such time as the OTM receives written notice of revocation from the Client.

**13. Debit Balance and Interest**

13.1 The Client agrees that the Client shall be liable for all losses, debts and deficiencies in the Client's Option Account including all debts and deficiencies resulting directly or indirectly from liquidation of the Client's Option Account.

13.2 The Client hereby authorizes the OTM to charge and agree to pay interest upon any debit balance (as well as after as before any judgement) in the Client's Option Account with the OTM and any part of the Margin Requirement not paid at the rate as the OTM may at its sole discretion establish from time to time and the Client waives notice of all changes in such rates. Such interest shall be calculated on daily balance and compounded monthly.

**14. Termination of Account**

The OTM may close and terminate any Options Account of the Client maintained hereunder and/or terminate this Agreement by giving two (2) business days' notice in writing to the Client. Any such notice shall be without prejudice to the accrued rights of the parties, and any obligations of the parties contained in any provision hereof shall remain in full force and effect and shall be enforceable notwithstanding such termination.

**15. Risk Disclosure Statement**

The Client confirms and acknowledges that the OTM has fully explained the Risk Disclosure Statement and warnings as set out below to the Client and the Client accepts such risks.

## RISK DISCLOSURE STATEMENT

DUE TO THE VOLATILE NATURE OF SECURITIES MARKETS, THE PURCHASE AND WRITING OF OPTIONS OVER SECURITIES INVOLVES A HIGH DEGREE OF RISK

### RISK OF TRADING OPTIONS

THE RISK OF LOSS IN TRADING 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 TIME, YOUR POSITION MAY BE LIQUIDATED. YOU WILL REMAIN LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT. YOU SHOULD THEREFORE STUDY AND UNDERSTAND 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 YOURSELF OF EXERCISE AND EXPIRATION PROCEDURES AND YOUR RIGHTS AND OBLIGATIONS UPON EXERCISE OR EXPIRY.

### WARNING TO OPTION HOLDERS

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

### WARNING TO OPTION WRITERS

AS A WRITER OF AN OPTION THE CLIENT 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. 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.

#### 16. Change of Information

The Client and OTM agree to notify the other in the event of any material change to the information provided with this Options Client Agreement and the Client information Statement referred to above.

#### 17. Client and OTM as principals

The Client understands that although all Options Contracts are to be executed on the Exchange, the client and the OTM shall contract as principal under Client Contract.

#### 18. Product specification

The OTM agrees to provide the Client, upon request, with the product specifications for Option Contract. The Client confirms that the Client has been provided with a copy of the Standard Contract and has read and hereby confirms the client's understanding of the terms and conditions therein.

#### 19. Notice

Any notice or communication to the Client may be given by prepaid mail or facsimile or e-mail or telex to the address, facsimile or telex number given herein, or at such other address or facsimile or telex number or e-mail address as the Client hereafter shall notify the OTM in writing, or may be delivered personally to the Client and shall be deemed to have been received, whether actually received or not. If mailed, on the second business day after mailing or, if sent by facsimile or telex, on the day sent or, if delivered, when delivered. Nothing in this clause shall be interpreted as requiring the OTM to give any notice to the Client which is not otherwise required by the OTM.

#### 20. Other terms

Options Client Agreement shall be subject to the following terms

a. the Broker will keep information relating to the Client's options account confidential, but may provide any such information to the Securities and Futures, Commission and, where the Broker is an Options Exchange Participant, also to The Stock Exchange of Hong Kong Limited ("SEHK") and Hong Kong Exchanges and Clearing Limited to comply with their requirements or requests for information;

b. the Client shall confirm that:

