



**太陽國際証券**  
SUN INTERNATIONAL SECURITIES

English Version

## Client Agreement

**Sun International Securities Limited 太陽國際証券有限公司 (CE No.中央編號: AVI905)**

Licensed under the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) for Type 1, 2 and 4 of regulated activities

根據《證券及期貨條例》(香港法例第 571 章) 就第 1 類、第 2 類及第 4 類受規管活動獲發牌的持牌法團

Exchange Participant of the Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司交易所參與者(Broker No. 經紀代號: 6978 & 6979)

A member of Sun International Group Limited 太陽國際集團有限公司成員(Stock Code 股票編號: 8029)

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## CLIENT MASTER AGREEMENT

In consideration of Sun International Securities Limited (the “SISL”) of Room 2603A, 26/F, One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong (an Exchange Participant of the Stock Exchange of Hong Kong Limited and a Licensed Corporation (CE No. AVI905) licensed with the Securities and Futures Commission in respect of carrying on the regulated activities of Type 1 Dealing in Securities, Type 2 Dealing in Futures Contracts and Type 4 Advising on Securities agreeing to allow the Client identified in the Account Opening Form to open one or more accounts with SISL and providing services to the Client in connection with securities trading with or without margin financing facilities, the Client HEREBY AGREES that all Transactions executed by SISL for any Account shall be subject to the Client Master Agreement (including without limitation the General Terms and Conditions and the Additional Terms applicable to the services provided by SISL) as amended from time to time and notified to the Client. SISL's current provisions of the Client Master Agreement are hereinafter set out:

### PART I – DEFINITION

#### 1. INTERPRETATION

1.1 In this Agreement, unless the context otherwise requires, the following words and phrases shall bear the following meanings:

<b>“Access Codes”</b>	such password(s), and/or form(s) of personal identification (in numeric, alpha-numeric or other format, usually known as login name) prescribed by the Broker from time to time, whether used alone or in conjunction with each other, for gaining access to the Electronic Trading Service;
<b>“Account(s)”</b>	any account (including without limitation any sub-account of that account and a Cash Account, Margin Account, Futures Account and/or Index Options Account) from time to time opened in your name and maintained with us for the Services. An account shall be denominated in Hong Kong dollars or such other currencies as we may agree from time to time with you;
<b>“Account Opening Form”</b>	the account opening form or other document (however described) prescribed by SISL from time to time and provided by or on behalf of the Client to SISL in respect of an application to open an Account;
<b>“Agreement”</b>	the written agreement between the Client and SISL regarding the opening, maintenance and operations of the Account(s) as amended from time to time, including but not limited to the General Terms and Conditions, the Additional Terms, the Account Opening Form, Risk Disclosure Statement, Data Privacy Policy and any authority given by the Client to SISL with respect to the Account(s);
<b>“Applicable Law”</b>	means the legal requirements of any place or any jurisdiction that SISL operates in or such legal requirements are otherwise applicable on SISL;
<b>“Authorized Person”</b>	the person or any of the persons designated in or pursuant to this Agreement to issue instructions in relation to an Account;
<b>“Cash Account”</b>	any cash account, as indicated as such in the Account Opening Form, opened by the Client with SISL for trading of securities (excluding Exchange Traded Options) without Margin Facility granted by the Broker;
<b>“CCASS”</b>	means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
<b>“Charge”</b>	the charge over the Collateral in favour of SISL to secure repayment of the Secured Obligations in accordance with Clause 3 of Part 3 Margin Financing of the Agreement, and includes such modification or supplement from time to time;
<b>“Client”</b>	the person(s) with whom SISL has entered into this Agreement and such person's successors in title and (if appropriate) personal representatives whose name(s) and other identity details set out in the Account Opening Form and shall include each Authorized Person;
<b>“Collateral”</b>	all securities, money and any other properties provided by the Client to SISL or purchased or received by SISL for the Client or otherwise which come to the possession, custody or control of SISL or other persons on behalf of SISL which are charged to SISL as security under the Clause 3 of Part 3 Margin Financing of the Agreement; accordingly, <b>“securities collateral”</b> refers to the securities comprised in the Collateral;
<b>“Code of Conduct”</b>	Code of Conduct for Persons with the Securities and Futures Commission issued by the SFC and as amended from time to time;
<b>“Compliance Rules”</b>	means all regulations, sanction regimes, international guidance or procedures or rules of relevant regulatory or industry body that may be applicable to SISL.
<b>“Confirmation”</b>	means a written or typed record (including facsimile or other electronic means from which it is possible to produce a hard copy) (a) confirming and setting out the particulars of any transaction executed by SISL on any Account, or (b) recording any other event (including without limitation receipts or withdrawals of assets) in relation to the Account, and containing such information as SISL shall consider appropriate;
<b>“Data Privacy Policy”</b>	the SISL's general policy in relation to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and any subsidiary legislation made thereunder as amended, consolidated or substituted from time to time and the policy is set out in Part 7;
<b>“Electronic Media”</b>	any electronic or telecommunications media, including but not limited to the internet, interactive television systems, telephone, wireless application protocol or any other electronic or telecommunications devices or systems as SISL may from time to time determine and prescribe;
<b>“Electronic Trading Service”</b>	any facility provided or to be provided by SISL from time to time under this Agreement which enables the Client to give instructions relating to any Transaction in the Account(s) through any Electronic Media;
<b>“Event(s) of Default”</b>	any of the events of default as specified in Clause 15 of the General Terms and Conditions;
<b>“Exchange”</b>	mean The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange Limited and any other exchange, market or association of dealers in any part of the world on which securities or F/O Contracts are bought and sold;
<b>“Hong Kong”</b>	The Hong Kong Special Administrative Region of The People's Republic of China;
<b>“HKSCC”</b>	Hong Kong Securities Clearing Company Limited;

<b>"Investor Compensation Fund"</b>	the Investor Compensation Fund established pursuant to the SFO;
<b>"Laws"</b>	means all laws, rules, regulations and regulatory requirements applying to SISL, and to other brokers and dealers instructed by SISL, including, where applicable, the rules of the relevant Exchange and its associated clearing house;
<b>"Margin"</b>	the amount, whether cash or non-cash collateral as may from time to time be demanded by SISL from the Client by way of margin, variation adjustments or cash adjustments or otherwise in relation to the amount drawn under Margin Facility and/or Client Contracts for the purpose of protecting SISL against any loss or risk of loss on present, future or contemplated obligations arising from Margin Facility and/or Client Contracts including and not being less than amount of margin required by the relevant Clearing House (if applicable), and <b>"margin requirements"</b> means the requirements set by the Broker in respect of the collection and specifications of the Margin;
<b>"Margin Account"</b>	any margin account, as indicated as such in the Account Opening Form, opened by the Client with SISL for trading of securities with Margin Facility granted by the Broker;
<b>"Margin Facility"</b>	the credit facility provided by SISL to the Client to facilitate the acquisition of securities and the continued holding of those securities under the Margin Account and for other related purposes;
<b>"SISL"</b>	means Sun International Securities Limited ;
<b>"Regulators"</b>	means the SFC, the relevant Exchange, the relevant clearing house and any other regulator whether in Hong Kong or elsewhere;
<b>"Regulatory Rules"</b>	means the rules of the Regulators or other laws, rules, codes, guidelines, circulars and regulatory directions issued by the Regulators from time to time;
<b>"Risk Disclosure Statement"</b>	the risk disclosure statement provided by SISL to the Client before the opening of the Account and/or from time to time in form prescribed by the SFC from time to time with the current version set out in Part 10;
<b>"Secured Obligations"</b>	all money, obligations or liabilities in any currency (together with any accrued interest) falling due, owing or incurred by the Client to SISL under the Margin Account (including without limitation the obligations to satisfy the margin requirements and delivery obligations arising out of Client Contracts), or to SISL under any other accounts now and in the future, whether actually or contingently, whether solely or jointly with others;
<b>"securities"</b>	includes (a) items under the definition of securities in Schedule 1 to the SFO; (b) all investment products listed or traded on Exchanges; and (c) any investment products prescribed by SISL as such;
<b>"SEHK"</b>	The Stock Exchange of Hong Kong Limited;
<b>"SFC"</b>	in relation to Hong Kong, The Securities and Futures Commission constituted under the SFO, in relation to any other regions, other statutory bodies performing similar functions as The Securities and Futures Commission and have jurisdiction over the relevant Exchanges;
<b>"SFO"</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any subsidiary legislation made thereunder amended, consolidated or substituted from time to time; and
<b>"Transaction"</b>	the purchase, sale, exchange, disposal of and general dealing (including but not limited to deposit and withdrawal and exercise of call and put options) in securities and Exchange Traded Options, the disposition of funds and the drawing and repayment under the Margin Facility on behalf of the Client in connection with this Agreement.

1.2 In this Agreement:

1.2.1 the singular shall be deemed to include the plural and vice versa;

1.2.2 words importing any gender include every gender and references to persons include companies and corporation;

1.2.3 the headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement;

1.2.4 references to any statute, statutory provision or Regulatory Rule shall include a reference to that statute, provision or Regulatory Rule as from time to time amended, replaced, modified extended or re-enacted;

1.2.5 words not defined shall have the meanings ascribed to them in the Securities and Futures Ordinance or the regulations made thereunder unless the context requires otherwise;

1.2.6 references in this Agreement to Clauses and Schedules are to clauses in and schedules to this Agreement;

1.2.7 if there is any inconsistency between the Chinese and English versions of this Agreement, the English version shall apply and prevail;

1.2.8 any reference in this Agreement to an ordinance or a provision of any Regulatory Rules shall be deemed to include such ordinance or provision as now or hereafter amended, replaced, modified, extended or re-enacted;

1.2.9 in the event of any inconsistency between any provision of this Agreement and any Laws, the latter shall prevail and SISL shall be entitled in its discretion to take or refuse to take any action or to demand that the Client shall take or refrain from taking any action to ensure compliance with the same. All actions taken by SISL in accordance with the Laws shall be binding on the Client.

Unless otherwise specified in this Agreement or by SISL in writing, any interest owed by Client to SISL in connection with this Agreement shall be calculated on the basis of a 365-day year or 366-day year (if the year in question is a leap year). Such basis may be changed by SISL in its absolute discretion, at any time and from time to time, without notice to or consent from Client unless such notice or consent is stated in this Agreement, or other written agreement by SISL, to be necessary.

**PART 2 – GENERAL TERMS AND CONDITIONS**

**1. ACCOUNT OPENING**

1.1 Client hereby instructs and authorizes SISL to open and maintain one or more than one securities trading account(s) in the name of Client for purchasing, investing in, selling, exchange or otherwise dealing in securities in Hong Kong or elsewhere, on the terms set out in this Agreement.

