



## TRADING AGREEMENT TERMS AND CONDITIONS

### BETWEEN

SOUTH CHINA COMMODITIES LIMITED (the "Broker") registered with the Securities and Futures Commission as a registered institution for Type 2 regulated activities under the Securities and Futures Ordinance whose CE number is AAF640 and a participant of the Hong Kong Futures Exchange 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 commodities, futures, options, metals, interest rates, indices or other financial contracts (collectively referred to as "commodities").

(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 Schedule

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 2nd Schedule and the 3rd Schedule.

#### ◆ 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 1st Schedule hereto and agrees thereto.

2.2 The Client warrants that the information 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 Brokerage Company Limited, its subsidiaries, associated and related companies ("the Group").

##### 2.3.1 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.

2.4 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 basis 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;
- c. Information on the true beneficial ownership of the Company; and
- d. Such other information as may be required by the Broker.

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 Identity Rules

2.7.1. 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.

2.7.2 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).

2.7.3 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.

2.7.4 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.

2.7.5 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.

2.7.6 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 or take such other action as may be deemed appropriate by the Broker.

### ◆ 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 commodities 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 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 Ordinance, 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 HKFE Clearing Corporation 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.

If the Client wishes to have any Futures Contract and / or Option Contract executed in a market or markets other than that or those operated by the Exchange, such transactions will be subject to the rules, regulations, procedures of that market or those markets and not those of the Exchange, with the result that the Client may have a markedly different level and type of protection in relation to those transactions as compared to the level and type of protection afforded by the Rules, Regulation and Procedures of the Exchange.

#### ◆ 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.

The Client hereby acknowledges and agrees that the Broker may deal as principal with the Client or on the Client's behalf as the Client's agent. Where the Broker deals as principal, the Client acknowledges that the Broker will have a financial interest in any such transactions.

#### ◆ 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 futures contracts 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. 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.

#### ◆ 12. Statements etc. deemed to be correct

12.1 Every Transaction indicated or referred to in an 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.

12.2 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.

#### ◆ 13. Risk Disclosure Statement and Disclaimer

13.1 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.

13.2 Subject to any provision of the Securities and Futures Ordinance and any subsidiary legislation made thereunder, the Broker may take the opposite position to the order of the Client in relation to any futures contract and/or options contract, whether on its own account or on behalf of its other clients, provided that such trade is executed competitively on or through the facilities of the Futures Exchange or any other relevant exchanges in accordance with any applicable rules and regulations.

#### **Risk Disclosure Statement for Futures and Options**

The risk of loss in trading futures contracts or options is substantial. In some circumstances, the Client may sustain losses in excess of its initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. The Client may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, the Client's position may be liquidated. The Client will remain liable for any resulting deficit in its account. The Client should therefore study and understand futures contracts and options before the Client trades and carefully considers whether such trading is suitable in the light of its own financial position and investment objectives. If the Client trades options it should inform itself of exercise and expiration procedures and its rights and obligations upon exercise or expiry.

#### **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.

#### **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.



## 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 licensed or registered person. 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.

## Additional Risk Disclosure for Futures and Options Trading

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

### Futures

#### ◆ 1. Effect of "Leverage" or "Gearing"

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

#### ◆ 2. Risk-reducing orders or strategies

The placing of certain orders (e.g. "stop-loss" orders, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

### Options

#### ◆ 3. Variable degree of risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

## Additional Risks Common to Futures and Options

#### ◆ 4. Terms and conditions of contracts

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

#### ◆ 5. Suspension or restriction of trading and pricing relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss. Further, normal pricing relationships between the underlying interest and the futures, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair value".