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

c. where the Broker, is an Options Exchange Participant, all Exchange Traded Options Business shall be effected in accordance with all laws, rules and regulatory directions (the "Rules") applying to the Broker, which include the Options Trading Rules of SEHK, the Clearing Rules of The SEHK Options Clearing House Limited ("SEOCH") and the rules of the Hong Kong Securities Clearing Company Limited ("HKSCC"); and in particular, SEOCH has authority under the Rules to make adjustments to the terms of Contracts, the Broker, should notify the Client of any such adjustments which affect Client Contracts to which the Client is a party, and all actions taken by the Broker, by SEHK, by SEOCH or by HKSCC in accordance with such Rules shall be binding on the Client;

d. where the licensed or registered person is not an Options Exchange Participant, the licensed or registered person will collect margin requirements and premium in accordance with the Rules;

e. the Client agrees that the terms of the standard contract for the relevant options series shall apply to each Client Contract between the Broker and the Client; and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules;

f. the Client agrees to provide the Broker, with cash and/or securities and/or other assets (as margin) as may be agreed from time to time, as security for the client's obligations to the Broker person under the Options Client Agreement; such margin should be paid or delivered as demanded by the Broker from time to time; and the amounts required by way of margin should not be less than, but may exceed, the amounts as may be required by the Rules in respect of the Client's open positions and delivery obligations, and further margin may be required to reflect changes in market value;

g. if the Broker accepts securities by way of margin, the Client will on request provide the Broker with such authority as the Broker may require under the Rules to authorize the Broker to deliver such securities, directly or through an Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from the Client's instructions to the Broker; and the Broker does not have any further authority from the Client to borrow or lend the client's securities or otherwise part with possession (except to the Client or on the Client's instructions) of any of the Client's securities for any other purpose;

h. the Client agrees to indemnify the Broker, and the Broker's employees and agents, against all losses and expenses resulting from breach of the Client's obligation under the Options Client Agreement, including costs reasonably incurred in collecting debts from the Client, and in closing the options account;

i. if the Client fails to comply with any of the client's obligations and/or to meet the Client's liabilities under the Options Client Agreement, including failure to provide margin, the Broker may:

- i. decline to accept further instructions from the Client in respect of Exchange Traded Options Business;
- ii. close out some or all of the Client's Client Contracts with the licensed or registered person;
- 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 Broker (licensed person) is exposed in relation to the Client's failure;
- iv. dispose of margin, and apply the proceeds thereof to discharge the Client's liabilities to the Broker, and any proceeds remaining after discharge of all the Client's liabilities to the licensed or registered person should be paid to the Client;

- j. the Client agrees to pay interest on all overdue balances (including interest arising after a judgement debt is obtained against the Client) at such rates and on such other terms as the Broker has notified to the Client from time to time;
- k. in respect of all Contracts effected on the Client's instructions, the Client will pay the Broker, within the time period notified by the Broker, premium, the Broker's commission and any other charges, and applicable levies imposed by SEHK, as have been notified to the Client; and the Broker may deduct such premium, commissions, charges and levies from the options account;
- l. the Broker may place limits on the open positions or delivery obligations that the Client may have at any time;
- m. where the Broker is an Options Exchange Participant, an acknowledgement by the Client that:
- The Broker may be required to close out Client Contracts to comply with position limits imposed by SEHK; and
  - if the Broker goes into default, the default procedures of SEHK may result in Client Contracts being closed out, or replaced by Client Contracts between the Client and another Options Exchange Participant;
- n. where the Broker is an Options Exchange Participant, at the Client's request, it may agree to the Client Contracts between itself and the Client being replaced, in accordance with the Rules, by Client Contracts between the Client and another Options Exchange Participant;
- o. on exercise of a Client Contract by or against the Client, the Client will perform the Client's delivery obligations under the relevant contract, in accordance with the standard contract and as the Client has been notified by the Broker (licensed or registered person);
- p. where the Broker is an Options Exchange Participant, the Client acknowledges that, although all Options Contracts are to be executed on SEHK, the Client and the licensed person shall contract as principals under Client Contracts;
- q. the Broker agrees to provide the Client, upon request, with the product specifications for options contracts;
- r. where the Broker is an Options Exchange Participant, if the Broker fails to meet its obligations to the Client pursuant to the Options Client Agreement, the Client shall have a right to claim under the Investor Compensation Fund established under the Securities and Futures Ordinance, subject to the terms of the Investor Compensation Fund from time to time;
- s. the Broker will notify the Client of material changes in respect of the Broker's business which may affect the services the Broker provide to the Client;
- t. the Client confirms that the Client has read and agrees to the terms of the Options Client Agreement, which have been explained to the Client in a language that the Client prefers;
- u. the Options Client Agreement is governed by, and may be enforced in accordance with, the laws of the Special Administrative Region of Hong Kong;
- v. where the Broker is an Options Exchange Participant, the category of Options Exchange participants under which it is registered and the full name and contact details of the Options Officer or Options Representative who will be primarily responsible for the Client's affairs should also be provided. A licensed or registered person which is subject to the Long-Only Restriction in accordance with Options Trading Rule 207 should also deliver to such client a written statement to the effect that: (i) the licensed or registered person is registered by SEHK as an Options Broker Exchange Participant, and not as an Options Trading Exchange Participant; (ii) as a condition of such registration, the only Exchange Traded Options Business which the licensed or registered person may conduct for clients is the purchase, closing, exercise, settlement and discharge of long options transactions; and (iii) therefore a client cannot write options through the client's options account with the licensed or registered person, or otherwise create any short open position;
- w. where the Broker is an Options Exchange Participant, 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; and
- x. where the Broker is an Options Exchange Participant, the Client may instruct the Broker to override an "automatically generated exercise instruction" referred to in subparagraph (w) above before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH; and