**2. INFORMATION TO CLIENT**

2.1 SISL may, at Client's request, agree to deal in securities on Client's behalf, and to provide information, advice and/or recommendations in relation to securities. If SISL solicit the sale of or recommend any financial product to Client, the financial product must be reasonably suitable for Client having regard to Client's financial situation, investment experience and investment objectives. No other provision of this agreement or any other document SISL may ask Client to sign and no statement SISL may ask Client to make derogates from this clause. Note: "Financial product" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. Regarding "leveraged foreign exchange contracts", it is only applicable to those traded by persons licensed for Type 3 regulated activity.

2.2 SISL shall provide to Client upon request product specifications, any prospectus or other offering document covering securities which are derivative products in which Client wishes to consider dealing.

**3. CLIENT'S INSTRUCTIONS AND STANDING AUTHORITY**

3.1 Instructions given by Client shall be irrevocable and may be given in writing, verbally, by facsimile or other electronic means (including through the Internet Service, as defined in the Part 8), but in any case at Client's own risk.

3.2 Unless Client gives specific instructions to the contrary, Client agrees and acknowledges that all orders and instructions are valid for the official trading day of the Exchange (in this Clause 3 referred to as "Trading Day") on which it is received. Any instruction received after the close of a Trading Day shall be treated as that of the next Trading Day and valid for the next Trading Day only.

3.3 For any instruction, the name of Client (or any of them in case where Client is more than one person unless otherwise stated in the Account Application), the name of Client's Authorized Person or Authorized Third Party(ies) and the number of the relevant account opened with SISL shall be quoted provided always that SISL may but shall not be under any duty to verify or ensure as to the identity of the or any person giving such instruction and SISL shall be entitled (but not be obliged) to act on the same and rely on its belief that such instruction emanates from Client, Client's Authorized Person(s) or Authorized Third Party(ies).

3.4 Client may grant to SISL the following standing authorities and once granted, Client agrees to be bound by the terms thereof:-

3.4.1 a standing authority pursuant to the Securities and Futures (Client Money) Rules (Cap 571I of Laws of Hong Kong) as amended from time to time;

3.4.2 a standing authority pursuant to the Securities and Futures (Client Securities) Rules (Cap. 571H of Laws of Hong Kong) as amended from time to time; and

3.4.3 such other lawfully agreed standing authority, as amended from time to time.

3.5 Subject to applicable laws, any instruction given or purportedly given by Client, its Authorized Person(s) or Authorized Third Party(ies) after;

3.5.1 the revocation by Client of its Authorized Person(s) or Authorized Third Party(ies) authority; or

3.5.2 the commencement of liquidation or bankruptcy (as the case may be) shall continue to be valid and effective in SISL's favour after the actual date of receipt by SISL of a written notice informing SISL of the occurrence of the relevant event from Client (in case of the said revocation) or in case of the said liquidation or bankruptcy, the liquidator, the trustee in bankruptcy or similar officer.

3.6 Any instruction given by Client's Authorized Person(s) or Authorized Third Party(ies), as the case may be, shall be deemed to be given by the Client. Client hereby agrees to accept full responsibility and shall not later challenge the instructions given by Client's Authorized Person(s) or Authorized Third Party(ies), as the case may be.

**4. DISCRETION**

4.1 SISL shall be entitled to rely on and to act as it thinks fit in accordance with any instruction given or purportedly given by or on behalf of Client which SISL believes in good faith to have been given by Client or its Authorized Person(s) or Authorized Third Party(ies). Notwithstanding the foregoing, SISL shall have discretion to reject such instruction. SISL shall be under no obligation either to act for the Client or upon any instruction, or execute any transaction for and on behalf of the Client if there are insufficient funds in the Account, or if SISL believes that the acting or the execution might result in either SISL, any member of the Group or the Client contravening any Laws or Regulatory Rules or for any other reason. If SISL in its absolute discretion declines to act for the Client or act upon any instruction, or execute any transaction for or on behalf of the Client, SISL shall in its own discretion notify the Client accordingly, but SISL shall not in any circumstances whatsoever be liable in any way for any loss, damages, liability, cost, expense or whatsoever suffered or incurred by the Client arising in or in connection with the exercise of the above discretion by SISL.

**5. EXECUTION OF ORDER**

5.1 SISL may, in carrying out Client's instructions, contract or otherwise deal with or through any broker for the purchase or sale of securities on any Exchange, or any person associated with SISL in any manner, or such terms as SISL may in its discretion determine.

**6. ADVICE**

6.1 SISL may, and, if required by the Laws, shall, send to the address(es) (email address or otherwise) and/or other contact number(s) of Client on SISL's records an Advice (which may be in electronic format) after SISL has facilitated a transaction with or for the Account, or upon the occurrence of certain events of or movements in Client's Account, in accordance with the Laws in relation to the Advice:

6.1.1 Client agrees that it is its responsibility to ensure that it receives Advice in due time and to make enquiries with and obtain the same from SISL immediately if not duly received;

6.1.2 any purported discrepancy between contents of any Advice and Client's instructions must be notified to SISL, orally or in writing in accordance with the notice provisions of this Agreement, within seven (7) days following the date of issue or re-issue of the Advice to Client; and

6.1.3 at the end of the period of seven (7) days, the contents of the Advice shall be conclusive evidence of the particulars set out therein without any further proof that the Advice and/or the transaction or event to which it relates are correct (subject to the right of SISL, which may be exercised by it at any time and from time to time, to adjust any entries in the Account and/or details in the Advice where they have been wrongly or mistakenly made by it), except for:

6.1.3.1 any alleged errors notified by Client to SISL in accordance with the notice provisions in this Agreement;

6.1.3.2 any payments made on forged or unauthorized endorsement;

6.1.3.3 any unauthorized transactions arising from forgery or fraud by any third party (including Client's employee, agent or servant) in relation to which SISL has failed to exercise reasonable care and skill;

6.1.3.4 any authorized transactions arising from forgery or fraud by any employee, agent or servant of SISL; and/or

6.1.3.5 any other unauthorized transaction arising from the default or gross negligence on the part of SISL or any of its employees, agents or servants.

6.1.4 SISL shall not be responsible for failures or delays in the transmission of offers or instructions due to a breakdown or failure of transmission of communication facilities, or to any other cause or causes beyond the reasonable control or anticipation of SISL.

**7. SETTLEMENT**

7.1 Client shall pay to SISL in cleared funds any money required for the purchase of securities or shall deliver to SISL the certificates or documents of title or procure the transfer of securities held in CCASS required for the sale of securities (as the case may be), in each case at any time demanded by SISL (even if required to be paid and/or delivered earlier than the settlement date), and Client shall take all necessary action to enable due settlement and/or delivery in respect of such purchase and sale in accordance with the Laws. Should Client fail to do so, SISL is authorized:

7.1.1 in the case of a purchase transaction, to transfer or sell any such purchased securities to satisfy Client's obligations to SISL; or

7.1.2 in the case of a sale transaction, to borrow and/or purchase such sold securities to satisfy Client's obligations to SISL.

7.2 If SISL has to obtain securities which SISL has purchased on behalf of Client in the open market, following the failure of the selling broker to deliver on the settlement date, Client shall be responsible for any difference in prices and all incidental expenses in connection with such open market purchase.

7.3 The Client hereby acknowledges that the Client shall be responsible to the Broker for any loss, costs, fees and expenses incurred by the Broker in connection with the Client's failure to meet the Client's obligations by the due time as set out in Clause 7.1.

## 8. SHORT SELLING

- 8.1 Except for any security interest of SISL or any member of the Group, securities provided by Client for selling or crediting into the Account(s) are fully paid with valid and good title and whose legal and beneficial titles are owned by the Client. Client confirms and undertakes that it will give SISL information and/or assurances in relation to the ownership of the securities as SISL may require before the selling order is placed. Client must notify SISL when a sale order relates to securities which the Client does not own i.e. where it involves short selling (including where the Client has borrowed stock for the purposes of the sale). Client acknowledges and agrees that no short selling order will be accepted by SISL unless Client provides SISL with such confirmation, documentary evidence and assurance as SISL in its opinion considers necessary to show the Client has a presently exercisable and unconditional right to vest such securities in the purchaser before placing any short selling order.

## 9. MARGIN TRADING

- 9.1 Subject to the terms and conditions as set out in the Part 3, SISL may grant the Facility to the Client to conduct margin securities trading in respect of the Account.

## 10. INITIAL PUBLIC OFFERINGS

- 10.1 Where the Client requests SISL to apply on Client's behalf for securities in a new issue for listing on an Exchange, the Client hereby agrees to comply with the provisions contained in the Part 5.

## 11. FOREIGN CURRENCY TRANSACTIONS

- In the event that Client directs SISL to enter into any transaction on an Exchange or other market on which such transactions are effected in a foreign currency:
- 11.1 any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for the account and risk of Client;
- 11.2 all initial and subsequent deposits for margin purposes shall be made in such currency in such amounts as SISL may, at the sole discretion of SISL, require from time to time; and
- 11.3 when such a contract is liquidated SISL shall debit or credit the Account of Client in the currency in which such Account is denominated, at a rate of exchange determined conclusively by SISL on the basis of the then prevailing money market rates of exchange between such currencies.
- 11.4 In the event that SISL exercises any of its rights under this Agreement, including without limitation the combination or consolidation of the Accounts or the transfer of client money and such combination, consolidation or transfer or exercise of any other right requiring the conversion of one currency into another, the conversion shall be calculated at the spot rate of exchange (as conclusively determined by SISL) prevailing in such foreign exchange market as determined by SISL to be relevant on the date of such combination, consolidation, transfer or exercise of that right.
- 11.5 In the event that Client places an order for the sale or purchase of Renminbi-denominated securities, Client acknowledges and agrees that:
- 11.5.1 Renminbi is subject to capital controls and is not freely convertible, and therefore transactions involving Renminbi-denominated securities may involve substantial exchange risks;
- 11.5.2 unless otherwise indicated by SISL, transactions of Renminbi-denominated securities will be settled in Renminbi; and
- 11.5.3 if SISL is required to settle a transaction on behalf of Client by purchasing or selling Renminbi from or through the market, unless otherwise indicated by SISL, the exchange rate will be based on prevailing market rate or such rate as quoted by a licensed bank in Hong Kong.