◆ **6. Deposited cash and property**

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

◆ **7. Commission and other charges**

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

◆ **8. Transactions in other jurisdictions**

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

◆ **9. Currency risks**

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

◆ **10. Trading facilities**

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

◆ **11. Electronic trading**

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

◆ **12. Off-exchange transactions**

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

## 【 Disclaimer 】

### Stock index futures and options

HSI Services Limited ("HSI") currently publishes, compiles and computes a number of stock indices and may publish, compile and compute such additional stock indices at the request of Hang Seng Data Services Limited ("HSDS") from time to time (collectively "Hang Seng Indices"). The marks, names and processes of compilation and computation of the respective Hang Seng Indices are the exclusive property of and proprietary to HSDS. HSI has granted to the Futures Exchange by way of licence the use of the Hang Seng Index and the four sub-indices of the Hang Seng Index, the Hang Seng China-Affiliated Corporations Index and the Hang Seng China Enterprises Index solely for the purposes of and in connection with the creation, marketing and trading of options contracts and futures contracts based on such indices respectively and may from time to time grant to the Futures Exchange corresponding use of any other Hang Seng Indices for the purposes of and in connection with options contracts and futures contracts based on such other Hang Seng Indices (collectively "Contracts"). The process and basis of compilation and computation of any of the Hang Seng Indices and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSI without notice and the Futures Exchange may at any time require that trading in and settlement of such of the Contracts as the Futures Exchange may designate be conducted by reference to an alternative index or alternative indices to be calculated. Neither the Futures Exchange nor HSDS nor HSI warrants or represents or guarantees to any member of the Futures Exchange or any third party the accuracy or completeness of the Hang Seng Indices or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indices or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Futures Exchange, HSDS or HSI in respect of the use of the Hang Seng Indices or any of them for the purposes of and in connection with the Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSI in the compilation and computation of the Hang Seng Indices or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any member of the Futures Exchange or any third party dealing with the Contracts or any of them. No claims, actions or legal proceedings may be brought by any member of the Futures Exchange or any third party against the Futures Exchange and/or HSDS and/or HSI in connection with or arising out of matters referred to in this disclaimer. Any member of the Futures Exchange or any third party deals in the Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Futures Exchange, HSDS and/or HSI.

### Futures Exchange disclaimer

Stock indices and other proprietary products upon which contracts traded on Futures Exchange may be based may from time to time be developed by the Futures Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Futures Exchange. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the Futures Exchange ("Exchange Indices") are the property of the Futures Exchange. The process of compilation and computation of each of the Exchange Indices is and will be the exclusive property of and proprietary to the Futures Exchange. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by the Futures Exchange without notice and the Futures Exchange may at any time require that trading in and settlement of such futures or options contracts based on any of the Exchange Indices as the Futures Exchange may designate be conducted by reference to an alternative index to be calculated. The Futures Exchange does not warrant or represent or guarantee to any member of the Futures Exchange or any third party the accuracy or completeness of any of the Exchange Indices or their compilation and computation or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to any of the Exchange Indices is given or may be implied.



Further, no responsibility or liability whatsoever is accepted by the Futures Exchange in respect of the use of any of the Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, changes or failures (including but not limited to those resulting from negligence) of the Futures Exchange or any other person or persons appointed by the Futures Exchange to compile and compute any of the Exchange Indices in the compilation and computation of any of the Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any member of the Futures Exchange or any third party dealing with futures or options contracts based on any of the Exchange Indices. No claims, actions or legal proceedings may be brought by any member of the Futures Exchange or any third party against the Futures Exchange in connection with or arising out of matters referred to in this disclaimer. Any member of the Futures Exchange or any third party engages in transactions in futures and options contracts based on any of the Exchange Indices in full knowledge of this disclaimer and can place no reliance on the Futures Exchange in respect of such transactions.

#### ◆ 14. Compensation Fund

14.1 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.

14.2 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.

#### ◆ 15. Variation of terms

15.1 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."

15.2 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.

#### ◆ 16. 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.

#### ◆ 17. 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.

#### ◆ 18. 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.

#### ◆ 19. Lien and Right to Set Off

19.1 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.



19.2 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.

19.3 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.

◆ **20 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.

◆ **21. 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.

◆ **22. Joint Account**

22.1 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.

22.2 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).

22.3 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.

22.4 The death of any one of the owners of the Account shall not terminate this Agreement.

22.5 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.

22.6 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).

22.7 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).

◆ **23. 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.

◆ **24. Time is of essence**

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

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

25.1 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.

25.2 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.



## ◆ 26. 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 1st 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.

## ◆ 27. 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.

## ◆ 28. 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.

## ◆ 29. The Broker's current licensing status

The Broker is licensed by Securities and Futures Commission for the Type 2 regulated activities.