**THE 5th SCHEDULE ABOVE REFERRED TO  
Information to Account Holders pursuant to the Personal Data (Privacy) Ordinance (Cap.486)**

This Notice sets out the policy and practices of the Company, its subsidiaries, associated and related companies ("the Group") in relation to the collection of personal data from individual clients for or in relation to the purposes set out hereunder and the Personal Data (Privacy) Ordinance ("the Ordinance").

From time to time, it is necessary for clients to supply the Group with personal data in connection with the opening or continuation of accounts and the establishment or continuation of loan facilities.

Failure to supply such data may result in delay or inability of the Group in opening or continuing a client's account or in establishing or continuing loan facilities.

The purposes for which data relating to a client may be used are as follows:-

- " opening, administering and continuation of a client's account;
- " the daily operation of the loan facilities provided to clients;
- " making lending and credit analysis decisions;
- " conducting credit checks and ensuring ongoing credit worthiness of clients;
- " determining the amount of indebtedness owed to or by clients;
- " recovery of any monies owed from or liabilities incurred by clients and those providing security for clients' obligations;
- " meeting the requirements, including the requirement to make disclosure, under of any law, rules or regulations binding on the Group; and/or
- " for purposes relating or incidental thereto.

Data held by the Group relating to a client will be kept confidential but the Group may provide, transfer, disclose or exchange such personal data to: -

- " any agent, contractor or third party service provider who provides administrative, telecommunications, computer, payment or securities clearing or other services to the Group in connection with the operation of its to their business;
- " any other person under a duty of confidentiality to the Group, including a group company of the Group, which has undertaken to keep such information confidential;
- " any bank or financial institution with which the client has or proposes to have dealings;
- " any actual or proposed assignee of the Group or participant or sub-participant or transferee of the Group's rights in respect of the client;
- " any legal, accounting or professional person, firm or body; and
- " any government, law enforcement or other regulatory authority, body or entity under any applicable law, rules or regulations.

Under and in accordance with the terms of the Ordinance any individual has the right to:-

- " check whether the Group holds data about him or her and the right of access to such data;
- " require the Group to correct any data relating to him or her which is inaccurate;
- " ascertain the Group's policies and practices in relation to data and to be informed of the kind of personal data held by the Group.

In accordance with the terms of the Ordinance, the Group has the right to charge a reasonable fee for the processing of any data access request.

The person to whom requests for access to data or correction of data or for information regarding policies and practices and kinds of data held are to be addressed is as follows:-

The Group Compliance Officer  
36/F., The Centrium,  
60 Wyndham Street, Central, Hong Kong  
Telephone : 2820 6333  
Facsimile : 2537 0203  
Email : sccompliance@sctrade.com  
Website : www.sctrade.com

Should there be any discrepancy in interpretation of any provision herein between the English and Chinese versions, the English version shall prevail.