## 12. SECURITIES IN THE ACCOUNT(S)

- 12.1 Client specifically authorizes SISL, in respect of any of the securities (whether in Hong Kong or elsewhere) deposited by Client with SISL or purchased or acquired by SISL on behalf of Client, and held by SISL for safe keeping, to register the same in the name of SISL, any member of the Group or any nominee appointed or agreed by SISL (whether such nominee is a person in Hong Kong or elsewhere) or in Client's name, or deposit in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by SISL or any member of the Group with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities (in this Clause 12 referred to as "Segregated Account for Securities") or deposit with any overseas custodian or overseas clearing house subject to compliance with applicable Regulatory Rules.
- 12.2 Client specifically authorized SISL, in respect of any of the securities collateral (whether in Hong Kong or elsewhere) deposited with, or otherwise provided by or on behalf of Client to SISL to:
- 12.2.1 deposit in a Segregated Account for Securities;
- 12.2.2 deposit in an account in the name of SISL or any member of the Group (as the case may be) with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities;
- 12.2.3 register in the name of Client on whose behalf the securities collateral has been received, SISL or any member of the Group or any nominee appointed or agreed by SISL (whether such nominee is a person in Hong Kong or elsewhere); or
- 12.2.4 deposit with any overseas custodian or overseas clearing house subject to compliance with applicable Regulatory Rules.
- 12.3 Any securities and securities collateral (whether in Hong Kong or elsewhere) held by SISL, any member of the Group, banker, institution, custodian, nominee, intermediary or any other person pursuant to this Clause 12 shall be at the sole risk of Client. SISL, any member of the Group and the relevant associated entity, banker, institution, custodian, nominee, intermediary and person shall be under no obligation to insure Client against any kind of risk, which obligation shall be the sole responsibility of Client.
- 12.4 If in relation to any securities deposited with SISL or any member of the Group or any other person pursuant to this Clause 12 but which are not registered in Client's name, any dividends or other distributions or benefits accrue in respect of such securities, the Account(s) shall be credited (or payment made to Client as may be agreed) with the proportion of such dividends, distributions or benefits equal to the proportion of the securities held on behalf of Client out of the total number or amount of such securities. In the event that the odd lot of such securities is not eligible for any such dividends, distributions or benefits, the odd lot held on behalf of Client will not be taken into account in the apportionment. Subject to applicable Laws and Regulatory Rules, SISL may retain, or otherwise dispose of, for its own account and benefit, any fractional shares entitlements to which Client may be entitled, and entitlements (in any form whatsoever) arising from any odd lot held on behalf of Client or from the aggregation of odd lots held on behalf of the clients of SISL (including Client). The foregoing shall not limit or prejudice, in any way, SISL's right to reject Client's instructions under Clause 5 including, without limitation its right to reject Client's instructions in relation to the sale or purchase of any odd lot of any securities.
- 12.5 If in relation to any securities deposited with SISL or any member of the Group or any other person pursuant to this Clause 12 but which are not registered in the name of Client, and loss is suffered by SISL or any member of the Group, the Account(s) may be debited (or payment made by Client as may be agreed) with the proportion of such loss equal to the proportion of the securities held on behalf of Client out of the total number or amount of such securities.
- 12.6 Except as provided in this Agreement or otherwise allowed under the Laws, SISL shall not, without Client's oral or written direction or standing authority, deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of Client's securities or securities collateral for any purpose.
- 12.7 SISL is authorized, in accordance with applicable Laws or pursuant to a lawfully agreed standing authority, to dispose of any of Client's securities or securities collateral (and SISL shall have absolute discretion to determine which securities or securities collateral are to be disposed of) for the purpose of settling any liability owed by or on behalf of Client to SISL.
- 12.8 The obligations of SISL (or any other person permitted under this Agreement) to deliver, to hold or to register in Client's name or in the name of Client's nominee, any of Client's securities or securities collateral shall be satisfied by the delivery, the holding or registration in Client's name or Client's nominee of securities of the same class, denomination and nominal amount as, and rank pari passu with, those originally deposited with or transferred to SISL or any other person permitted under this Agreement or otherwise agreed by Client or acquired by SISL on Client's behalf ("Original Securities") (subject always to any capital reorganization which may have occurred in the meantime) and SISL (or any other person permitted under this Agreement) shall not be bound to deliver or return securities which are identical with the Original Securities in terms of number, class, denomination, nominal amount and rights attached thereto.
- 12.9 Where any securities are held in SISL's name, the name of any member of the Group or the name of any nominee appointed or agreed by SISL in accordance with this Clause 12, SISL or such member of the Group will not attend any meeting or exercise any voting or other rights including the completion of proxies except in accordance with written instructions of Client. Nothing in this Agreement shall in any way impose on SISL or any

member of the Group any duty to inform Client or to take any action with regards the attendance of meetings and to vote at such meetings, SISL or any member of the Group any duty to inform Client or to take any action with regards the attendance of meetings and to vote at such meetings. SISL or any member of the Group has no duty in respect of notices, communications, proxies and other documents, relating to the securities received by SISL or any member of the Group or to send such documents or to give any notice of the receipt of such documents to Client. SISL and/or any member of the Group has/have the right to charge Client for its/their respective services in taking or arranging custody of Client's securities or any action pursuant to Client's instruction.

12.10 For the avoidance of doubt, SISL, any member of the Group or any nominee appointed or agreed by SISL (whether such nominee is a person in Hong Kong or elsewhere) may hold any securities for Client in place outside Hong Kong, subject to compliance with applicable Regulatory Rules.

12.11 Without prejudice and in addition to other rights and remedies of SISL and other members of the Group, SISL may, at any time and from time to time, dispose, or initiate a disposal by any relevant member of the Group, of any of the Client's securities (whether in Hong Kong or elsewhere) or securities collateral (whether in Hong Kong or elsewhere) in settlement of any liability owed by or on behalf of Client to SISL, such relevant member of the Group or a third person. SISL and such relevant member of the Group (if applicable) are authorized to do all things as necessary in connection with any such disposal without any liability for any resulting or associated loss or expense. Without prejudice to the foregoing, Client shall not make any claim against SISL and/or such relevant member of the Group (if applicable) concerning the manner or timing of such disposal.

### 13. MONIES IN THE ACCOUNT(S)

13.1 Subject to compliance with applicable Regulatory Rules, SISL shall be entitled to deposit or transfer any monies held in the Account(s) or received for or on the account of Client with or to interchangeably between one or more segregated account(s) opened and maintained by SISL or any member of the Group in Hong Kong or elsewhere each of which shall be designated as a trust account or client account, at one or more authorized financial institution(s) and/or any other person(s) approved by the SFC for the purposes of section 4 of the Securities and Futures (Client Money) Rules (Cap. 571 of Laws of Hong Kong) and/or any other person(s) overseas subject to compliance with applicable Regulatory Rules. Unless otherwise agreed between Client and SISL and, any interest accrued on such monies shall belong to SISL absolutely.

13.2 For so long as there exists any indebtedness to the Broker on the part of the Client, the Broker may refuse any withdrawal of money in the Account and the Client shall not without consent of the Broker withdraw any such money.

### 14. COMMISSION, FEES AND CHARGES, LIENS, SET-OFF AND CONSOLIDATION

14.1 In respect of every transaction or Account, Client shall pay to SISL forthwith on demand the applicable interest, levy, charge, premium, brokerage, commission, fee (including, without limitation, dormant/inactive account fee), cost and expense for the Account under this Agreement as advised to Client from time to time. The most up to date information and notice about interest, levy, charge, premium, brokerage, commission, fee, cost and expense in connection with the purchasing, investing in, selling, exchanging or otherwise dealing in any securities in the Account can be found on the website of SISL. Subject to applicable Laws, SISL may, at any time and from time to time, in its absolute discretion, change any commission, fee and/or charge by notice to Client. Client acknowledges that he/she is expected to check the website of SISL or request updated information from SISL from time to time shall be binding on Client and be sufficient advice for all purposes and intents. Subject to applicable Laws, the new commission, fee and/or charge shall be applicable on the effective date specified in such notice, whether the specified effective date is before or after the date of such notice.

14.2 Client shall pay or reimburse SISL forthwith on demand an amount equal to all commission, brokerages, levies, fees, duties and taxes and all other charges and expenses incurred by SISL arising out of or in connection with any transaction effected by SISL as agent on behalf of Client or otherwise arising out of or in connection with the performance of the duties of SISL under this Agreement. For the collective investment account, Client understands that front-end fee (partly/fully as commission payable to SISL) is charged up to a maximum percentage of the investment amount stated on the prospectus or explanatory memorandum of the relevant fund. Certain funds may charge redemption fee, switch fee and/or annual management fee, all or part of which may be payable to SISL by the relevant fund management company or its associated company. Detailed information of such fees can be found in the prospectus or explanatory memorandum of the relevant fund. All or part of the fees received by SISL will be paid to the investment consultant serving Client's account as his/her commission.

14.3 Without prejudice to other provisions of this Clause 14, SISL may deduct any amount contemplated in Clauses 14.1 and 14.2 above from the Account.

14.4 Client shall be responsible to SISL for all losses and expenses resulting from Client's settlement failure, and shall be subject to such additional charges and interest therefor as SISL may determine.

14.5 Subject to applicable the Laws, without limitation to and in addition to other rights and remedies of SISL and other members of the Group, Client agrees that:

14.5.1 Without prejudice to any other provisions in this Agreement, SISL and the Group shall have a general lien over all or any part of any money or securities held by SISL or any member(s) of the Group for the discharge of Client's obligation to SISL, any member of the Group or a third person;

14.5.2 SISL may at any time and from time to time without prior notice combine or consolidate all or any of Client's account with, and/or apply Client's securities and/or other properties in or towards satisfaction of, any liabilities to SISL and/or other members of the Group;

14.5.3 SISL may at any time and from time to time without prior notice set-off or transfer any sum in whatever currency standing to the credit of any of Client's accounts with SISL or other members of the Group in or towards satisfaction of any of Client's liabilities of whatever nature (including liabilities incurred as principal or surety and whether such liabilities be actual or contingent, primary or collateral, several or joint) to SISL and/or other members of the Group.

14.6 SISL may:

14.6.1 without further disclosure to Client, receive, accept and retain for SISL's own account(s) and benefit absolutely from any broker or underwriter or issuer or any other third parties (who may or not act as agent of Client in any respect), any profit, rebate, reallowance, brokerage, commission, fee, benefit, profit, discount and/or other advantage arising out of or in connection with the provision of services to or handling of transactions for Client. Client agrees that the consent given hereunder shall constitute a permission or lawful authority for the purpose of Section 9 of the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong); and

14.6.2 without further disclosure to Client, pay to any broker or underwriter or issuer or any other third parties (who may or may not act as an agent of Client in any respect), any profit, rebate, reallowance, brokerage, commission, fee, benefit, profit, discount and/or other advantage arising out of or in connection with the provision of services to or handling or transactions for Client. Client agrees that the consent given hereunder shall constitute a permission or lawful authority for the purpose of Section 9 of the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

14.7 Without prejudice to and in addition to other rights and remedies of SISL and other members of the Group, SISL shall be entitled but not be obliged (and is hereby authorized by Client), as its discretion and without notice to Client, to dispose of Client's securities and/or other properties for the purpose of settling any liability owed by Client to SISL for or in connection with:

14.7.1 dealing in securities which remains after SISL has disposed of all other assets designated as collateral for securing settlement of that liability;

14.7.2 financial accommodation provided by SISL to Client which remains after SISL has disposed of all other assets designated as collateral for securing settlement of that liability; or

14.7.3 maintaining the Account(s) which has/have been designated by SISL as inactive or dormant account(s).