### THE 1st 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](mailto:sccompliance@sctrade.com)  
Web Site : [www.sctrade.com](http://www.sctrade.com)



## THE 2nd SCHEDULE ABOVE REFERRED TO COMMODITIES TRADING ACCOUNT

### ◆ 1. Introduction

This schedule is supplemental to the Standard Terms for the Account.

### ◆ 2. Transactions

2.1 In the case of any failure in delivering sufficient commodities by the Client, the Broker may borrow any commodities necessary to make such delivery, and the Client shall indemnify and hold the Broker harmless on demand against any losses or payment which the Broker may sustain or be required to pay.

2.2 The Clearing House may do all things necessary to transfer any open positions held by the Broker on behalf of the Client and any monies and assets standing to the credit of the Account with the Broker to another exchange participant of the Futures Exchange in the event that the rights of the Broker as an exchange participant are suspended or revoked.

2.3 The Broker shall on request provide the Client with the contracts specifications of the products for the Client's reference.

2.4 All monies, approved debt securities and other asset received by the Broker from the Client or from any other persons (including the Clearing House) for the Account will be held by the Broker as trustee, segregated from its own assets. These assets so held by the Broker shall not form part of its assets for insolvency or winding up purposes but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of the business or assets of the Broker.

2.5 The Broker has the right to apply any monies or approved debt securities or approved securities or other asset which the Client may pay to or deposit with the Broker in the manner specified in the Governing Rules and terms and conditions in this Agreement and, in particular, the Broker may apply such monies or approved debt securities or approved securities or other asset in or towards meeting the obligation of the Broker to any party insofar as such obligation arise in connection with or incidental to futures/options business transacted on the behalf of the Client.

2.6 For the account maintained at the Clearing House by the Broker on behalf of the Client, the Broker is treated as the principal in relationship with the Clearing House and accordingly the account will not be impressed with any trust or other equitable interest in favour of the Client, any monies, approved debt securities, approved securities and other asset paid to or deposited with the Clearing House via the Broker are thereby freed from trust.

2.7 The Broker is bound by the rules of the Futures Exchange which permit the Futures Exchange to take steps to limit the positions or require the closing out of contracts on behalf of the Client who in the opinion of the Futures Exchange are accumulating positions which are or may be capable of adversely affecting the fair and orderly operation of any market or markets as the case may be.

2.8 The Futures Exchange and the SFC may request the Broker to disclose the name, beneficial identity and such other information concerning the Client and the Client shall, upon the request of the Broker for the compliance thereof, provide the requested information to the Broker. The employee of the Broker primarily responsible for the Client's affairs is specified in the Declaration by Registered Person section of the Client Information Statement or other person as may be notified by the Broker from time to time.

**2.9 The Broker may, subject to the provisions of the Securities and Futures Ordinance and any applicable law, take the opposite position to the Client's order in relation to any exchange traded futures and options contracts, whether on the Broker's own account or for the account of its associated company or other clients of the Broker, provided that such trade is executed competitively on or through the facilities of HKFE in accordance with its rules or the facilities of any other commodity, futures or options exchange in accordance with the rules and regulations of such other exchange.**

2.10 Every Exchange Contract shall be subject to the charge of a Investor Compensation Fund levy and a levy pursuant to the Securities and Futures Ordinance, the cost of both of which shall be borne by the Client.

2.11 If the Client suffers pecuniary loss by reason of the Broker's default, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the Securities and Futures Ordinance and the relevant subsidiary legislation and will be subject to the monetary limits specified in the Securities and Futures (Investor Compensation - Compensation Limits) Rules and accordingly there can be no assurance that any pecuniary loss sustained by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all.

### ◆ 3. Margin

3.1 The Client shall maintain sufficient margin deposit at the Account as required by the Broker at its sole discretion from time to time.

3.2 The Broker has the right to require more margin or variation adjustment or interest rate cash adjustment than that required by the Futures Exchange and/or any relevant governing body. Pursuant to the Governing Rules and terms and conditions in this Agreement, the Broker may be required to report to the Futures Exchange and the SFC all related open positions thereof if any margin call or demand request is not duly met by the Client.