14.8 Subject to applicable Laws and without prejudice to and in addition to any general lien and other rights and remedies entitled by SISL and/or other member(s) of the Group, at any time when Client is indebted to SISL or any member of the Group in any respect, SISL or any member of the Group shall be entitled but not be obliged (and Client irrevocably and unconditionally authorizes SISL or any member of the Group), as its discretion and without prior notice to Client, at any time and from time to time.

14.8.1 to combine or consolidate all or any of Client's existing accounts with SISL or any member of the Group regardless of whether notice is required and the nature of the account (i.e. whether deposit, loan or any other nature); and

14.8.2 to set-off or transfer any sum standing to the credit of any one or more of such accounts wherever they are situated, in order to satisfy Client's liabilities to SISL and/or any member of the Group on any other account or other respect whatsoever.

14.9 SISL and any member of the Group are authorized to do the above without notice and notwithstanding any settlement of account or other matter whatsoever. The liabilities referred to above include present or future, actual or contingent, primary or collateral, and several or joint. In addition, SISL shall have the right to sell such securities, investments and property and utilize the proceeds to offset and discharge all the obligations of Client without any prior notice to Client, whether as principal or as surety, to SISL and/or any member of the Group regardless of:

14.9.1 whether any other person is interested in, or whether SISL has made advances in connection with, such securities, investments or property; and

- 14.9.2 the number of accounts Client may carry with SISL or any member of the Group.  
SISL is authorized to do all things as necessary in connection with such sale without any liability for any resulting loss. Without prejudice to the foregoing, Client shall not make any claim against SISL concerning the manner or timing of such sale.
- 14.10 Client agrees to pay interest on all overdue balances owing by Client to SISL and/or the relevant member(s) of the Group (after as well as before any judgment), at such rate(s) from day to day as SISL and/or the relevant member(s) of the Group shall in its/their absolute discretion determine with reference to the prevailing market rate(s) from the date(s) of default up to the date(s) of actual payment, such interest to be payable on the last day of each calendar month or such other date(s) as determined by SISL and/or the relevant member(s) of the Group and forthwith upon any demand being made by SISL and/or the relevant member(s) of the Group. The aforesaid interest rate may be changed by SISL and/or the relevant member(s) of the Group in its/their absolute discretion, at any time and from time to time and without notice to and without consent from Client or any third party. If any interest rate calculated under this clause would exceed the maximum lawful rate under the Money Lenders Ordinance (Cap. 163 of Laws of Hong Kong), then the maximum lawful interest rate under that Ordinance shall be applied instead. Client agrees that SISL shall be entitled (but not obliged), at any time and from time to time, without prior notice, to debit any Account with SISL and/or any other account(s) of Client with other member(s) of the Group with any interest due and payable by Client in accordance with this Clause 14.10 and Client undertakes to, immediately upon demand by SISL, do such act(s) and/or execute such document(s) as may be required by SISL at any time and from time to time in order to give full effect to each such debit.
- 15. DEFAULT**
- 15.1 The following shall constitute events of default (the "Events of Default") :
- 15.1.1 Non-payment: Client defaults in paying, further securing or satisfying on demand any monies or liabilities under this Agreement or any agreement between Client and any member of the Group;
- 15.1.2 Breach of representation: any statement, representation, warranty or undertaking made, repeated or deemed to have been repeated by Client in this Agreement or in any notice or other document delivered to SISL or any member of the Group in connection with this Agreement that is or proves to have been incorrect or misleading when made, repeated or deemed to have been repeated;
- 15.1.3 Breach of other obligations: Client fails to perform or comply with any of its other obligations under this Agreement or any agreement between Client and any member of the Group and, if that failure is capable of remedy, does not remedy such failure to the satisfaction of SISL immediately following receipt of notice from SISL or any member of the Group requiring it to do so;
- 15.1.4 Winding-up, etc.: where Client is a corporation:
- 15.1.4.1 a petition is presented or an order is made or any effective resolution is passed or analogous proceedings are taken for the winding up of Client save for the purposes of an amalgamation, merger or reconstruction the terms whereof have previously been approved in writing by SISL; or
- 15.1.4.2 Client convenes a meeting for the purpose of making, or proposes and/or enters into, any arrangement or composition for the benefit of its creditors; or
- 15.1.4.3 an encumbrancer take possession or a Receiver or other similar officer is appointed of the whole or any part of the assets or the undertaking of Client, or a distress or execution is levied or enforced upon or sued out against any of the chattels or property of Client and is not discharged within thirty days of being levied; or
- 15.1.4.4 Client, without the consent in writing of SISL, stops payment to creditors generally or (if applicable) Client (otherwise than for the purpose of such an amalgamation, merger or reconstruction as is referred to in Clause 15.1.4.1 above) ceases or threatens to cease to carry on its business or any substantial part thereof or be deemed, for the purposes of Section 178 of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong), to be unable to pay its debts or disposes or threatens to dispose of the whole or a substantial part of its undertaking or assets;
- 15.1.5 Bankruptcy, etc.: Bankruptcy proceedings are commenced in respect of Client where Client is an individual, or a bankruptcy order is made against Client or Client makes any composition or arrangement with Client's creditors, dies, becomes of unsound mind and/or insane;
- 15.1.6 Material adverse change in Client's financial condition, etc.: there occurs a material adverse change in Client's business, assets or financial condition which would, in the opinion of SISL, prevent or hinder or tend to prevent or hinder Client from performing in any material respect its obligations;
- 15.1.7 Judgment or court order: where Client is a partnership or a sole proprietorship, any of its partners or the sole proprietor shall have any judgment or order of Court made or any execution levied against his goods chattels or property, dies, becomes of unsound mind and/or insane;
- 15.1.8 Incompetence, etc.: where the Client is an individual, a sole proprietor or a partnership, a judicial declaration of incompetence or mental incapacity is made in respect of the Client or any of the partners, or the Client or any of the partners dies;
- 15.1.9 Unlawfulness: where SISL in its sole opinion believes there may be a basis for suspicion that the Client has engaged or may be engaging in any market malpractice or any other activity which is prohibited by any Laws or Regulatory Rules or applicable terms and conditions of whatsoever nature; or it shall become unlawful for the Client to maintain the Account or to perform any of the Client's obligations under this Agreement; or any authorization, consent, approval or licence necessary for the Client to continue the Account or to perform any of its obligation under this Agreement is withdrawn, restricted, revoked or otherwise ceases to be in full force and effect;
- 15.1.10 Fraud, etc.: Client is convicted of an offence involving fraud, deception or dishonesty or any other serious criminal offence (other than a road traffic offence where a non-custodial sentence is imposed);
- 15.1.11 Regulatory requirements: in the discretion of SISL, the exercise by SISL of any powers conferred by Clause 15.2 is necessary for compliance with any Regulatory Rules or Laws;
- 15.1.12 Suspension of the Account: the Account or the trading of any securities or instruments in the Account is for whatsoever reason suspended;
- 15.1.13 Illiquidity: in the absolute opinion of SISL, there occurs market conditions (for example, illiquidity) or actions that may make it difficult or impossible to effect the relevant transactions or liquidate or offset the relevant positions; and
- 15.1.14 Others: in the sole discretion of SISL, when it regards it to be otherwise necessary or appropriate e.g. due to margin requirements or otherwise.
- 15.2 Upon or at any time after the occurrence of any of the Event of Default, all amounts owing by the Client to SISL shall become immediately payable on demand and SISL, without notice to the Client, may do any of the following in its discretion:-
- 15.2.1 terminate all or any part of this Agreement and close the Account, or otherwise suspend operation of the Account;
- 15.2.2 immediately require Client to repay or discharge the Facility, if any;
- 15.2.3 cancel any or all outstanding orders or any other commitments made on behalf of the Client;
- 15.2.4 close any or all contracts between SISL and the Client, cover any short position of Client through the purchase of securities on the relevant Exchange(s) or, liquidate any long position of the Client through the sale of securities on the relevant Exchange(s);
- 15.2.5 sell or otherwise dispose of the securities held for the Client to settle any liability owed by the Client to SISL which remains after SISL has disposed of all client collateral for securing the settlement of that liability; and
- 15.2.6 combine or consolidate any or all accounts of the Client and exercise right of set-off in accordance with this Agreement.
- 15.3 In the event of any sale pursuant to Clause 15.2.5
- 15.3.1 SISL shall not be responsible for any loss occasioned thereby howsoever arising if SISL has already used reasonable endeavours to sell or dispose of the securities or any part thereof at the then available market price;
- 15.3.2 SISL shall be entitled to appropriate to itself or sell or dispose of the securities or any part thereof at the current price to SISL or any member of its Group without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by SISL and/or any member of its Group; and
- 15.3.3 the Client undertakes to pay to SISL any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by Client to SISL.
- 15.4 Any proceeds of sale hereunder shall be applied in the following order of priority:
- 15.4.1 in satisfaction of all costs, levies, charges, expenses and payments (including, without limitation, legal or other professional fees, stamp duty, commission and brokerage) incurred by SISL on a full indemnity basis;
- 15.4.2 in or towards the satisfaction of the amount secured by this Agreement whether principal or interest or otherwise in such order as SISL may in its discretion decide;
- 15.4.3 in or towards the satisfaction of any other amount owing to SISL or any member of the Group; and the surplus if any shall be paid to Client or to its order. If there is any deficiency after the sale, Client shall pay such deficiency to SISL without the need for any demand.



- 15.5 Any dividends, interest or other payments which may be received or receivable by SISL in respect of the Margin Securities (as defined in the Part 3) (less such reasonable charges as SISL may determine from time to time) may be applied by SISL as though they were proceeds of sale hereunder notwithstanding that the power of sale may not have arisen.
- 15.6 A declaration, determination or decision by an officer of SISL that the power of sale has become exercisable under this Clause 15 shall be conclusive evidence of that fact in favour of any purchaser or other person deriving title under the sale.

## 16. LIABILITY AND INDEMNITY

- 16.1 Client agrees that SISL or any member of the Group or any of their respective officers, employees or agents shall not have any liability whatsoever (other than those resulting from fraud or wilful default on SISL's part) for any loss, expense or damage which Client may incur as a result of the performance or failure to perform this Agreement or as a result of any act or omission of any third party (whether or not such third party being appointed by SISL or any member of the Group) or howsoever arising out of any cause beyond the control of SISL or any member of the Group. Further, SISL or any member of the Group or any of their respective officers, employees or agents shall accept no liability as a result of compliance with any applicable Regulatory Rules. This Clause 16.1, however, shall not be construed as in any way binding any member of the Group to comply with any provision of this Agreement unless otherwise explicitly agreed by such member of the Group.
- 16.2 Client undertakes to indemnify and to keep indemnified SISL and its officers, employees and agents on a full indemnity basis from and against all losses, damages, interest costs, actions, demands, claims, proceedings, expenses, costs (including, without limitation, legal costs and costs reasonably incurred in collecting debts from Client) and liabilities of whatsoever nature (other than those resulting from fraud or wilful default on SISL's part) incurred, suffered or sustained by or made or brought against or threatened to be made or brought against each or any of them directly or indirectly arising out of or in connection with the performance of any act or the exercise of any right or discretion or any inaction taken or chosen by or for SISL and/or any member of the Group pursuant to this Agreement, or arising directly or indirectly from any act or omission by Client whether or not constituting a breach of any of its obligations under this Agreement or the occurrence of any Event of Default or directly or indirectly as a consequence of reliance on by SISL or any of its officers, employees or agents any representation stated in this Agreement or any information provided by or for Client or directly or indirectly as a result of acting on by SISL or any of its officers, employees or agents any instruction, signature, instrument, notice, resolution, request, certificate, report or other document believed to be signed or given by the proper party(ies), whether the same is given verbally or in written form and whether the same is an original, facsimiled or electronic copy.
- 16.3 If any claim is made against SISL or Client in connection with this Agreement, SISL may, without prejudice to Clause 16.1 above, take any such steps at its sole discretion, including the withholding of payment or delivery to Client of any money or securities.
- 16.4 Client acknowledges that handling of Client's Account(s) by any person or party other than the Client must be properly documented as prescribed by SISL from time to time (for example, in relation to giving of trading instructions, by completion of the relevant prescribed form applicable to Authorized Person or Authorized Third Party, as the case may be). Discretionary handling of clients' account by SISL's representatives is generally not permitted by SISL policy (and that if exception is granted it must be properly documented in a further SISL discretionary account agreement with a power of attorney). Client covenants not to hold SISL responsible in any way, and shall indemnify SISL, for all and any loss, damage, interest, cost, action, demand, claim, liability, expense or proceeding of any nature whatsoever relating to or resulting from the Client's instruction, permission, acquiescence or approval to, or arrangement or understanding with, any SISL representative or any person or party other than the Client (whether explicit or tacit) to conduct discretionary trading on the Account or other handling in respect of the Client's Account(s) or Client's money.

## 17. DISCLOSURE OF INFORMATION ABOUT CLIENT

- 17.1 Client warrants and undertakes to SISL that all information provided by Client from time to time in, under or pursuant to this Agreement is and will be accurate, complete and up-to-date. Client shall notify SISL forthwith of any change to such information. SISL shall be entitled to rely fully on all such information for all purposes until SISL is notified to the contrary in writing and any such written notification shall be duly signed by Client. Client understands and accepts that notwithstanding anything to the contrary which may be contained in this Agreement, any change to any such information shall not take effect until five (5) days after the actual receipt by SISL of the relevant written notification or until such shorter period of time as may be agreed by SISL in writing.
- 17.2 SISL shall notify Client of any material change to the information relating to SISL provided in, under or pursuant to this Agreement.
- 17.3 Client shall immediately on demand by SISL at any time and from time to time supply to SISL such financial and/or other information in connection with the subject matter of this Agreement, Client and/or the compliance of any Laws or Regulatory Rules as SISL may reasonably require. Client agrees that SISL may conduct credit enquiries or check on Client for the purpose of ascertaining the financial situation of Client.
- 17.4 SISL may provide any information supplied by or relating to Client and/or any transaction and/or the Account to any Regulator or other person to comply with the lawful requirements or requests for information (whether such requirements and requests are mandatory or otherwise) or otherwise where in SISL's sole discretion, it deems appropriate in the circumstances. Without limiting the foregoing, relevant information may be disclosed if there is reasonable ground for SISL to suspect that any Client may have committed a material breach or infringement of, or may not have complied with, any market misconduct provisions in Party XIII or XIV of the Securities and Futures Ordinance.
- 17.5 SISL is subject to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) which regulates the use of personal data concerning individuals. SISL's policies and practices relating to the use of personal data are set out in the Part 7 to this Agreement.
- 17.6 Client represents and warrants to SISL that Client has taken all action necessary to authorize the disclosure to SISL and other persons permitted hereunder of all information (including, without limitation, personal data as defined in the Personal Data (Privacy) Ordinance, Cap. 486) from time to time provided to SISL by or for Client in, under or pursuant to this Agreement and the use of such information for the purpose of this Agreement and/or any transaction(s) contemplated hereunder and/or the Account. This representation and warranty are taken to be also made by Client on each date that any information is provided to SISL.
- 17.7 Notwithstanding other provisions in relation to the disclosure of information and tax-related arrangement under this Agreement, the Client hereby agrees to comply with the provisions contained in the Part 9 Foreign Law Requirements. The powers, rights, discretions of SISL under the Part 9 shall be without prejudice and in addition to the provisions in this Clause 17.

## 18. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 18.1 Client represents, warrants and undertakes to SISL (in this Clause 18, referred to as the "Warranties") that:
- 18.1.1 where Client is a corporation, it has been duly incorporated or established in accordance with all applicable laws and regulations and has the corporate power to enter into and perform this Agreement and has taken all necessary corporate and other action to authorized this Agreement upon these terms and conditions;
- 18.1.2 no consent or authority of any person (except, in the case of a corporate client, as already obtained as contemplated in Clause 18.1.1) is required for Client to enter into this Agreement including without limitation the power of borrowing and giving security over its assets, or as the case may be, Client has obtained all such necessary consent or authority (including without limitation, consent from its employer where applicable);
- 18.1.3 the entering into by Client of this Agreement or any trading or borrowing activity in connection with this Agreement will not place Client in breach of the terms of any other arrangement or document (including any constitutional documents such as Client's memorandum and article of association if Client is a corporation and/or deed of trust if Client is a trustee or trust corporation), any staff dealing policies or rules of its employer (if any) or of any obligations under general law or imposed by Regulatory Rules; and Client undertakes to fully comply all relevant Laws, Regulatory Rules, terms, policies and rules;
- 18.1.4 Client has not taken any action nor has any step been taken or legal proceeding been started or threatened for the bankruptcy or liquidation of the Client. Nor has the Client entered into a compromise or scheme of arrangement with its creditors; and
- 18.1.5 Client acknowledges that it is Client's duty to ascertain Client's nationality, citizenship, domicile or similar status. Client undertakes not to deal in, purchase or subscribe for any securities or investments which by virtue of the Client's status or other characteristics Client is prohibited to deal in, purchase or subscribe. Client has taken all necessary professional advice including legal, accounting, estate planning or tax advice relating to its tax or other liability under any jurisdiction and Client has not relied in any way on SISL relating to any of Client's instructions or orders in respect of dealing in, purchase of or subscription in any securities or investments.
- 18.2 Client further warrants and represents to SISL that each of the Warranties is true, accurate and not misleading.
- 18.3 Client acknowledges that SISL has entered into this Agreement on the basis of, and in reliance on, the Warranties. The Warranties are deemed to be repeated on each day up to and including the termination of this Agreement.

## 19. NOMINEE ARRANGEMENTS

If any of Client's securities are registered in the name of a nominee for Client ("Nominee"), whether or not such Nominee is a member of the Group, Client agrees as follows:

- 19.1 the Nominee shall have no liability (in negligence or otherwise howsoever) for failure to forward to Client any notice, information or other communication in respect of any such securities;
- 19.2 the Nominee shall have full liberty to exercise or refrain from exercising any rights or to satisfy or refrain from satisfying any liabilities arising from or in connection with the holding of any such securities without the need to consult or notify Client beforehand and without being in any way liable therefor and Client shall indemnify the Nominee for all losses, costs, claims, liabilities and expenses incurred by the Nominee and arising directly or indirectly from any action taken or not taken by the Nominee in good faith;
- 19.3 to pay such fees, expenses and charges as the Nominee may from time to time prescribe in consideration of the nominee services, such fees, expenses and charges to be deducted as SISL sees fit from any monies standing to Client's credit in any account with SISL and/or any member of the Group and until payment the securities held by the Nominee are subject to a lien in favour of the Nominee for the amount(s) concerned and such lien shall be in addition and without prejudice to other rights of the Nominee;
- 19.4 the Nominee may act on the instructions of any one Authorized Person or Authorized Third Party; and
- 19.5 the Nominee is not bound to return to Client securities bearing identical serial numbers as any transferred to the Nominee.

## 20. MISCELLANEOUS

### 20.1 Governing law

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and Client hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong. This Agreement, all rights, obligations and liabilities under this Agreement and all transactions contemplated hereunder shall enure to the benefit, and bind SISL, SISL's successors and assigns, whether by merger, consolidation or otherwise, as well as Client and the heirs, executors, administrators, legatees, successors, personal representatives and permitted assigns of Client.

### 20.2 Enforceability

If any provision of this Agreement shall be void or unenforceable by reason of any provision of applicable Laws, the remaining provisions shall continue in full force and effect and if necessary, be so amended as shall be necessary to give effect to the spirit of this Agreement so far as possible.

### 20.3 SISL's role

Save as expressly provided in this Agreement, SISL shall act as an agent and not as a principal in relation to any transaction undertaken by SISL pursuant to this Agreement, except where SISL gives notice to Client to the contrary or required by the nature of the transaction initiated by Client.

### 20.4 SISL's right to report

Without prejudice to any right or obligation that SISL may have under the Laws, Client acknowledges that SISL shall have the right to report any suspected trading misconduct, other malpractice or irregularity and to disclose relevant information (without prejudice to Clause 17.4) to any Regulators, authorities or the issuer of the financial product concerned, and SISL may in its sole discretion suspend the operation of the Account or decline to act on any instruction without incurring any liability whatsoever to Client for any claim, loss, proceeding or expense howsoever related to SISL's suspension of the Account or its delay or refusal to act upon any instruction relating to the Account.

### 20.5 Client's obligation

Client undertakes to do and execute any act, deed, document or thing which SISL may require in connection with the implementation, execution and enforcement of the terms of this Agreement. Client irrevocably appoints SISL as its attorney to do and execute any act, deed, document and thing which it undertakes to do or execute under this Agreement but fails to do or execute upon the request of SISL.