### ◆ 4. Other Terms

The Options Client Agreement shall be subject to the following terms

a. where the Broker is an exchange participant of Hong Kong Futures Exchange Limited ("HKFE"), is obliged to disclose of the category of exchange participant under which the Broker (licensed person) is registered, the particulars of every licence or registration (including the CE number) maintained by the Broker, pursuant to the Securities and Futures Ordinance ("SFO") or any other regulatory provisions, and the full name of the Broker's employee primarily responsible for the Client's affairs and particulars of the licence or registration maintained by that employee (including the CE number) pursuant to the SFO or any other regulatory provisions;



b. transactions related to exchange traded futures and options contracts shall be subject to the rules of the relevant markets and exchanges; and the Broker is required, upon the request of HKFE (in the case where the Broker is an exchange participant of HKFE) or the Commission, to disclose the name, beneficial identity and such other information concerning the Client as the Exchange or the Commission may require; and that the Client agrees to provide such information concerning the Client as the Broker may require in order for the Broker to comply with this requirement;

c. the Client may have varying level and type of protection in relation to transactions on different markets and exchanges;

d. (where the Broker is an exchange participant of HKFE) any monies, approved debt securities or approved securities received by the licensed or registered person from the Client or from any other person (including the Clearing House) are held in the manner specified under paragraphs 7 to 12 of Schedule 4 of the SFC Code of Conduct for Persons licensed by or registered with the Securities and Futures Commission; and the Client authorises the Broker to apply any such monies, approved debt securities or approved securities in the manner specified under paragraphs 14 to 15 of Schedule 4 of said Code of Conduct. . In particular, the Broker may apply such monies, approved debt securities or approved securities in or towards meeting the Broker's obligations to any party insofar as such obligations arise in connection with or incidental to F.O. Business transacted on that client's behalf;

e. (where the Broker is an exchange participant of HKFE) the Client acknowledges that in respect of any account of the licensed or registered person maintained with the Clearing House, whether or not such account is maintained wholly or partly in respect of F.O. Business transacted on behalf of the Client and whether or not monies, approved debt securities or approved securities paid or deposited by that Client has been paid to or deposited with the Clearing House, as between the Broker and the Clearing House, the Broker (licensed or registered person) deals as principal and accordingly no such account is impressed with any trust or other equitable interest in favour of the Client and monies, approved debt securities and approved securities paid to or deposited with the Clearing House are thereby freed from the trust referred to in paragraph 2(h) of the Schedule 4 of SFC the Code of Conduct for Persons licensed by or registered with the Securities and Futures Commission;

f. (where the Broker is an exchange participant of HKFE) the period within which margin calls and demands for variation adjustments must be met, the Broker may be required to report to HKFE and the Commission particulars of all open positions in respect of which two successive margin calls and demands for variation adjustments are not met within the period specified by the Broker, and the Broker may require more margin or variation adjustments than that specified by the Exchange and/or the Clearing House and may close out open positions in respect of which any margin calls and demands for variation adjustments are not met within the period specified by the Broker or at the time of making such call(s) or demand(s); and

g. (where the Broker is an exchange participant of HKFE) the Client acknowledges that the Broker, is bound by Rules of Hong Kong Futures Exchange Ltd ("HKFE Rules") which permit HKFE to take steps to limit the positions or require the closing out of contracts on behalf of the Client and such clients who in the opinion of the Exchange is/are accumulating positions which are or may be detrimental to any particular Market or Markets, or which are or may be capable of adversely affecting the fair and orderly operation of any Market or Markets as the case may be.

## THE 3rd SCHEDULE ABOVE REFERRED TO Client Margin Agreement, Margin Lending, and Margin Call

### ◆ 1. Client Margin Agreement

The Client agrees that this 3rd Schedule to South China Commodities Ltd.'s 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. 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 Customer's account shall be a margin account whenever Margin Financing Facilities is granted and applicable to the Customer's account. Our Broker is entitled (by notice to the Customer) 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 Customer in respect of the Margin Financing Facilities or otherwise. The Broker is authorized by the Customer to draw on the Margin Financing Facilities to settle any amount owing to the Broker (including but not limited to money relating to Customer'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 Customer 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.

◆ **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 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 sum, 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.

◆ **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.

◆ **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.

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