### 20.6 Joint account

20.6.1 Where the Account is a joint account, unless otherwise stated in the Account Opening Form, SISL may accept instructions from any of the joint account holders, and each joint account holder agrees with the others to be jointly and severally liable for all obligations in connection with this Agreement. SISL has no obligation to inquire into the purpose or propriety of any instruction given or to see to the application of any funds delivered by Client or any or more of the joint account holders in respect of the Account. SISL shall be at liberty to release or discharge any of the joint account holders from his/her liability hereunder or to accept any proposition from or make other arrangements with any of the joint account holders without releasing or discharging the obligations of the other or others from or otherwise prejudicing or affecting the rights and remedies of SISL against the other or others and none of the joint account holders nor shall this Agreement be released or discharged by the death of any one of them.

20.6.2 Any Advice, report, notice or communication given to any joint account holder in accordance with this Agreement shall be deemed to have been duly given to all joint account holders unless: (i) Client's correspondence address has been provided in the Account Opening Form, in which case, any such Advice, report, notice or communication shall be sent to that correspondence address or such other correspondence address as subsequently notified to SISL in accordance with this Agreement; or (ii) Client has requested and SISL has accepted that all Advice shall be sent to the email addresses of all joint account holders, being the last notified email addresses on SISL's records and in such case, all Advice shall be so given. Any Advice, report, notice or communication given by SISL pursuant to the foregoing shall be deemed to have been received by all joint account holders and shall be binding on all of them.

20.6.3 The joint account holders each acknowledge and agree that if any one of them should die,

20.6.3.1 the surviving joint account holder(s) should immediately notify SISL in verbal or writing of the death;

20.6.3.2 SISL is to pay or deliver to or to the order of the surviving joint account holder(s) any moneys, investments, property, instruments and/or documents standing to the credit of or held for the Account, without prejudice to any right SISL may have in respect of the same arising out of any set-off, counterclaim, lien, charge, pledge or otherwise whatsoever or to any step which SISL may deem it desirable to take in view of any third party claims thereto and/or for protecting the interest of SISL and/or other member(s) of the Group and SISL shall be entitled to require the surviving joint account holder(s) to give and/or sign such document(s) as prescribed by SISL before releasing any money, investment, property, instrument or document to or to the order of such survivor(s); and

20.6.3.3 SISL shall not in any circumstances be liable in any way for any claim, loss, damages, liability, cost, expenses or whatsoever suffered or incurred by any person or entity (including, without limitation, the surviving joint account holder(s)), directly or indirectly, arising from or in connection with any action or inaction taken or chosen by SISL pursuant to Clause 20.6.3.2 or any breach of this Clause 20.6.3 by any of the joint account holders; and the joint account holders each agree to indemnify SISL against all claims, losses, damages, liabilities, costs, expenses and whatsoever suffered or incurred by SISL, directly or indirectly, arising from in connection with any action or inaction taken or chosen by SISL pursuant to Clause 20.6.3.2 or any breach of this Clause 20.6.3 by any of the joint account holders.

### 20.7 Telephone recording

SISL may record telephone conversations with Client and the contents of such recording shall be final and conclusive evidence of the conversation concerned and its content. All telephone recording is the property of SISL and will not be released to Client.

### 20.8 Client's representation

Client acknowledges that SISL has offered to explain to Client the terms of the Agreement, and either Client has received such explanation or that Client fully understands the terms of this Agreement without the need for such explanation. Client acknowledges that Client has been advised, and has had the opportunity, to consult Client's own independent legal and other professional advisers.

### 20.9 Waiver

Save as expressly provided in this Agreement, no failure to exercise, or delay in exercising, on the part of any party hereto any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. No waiver by SISL shall be effective unless it is in writing. The rights and remedies of SISL are cumulative and not exclusive of any rights or remedies provided by Laws.

### 20.10 Force majeure

In the event of war, terrorism, revolution, insurrection, restraint of rulers, military disturbances, riot, civil disobedience or other similar action involving any country, strike or lockout or stoppage or restraint of labour, seizure or confiscation of assets or other governmental action having a similar effect, any imposition of currency exchange control or restraint of capital movement or transmission by any government, any "Act of God", epidemic, pandemic, vandalism, disruption of the operation of any Exchange, breakdown of computer systems and/or communication facilities, or any other similar event outside the control of SISL which hinders or prevents the performance by SISL of its obligations under this Agreement (an "event of force majeure"), then SISL may, as an alternative to any performance otherwise required, at its absolute discretion either (a) postpone its performance until the event of force majeure no longer has such effect or (b) where any delivery or payment is required, provide or require a cash settlement based upon the prevailing price of a security or instrument relevant to such settlement on the second business day prior to the

occurrence of the event of force majeure; such prevailing price being conclusively determined by SISL. SISL shall not be responsible or held liable for any loss suffered by Client arising out of or in connection with an event of force majeure. Client agrees to bear solely the risk of such event of force majeure.

- 20.11 **Notice**
- 20.11.1 Any Advice, report, notice or communication to be made or given to Client shall be in writing and may be sent by ordinary post to its address stated in the Account Opening Form, or by facsimile transmission or electronic means (including through the E-Service, as defined in Part 8) to the fax number or e-mail address stated in the Account Opening Form (or to such other address, fax number, or e-mail address as subsequently notified by Client in writing in accordance with this Clause 20.11). Any notification so given shall be deemed to have been received forty-eight (48) hours after dispatch if sent by post or at the time of transmission if given by facsimile or electronic means.
- 20.11.2 SISL may also give notice to Client by telephone on the telephone number given in the Account Opening Form or on such other number as Client shall notify SISL in writing. All notifications so given to Client shall be deemed to have been received instantaneously if given by telephone.
- 20.11.3 In all cases if any notice or communication of whatsoever nature is given or delivered to SISL, it shall only be deemed to have been given or delivered to SISL, it shall only be deemed to have been given or delivered to SISL on the day of actual receipt by it.
- 20.12 **Amendment and termination**
- 20.12.1 SISL may, at its absolute discretion and without giving reasons, suspend or terminate the Account and at any time cease to act on Client's behalf. Upon termination to suspension of the Account, all monies owing from Client to SISL shall immediately become due and payable and Client shall immediately repay such monies to SISL.
- 20.12.2 Client agrees that the terms of this Agreement may be amended by SISL from time to time, at its discretion, by notice in writing from SISL to Client, in which event such terms and conditions as so amended shall apply with effect from the effective date specified in such notice, whether the specified effective date is before or after the date of such notice but subject to applicable Laws. Such amendments shall be deemed incorporated into and form part of this Agreement.
- 20.12.3 Either party may terminate this Agreement at any time by notice to the other provided that such termination shall not affect:
- 20.12.3.1 the rights or liabilities of either party arising prior to such termination;
- 20.12.3.2 the warranties, representations, undertakings and indemnities given by Client under this Agreement, all of which shall survive termination; and
- 20.12.3.3 any of the Client's obligations to SISL pursuant to this Agreement.
- 20.12.3.4 termination of this Agreement shall not affect any action by SISL, or any of its agents or any third party permitted under this Agreement initiated prior to the date of termination or any indemnity or warranty given by Client under this Agreement.
- 20.13 **Undertakings by Intermediary**
- If Client is an intermediary specified in section 18(3) under Part 2, Division 4 Schedule 2 (excluding section 18(3)(b)) of the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance ("Specified Intermediary") and operates and manages the Account for its own client(s) (whether on a discretionary or non-discretionary basis) or otherwise for the transaction(s) with its own client(s), Client agrees to the following terms:
- 20.13.1 Client confirms that it is a Specified Intermediary;
- 20.13.2 In respect of each of its own client(s) for whom or for whose transaction(s) the Account is operated and managed. Client consents to be SISL's intermediary to carry out for SISL the customer due diligence ("CDD") measure(s) as stated in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance ("AMLO") and applicable regulatory requirements issued by the SFC from time to time and unless otherwise agreed by SISL in writing, Client shall carry out all the aforesaid CDD measures for SISL.
- 20.13.3 Client shall on request provide to SISL a copy of any document, or a record of any data or information, obtained by Client in the course of carrying out the aforesaid CDD measure(s) for SISL without delay;
- 20.13.4 In relation to each transaction it carries out for the Account, Client shall, if requested by SISL within a period of 6 years (beginning on the date on which the transaction is completed, regardless of whether any relevant Business Relationship (defined in section 1(1) under Part 1 of Schedule 2 of the AMLO) ends during that period) or such longer period of time as imposed by the SFC and notified by SISL to Client from time to time, provide to SISL a copy of any document, or a record of any data or information obtained by Client in the course of carrying out the aforesaid CDD measure(s) for SISL as soon as reasonably practicable after receiving the request;
- 20.13.5 In relation to each of its own client(s) for whom or for whose transaction(s) the Account is operated and managed by Client, Client shall, if requested by SISL (i) during the continuance of the Business Relationship with the client or within a period of 6 years beginning on the date on which the relevant Business Relationship ends; or (ii) within such longer period of time as imposed by the SFC and notified by SISL to Client from time to time, provide to SISL a copy of any document, or a record of any data or information, obtained by Client in the course of carrying out the aforesaid CDD measure(s) for SISL as soon as reasonably practicable after receiving the request;
- 20.13.6 In relation to each transaction it carries out for the Account or in relation to each of its own client(s) for whom or for whose transaction(s) the Account is operated and managed by Client, Client shall keep all documents, records, data and information referred to in the above paragraphs of this Clause 20.13 for so long as the Business Relationship(s) with any relevant client(s) remain(s) subsisting (regardless of whether the Business Relationship(s) with any other relevant client(s) has/have already ended) and for a period of 6 years beginning on the date on which the relevant Business Relationship or the last relevant Business Relationship (if more than one client) ends. If a longer period of time is imposed by the SFC, all such documents, records, data and information shall be kept by Client for such longer period of time as notified by SISL to Client from time to time and Client must keep all such documents records, data and information in accordance with the AMLO;
- 20.13.7 If Client is about to cease trading or does not wish to continue to act as SISL's intermediary to carry out the aforesaid CDD measure(s) for SISL, Client shall give SISL 10 days' written notice in advance and shall provide to SISL all the documents, records, data and information referred to in the above paragraphs of this Clause 20.13 without delay;
- 20.13.8 If SISL terminates its appointment of Client as its intermediary to carry out the aforesaid CDD measures(s) for SISL in respect of any client(s) of Client, Client shall immediately provide to SISL all the documents, records, data and information referred to in the above paragraphs of this Clause 20.13 and in respect of such client(s);
- 20.13.9 If there is any legal or regulatory requirement (other than those stated in AMLO or issued by the SFC) in respect of the aforesaid CDD measure(s) carried out by Client for SISL and/or any documents, records, data and/or information referred to in the above paragraphs of this Clause 20.13 and/or the keeping of the same, Client shall also comply with such legal or regulatory requirement;
- 20.13.10 To the extent that any provisions of the AMLO, or of the regulatory requirements issued by the SFC from time to time, in respect of the aforesaid CDD measure(s) carried out by Client for SISL and/or any documents, records, data and/or information referred to in the above paragraphs of this Clause 20.13 and/or the keeping of any such documents, records, data and/or information referred to in the above paragraphs of this Clause 20.13. Notwithstanding anything in this Agreement or any other document, Client shall comply with all legal and regulatory requirements (as amended from time to time) in respect of the aforesaid CDD measure(s) carried for SISL (including, without limitation, the relevant record-keeping requirement(s)); however, nothing in the foregoing shall, in any way, affect any obligation of SISL stated in section 18(2) under Part 2, Division 4 of Schedule 2 of the AMLO; and
- 20.13.11 In this Clause 20.13, (i) words not defined shall have the meaning ascribed to them in the AMLO or applicable regulatory requirements issued by the SFC from time to time unless the context requires otherwise; and (ii) regulatory requirements issued by the SFC from time to time include, without limitation, the requirements contained in the Guideline on Anti-Money Laundering and Counter-Terrorist Financing.
- 20.14 **Additional undertakings**
- Without prejudice to Clause 20.13 above, SISL may take or omit to take any action which it, in its sole and absolute discretion, considers appropriate to take a compliance action for the purpose of complying with Applicable Laws and Compliance Rules, including preventing money laundering, terrorist financing or other crimes or the provision of financial and other services to any persons or entities which may be subject to sanctions (each such person or entity is referred as a "Sanctioned Party"). Such Compliance Action may include without limitation:
- 20.14.1 declining the application or refusing to handle or process, or refusing to effect payment in connection with, any transaction contemplated in this Agreement on the ground of, or as a result of, a Compliance Action or if any person or entity relating to any related underlying transaction is a Sanctioned Party;



- 20.14.2 (if SISL becomes aware that any payment made to or at the request of Client contravenes the Compliance Rules) immediately recouping such payment from Client, irrespective of any other contrary agreement with Client;
- 20.14.3 the interception and investigation of any payment messages and other information or communications sent to or by Client or on Client's behalf via the systems of SISL; and
- 20.14.4 making further enquires as to whether a name which might refer to a Sanctioned Party actually refers to that party.
- SISL will not be liable for any loss (whether direct, indirect or consequential loss, including without limitation loss of profit or interest) or any damage suffered by Client or any party arising out of:
- (i) Any delay or failure by SISL in processing any payment messages or other information or communication or any request from Client, or in performing any of its duties or other obligations in connection with any transaction, caused in whole or in part by any Compliance Action; or
  - (ii) The exercise of any of its SISL's rights under or any action taken or omission made by SISL pursuant to this section.

## PART 3 – MARGIN FINANCING

### 1. INTERPRETATION

- 1.1 In this Part, unless the context otherwise requires, the following words and expressions have the meanings set out below:
- 1.1.1 “Facility” means SISL financing to Client for trading of securities in Margin account;
- 1.1.2 “Indebtedness” means any obligation for the payment or repayment of money, whether actual or contingent;
- 1.1.3 “Liabilities” means the aggregate of:
- 1.1.3.1 All present and/or future actual and/or contingent Indebtedness or other liabilities (in whatever currency they may be expressed) of Client to SISL (whether incurred solely, severally or jointly with others and whether incurred as principal or surety) including (without limitation) all monies advanced on any current, loan or other account (whether existing or open at any time after the date hereof), and all pecuniary obligations arising out of currency and other financial transactions; and
- 1.1.3.2 Any interest accrued in respect of the amounts and liabilities referred to in paragraph 1.1.3.1 above both before demand and from the date of demand to the date of payment, as well after as before judgment (whether any of the same shall have been capitalized or not); and
- 1.1.3.3 All charges, commissions and legal and other expenses incurred in any manner whatsoever by SISL in relation to the said Indebtedness and liabilities or to this Agreement (including without limitation any foreign exchange losses and expenses incurred by SISL in enforcing or otherwise attempting to recover any such Indebtedness or liabilities) on a full indemnity basis.
- 1.1.4 “Margin Account” means an Account which has the benefit of a Facility.
- 1.2 In the event of any inconsistency between the provisions of this Agreement and this Part, the provisions of this Part shall prevail.
- 1.3 Terms and expressions defined in this Agreement shall have the same meaning in this Part 3 unless the context otherwise requires. References to clauses in this Part 3 shall refer to clauses contained in this Part 3 unless the context otherwise requires.
- 1.4 The terms of the Facility and any authorization letter given by Client with respect to the Facility shall form part of this Part 3.

### 2. MARGIN SECURITIES TRADING ACCOUNT

- 2.1 In consideration of SISL granting to Client the Facility, Client charges to SISL, by way of first fixed charge as a continuing security for the payment and satisfaction on demand of the Liabilities, all of Client’s securities which are now or which shall at any time be deposited with, or come into the possession, custody or control of, SISL or any member of the Group or any nominee or custodian appointed or agreed by SISL, or with any person, to facilitate the provision of the Facility in respect of the Account, which shall include all dividends and other distributions made or payable in respect of such securities, and all securities (and the dividends and other distributions in respect thereof), rights, monies or property of whatever nature accruing to or offered at any time by way of redemption, bonus, preference, options, purchase consideration or otherwise in right or inspect of the aforesaid securities (the “Margin Securities”).
- 2.2 Client undertakes:
- 2.2.1 at all times to maintain the level of margin specified in the Facility Letter or any other level of margin determined by SISL from time to time (“Margin”), either by paying to SISL sufficient monies or by depositing (or procuring the deposit of) sufficient securities with SISL; and
- 2.2.2 forthwith upon demand to pay to SISL such sum, in cleared funds, in cash and/or deliver to SISL such additional securities as additional or substituted security for the Liabilities; and, for the avoidance of doubt, any securities deposited with or delivered to SISL under this clause shall form part of the Margin Securities.
- 2.3 Any monies received by SISL from Client may be placed and kept to the credit of an interest bearing suspense account for so long as SISL thinks fit without any obligation in the meantime to apply the same or any part thereof in or towards discharge of any Liabilities. Notwithstanding any such payment, in the event of any proceedings in or analogous to bankruptcy, winding-up, liquidation, composition or arrangement, SISL may prove for and agree to accept any dividend or composition in respect of the whole or any party of such money and liabilities in the same manner as if this security had not been created.
- 2.4 Client shall pay to SISL on a monthly basis, in respect of the Liabilities, interest at the Normal Interest Rate but if any Event of Default occurs, the aforesaid Normal Interest Rate may be replaced with the Default Interest Rate and such replacement shall immediately become effective on the date of the occurrence of such Event of Default unless otherwise agreed in writing by SISL.
- 2.5 Notwithstanding any provisions of this Agreement, SISL may from time to time at its discretion, by written notice to Client, stipulate another interest rate, and such other rate shall apply as from the date of the notice of such later date specified in the notice. If any interest rate mentioned in this clause 2.5 or clause 2.4 above in this Part 3 would exceed the maximum lawful rate under the Money Lenders Ordinance (Cap. 163 of Laws of Hong Kong), then the maximum lawful interest rate under that Ordinance shall be applied instead. Client agrees that SISL shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with SISL and/or any other account(s) of Client with other member(s) of the Group with any interest due and payable by Client in accordance with this clause 2.5 or clause 2.4 above in this Part 3 and Client undertakes to, immediately upon demand by SISL, do such act(s) and/or execute such document(s) as may be required by SISL at any time and from time to time in order to give full effect to each such debit.
- 2.6 SISL is authorized on Client’s behalf and in Client’s name to:
- 2.6.1 draw on the Facility or withdraw from any account maintained by Client with SISL such sums of money in payment of the purchase price for the securities purchased or purportedly purchased for Client as evidenced by the bought note issued in Client’s name and at the same time deposit into any account maintained by Client with SISL the securities so purchased or purportedly purchased with money withdrawn from any such account. In addition, SISL may draw on the Facility or withdraw from any account maintained by Client with SISL such sums of money in payment of brokerage, fees, disbursements, charges and any other sums owed by Client in connection with the Margin Securities; and
- 2.6.2 withdraw from any account maintained by Client with SISL such securities sold or purportedly sold for Client as evidenced by the sole note issued in Client’s name and at the same time deposit into any account maintained by Client with SISL the sums of money representing the net proceeds of sale of the securities so withdrawn and so sold or purportedly sold, or apply the same or any part thereof in or towards discharge of any Liabilities.

### 3. MARGIN SECURITIES

- 3.1 If Client shall pay to SISL the whole of the amount of Liabilities without any deduction, SISL shall at any time after such payment has been so made, upon Client’s request and cost, discharge the security created hereby provided always that upon discharge SISL shall not be bound to return securities bearing serial numbers identical with those deposited with or transferred to SISL so long as the securities returned are of the same class, denomination and nominal amount and rank pari passu with those originally deposited with or transferred to SISL (subject always to taking account of such events like any capital reorganization which may have occurred in the meantime).
- 3.2 The security conferred on SISL is a continuing security and shall not be discharged by any intermediate payment or satisfaction of the whole or any part of the Liabilities, or by the closing of any Client’s account with SISL (whether subsequently reopened or not and either alone or jointly with others).
- 3.3 The security hereby conferred on SISL is in addition to and without prejudice to any collateral or other securities which SISL may now or hereafter hold from or on account of Client nor shall such collateral or other security or any lien to which SISL may be otherwise entitled (including any security, charge or lien prior hereto) or the liability of any person or persons not parties hereto for all or any part of the monies and liabilities hereby secured be in any way prejudiced or affected hereby. SISL shall have full power at its discretion to deal with, exchange, release, modify or abstain from perfecting or enforcing any such securities or other guarantees or rights which it may now or hereafter have or to give time for payment or any indulgence to any other person or persons without discharging or in any way affecting Client’s liabilities or the security created hereunder. All monies received by SISL from Client or any person or persons liable to pay the same may be applied by SISL to any account or any transactions to which the same may be applicable.
- 3.4 Client shall, during the continuance of this security, pay all payments due in respect of any of the Margin Securities but SISL may if SISL thinks fit, make such payments on Client’s behalf. Any sums so paid by SISL shall be repayable forthwith by Client and pending such repayment, shall both carry interest at the applicable rate and be a charge on the Margin Securities.
- 3.5 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which SISL may be entitled under law or this Agreement, all securities, receivables, monies and other property of Client (held by Client either individually or jointly with others) held by or in the possession of SISL at any time shall be subject to a general lien in favour of SISL as continuing security to offset and discharge all of Client’s obligations, arising from the business of dealing in securities, to SISL and any member of its Group.

### 4. STANDING AUTHORITY

- 4.1 Without prejudice to any other right or remedy available to SISL, the Client agrees to give the standing authority to SISL, pursuant to the



Securities and Futures (Client Securities) Rules (Cap. 571H of Laws of Hong Kong) to authorize the Broker to deal with the Local Securities Collateral from time to time received or held on the Client's behalf in one or more of the following ways (inter alia), namely to:

- 4.1.1 apply any of the Local Securities Collateral pursuant to a securities borrowing and lending agreement;
- 4.1.2 deposit any of Local Securities Collateral with an authorized financial institution as collateral for financial accommodation provided to the Broker; or
- 4.1.3 deposit any of Local Securities Collateral with (i) a recognized clearing house; or (ii) another intermediary licensed or registered for dealing in securities, as collateral for the discharge and satisfaction of the Broker's settlement obligations and liabilities.

Such authority shall remain valid for a period of twelve (12) months from the approval date of the opening of the Margin Account unless the Client gives not less than seven (7) business days' prior written notice to the Broker to revoke the same at any time, provided that no such revocation shall be effective if there is any indebtedness in the Margin Account. Such standing authority which is not revoked prior to its expiry may be renewed or shall be deemed to have been renewed in accordance with the relevant rules made under the SFO. If the Client requests for revocation of such standing authority or the standing authority has not been renewed by the Client whom the Broker called upon to do so, the Broker reserves the right to terminate this Agreement and operations of the Margin Account and then the Client shall forthwith settle any indebtedness owing to SISL.

**5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

Client represents, warrants and undertakes to SISL that no other person has any interest in the Margin Securities and undertakes not to sell, grant an option over or otherwise deal in any way with or create or allow to subsist a charge, pledge or other encumbrance over the Margin Securities other than pursuant to the terms of this Agreement.

**PART 4 – DEALING IN FUTURES CONTRACTS**

**1. INTERPRETATION**

- 1.1 In this Part, unless the context otherwise requires, the following words and expressions have the meanings set out below:
- 1.1.1 “Business Day” means any day during which the relevant Exchange is open for trading the relevant F/O Contracts;
- 1.1.2 “Client Money Rules” means the Securities and Futures (Client Money) Rules (Cap 571I of the Laws of Hong Kong) made by the SFC under section 149 of the Securities and Futures Ordinance as amended from time to time;
- 1.1.3 “Closing Out” means in relation to any or portion of any contract, the entering into of another contract of the same specification and for the same amount but of an opposite position in order to cancel the former contract and/or to crystallise the profit or loss on such former contract and the term “Close Out” shall be construed accordingly;
- 1.1.4 “commodity” and “commodities” each includes, without limitation, agricultural commodities, metals, currencies, shares, interest rates, indices (whether stock market or otherwise), or other financial contracts, energy, right or authority, and shall where the case requires include a Futures/Options Contract in respect of any of the above and in each case whether or not the item is capable of being delivered;
- 1.1.5 “Futures Contract” means a contract executed on any commodity, futures or options exchange, the effect of which is that:
- (a) One party agrees to deliver to the other party at an agreed future time an agreed commodity or quantity of a commodity at an agreed price; or (b) the parties will make an adjustment between them at an agreed future time according to whether the agreed commodity is worth more or less or, as the case may be, stands higher or lower at that time than a level agreed at the time of making the contract, the difference being determined in accordance with the rules of the commodity, futures or options exchange in which that contract is made;
- 1.1.6 “Futures/Options Contract” or “F/O Contract” means a Futures Contract and/or an Options Contract effected on an Exchange;
- 1.1.7 “HK Exchange” means the Hong Kong Futures Exchange Limited.
- 1.1.8 “Option Contract” or “option” means a contract executed between one party (the “first party”) and another party (the “second party”) on any commodity, futures or options exchange under which: (a) the first party grants the second party the right, but not the obligation, or quantity of a commodity, from the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to buy: (i) the first party is obliged to deliver the commodity at the agreed price; or (ii) the second party receives a payment referable to the amount (if any) by which the commodity is at the time of the exercise worth more than the agreed price, such payment being determined in accordance with the rules of the commodity, futures or options exchange in which the contract is made; or (b) the first party grants to the second party the right, but not the obligation, to sell an agreed commodity, or quantity of a commodity, to the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to sell: (i) the first party is obliged to take delivery of the commodity at the agreed price; or (ii) the second party receives a payment referable to the amount (if any) by which the agreed price is worth more than the price of the commodity at the time of the exercise, such payment being determined in accordance with the rules of the commodity, futures or options exchange in which the contract is made; a contract falling within sub-paragraph (a) being a “Call Option” and a contract falling within sub-paragraph (b) being a “Put Option”;
- 1.1.9 “Potential Event of Default” means any event, which (with giving of notice, lapse of time or fulfilment of some other condition or any combination of these) would constitute an Event of Default; and
- 1.1.10 “Rules of the HK Exchange” means the Rules, Regulation and Procedures of the Hong Kong Futures Exchange Limited (as amended from time to time).
- 1.2 In the event of any inconsistency between the provisions of this Agreement and this Part 4, the provisions of this Part 4 shall prevail.
- 1.3 Terms and expressions defined in this Agreement shall have the same meaning in this Part 4 unless the context otherwise requires. References to clauses in this Part 4 shall refer to clauses contained in this Part 4 unless the context otherwise requires.

**2. ACCOUNT OPENING**

- 2.1 Client hereby instructs and authorizes SISL to open and maintain commodities trading account(s) in the name of Client for purchasing, investing in, selling, exchanging or otherwise dealing in futures/option contracts in Hong Kong or elsewhere, on the terms set out in this Agreement.
- 2.2 All transactions shall be subject to the applicable Laws and Regulatory Rules, from time to time extant or in force. Transactions relating to Exchange Contracts (as defined in the Rules of the HK Exchange) on the markets established and operated by the HK Exchange shall be subject to the Rules of the HK Exchange. All transactions with respect to dealings in F/O Contracts made in markets other than those operated by the HK Exchange shall be subject to the Regulatory Rules of the market where the particular transaction is made and not the Rules of the market where the particular transaction is made and not the Rules of the HK Exchange and as a result 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 of the HK Exchange.
- 2.3 To the extent that SISL enters into a transaction for F/O Contracts traded on a trading system operated by any Exchange other than HK Exchange for the account of Client:
- 2.3.1 such transactions will be subject to the rules of that Exchange; and
- 2.3.2 if Client is dealing in F/O Contracts for the benefit of another person, Client shall ensure that in its agreement with that other person there shall be a provision to the effect of Clauses 2.3.1 and 2.3.2.

**3. INFORMATION TO CLIENT**

- 3.1 SISL may enter into commodity transactions as principal with Client and, at Client’s request, agree to deal in commodities on Client’s behalf. If SISL solicit the sale of or recommend any financial product to Client, the financial product must be reasonably suitable for Client having regard to Client’s financial situation, investment experience and investment objectives. No other provision of this agreement or any other document SISL may ask Client to sign and no statement SISL may ask Client to make derogates from this clause. Note: “Financial product” means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. Regarding “leveraged foreign exchange contracts”, it is only applicable to those traded by persons licensed for Type 3 regulated activity.
- 3.2 Subject to applicable Laws and Regulatory Rules, SISL shall provide to Client (i) upon request, Contract Specifications (as defined in the Rules of the HK Exchange) and any prospectus or other offering document covering the subject-matter of such Contract Specifications, and (ii) a full explanation of margin procedures and the circumstances under which Client’s positions may be closed without Client’s consent.

**4. CLIENT’S INSTRUCTIONS AND STANDING AUTHORITY**

- 4.1 Instructions given by Client shall be irrevocable and may be given in writing, verbally, by facsimile or other electronic means (including through the E-Services, as defined in Part 8), but in any case at Client’s own risk.
- 4.2 Unless Client gives specific instructions to the contrary, Client agrees and acknowledges that all orders and instructions are only valid and effective if actually received by SISL within its normal business hours on a Business Day.
- 4.3 Client may grant to SISL and standing authority pursuant to the Securities and Futures (Client Money) Rules (Cap. 571I of the Laws of Hong Kong), as amended from time to time, and/or such other lawfully agreed standing authority (as amended from time to time), and once granted, Client agrees to be bound by the terms thereof.
- 4.4 For any instruction, the name of Client (or any of them in case where Client is more than one person unless otherwise stated in the Account Opening Form), the name of Client’s Authorized Person or Authorized Third Party (or the names of the Authorized Persons or Authorized Third Parties if the Account Opening Form states that more than one Authorized Person or Authorized Third Party is required) where such instruction is given by the Client’s Authorized Person(s) or Authorized Third Party and the number of the relevant account opened with SISL shall be quoted provided always that SISL may but shall not be under any duty to verify or ensure as to the identity of the or any person giving such instruction and SISL shall be entitled (but not be obliged) to act on the same and rely on its belief that such instruction emanates from Client, Client’s Authorized Person(s) or Authorized Third Party(ies).
- 4.5 Subject to applicable laws, any instruction given or purportedly given by Client, its Authorized Person(s) or Authorized Third Party(ies) after:
- 4.5.1 the revocation by Client of its Authorized Person(s) or Authorized Third Party(ies) authority; or
- 4.5.2 the commencement of liquidation or bankruptcy (as the case may be) in respect of Client or the occurrence of any analogous event; shall continue to be valid and effective in SISL’s favour until 5 days after the actual receipt by SISL of a written informing SISL of the occurrence of the relevant event from Client (in case of the said revocation) or in case of the said liquidation or bankruptcy, the liquidator, the trustee in bankruptcy or similar officer.
- 4.6 Any instruction given by Client’s Authorized Person(s) or Authorized Third Party(ies), as the case may be, shall be deemed to be given by the Client. Client hereby agrees to accept full responsibility and shall not later challenge the instructions given by Client’s Authorized Person(s) or Authorized Third Party(ies), as the case may be.

- 5. DISCRETION**
- 5.1 SISL shall be entitled to rely on and to act as it thinks fit in accordance with any instruction given or purportedly given by or on behalf of Client which SISL believes in good faith to have been given by Client or its Authorized person(s) or Authorized Third Party(ies). Notwithstanding in the foregoing, SISL shall have discretion to reject such instruction. SISL shall be under no obligation either to act for the Client or upon any instruction, or execute any transaction with or for or on behalf of the Client if there are insufficient funds in the Account, or if SISL believes that the acting or the execution might result in either SISL, any member of the Group or the Client contravening any Laws or Regulatory Rules or for any other reason. If SISL or any member of the Group in its absolute discretion declines to act with or for the Client or act upon any instruction, or execute any transaction with or for or on behalf of the Client, SISL or any member of the Group shall in its own discretion notify the Client accordingly, but SISL or any member of the Group shall not in any circumstances whatsoever be liable in any way for any loss, damages, liability, cost, expense or whatsoever suffered or incurred by the Client arising in or in connection with the exercise of the above discretion by SISL or any member of the Group.
- 5.2 Orders are to be received and executed with the understanding that Client will be required to take or make delivery of the commodities unless Client's initial position is liquidated. It is expressly understood that unless otherwise disclosed herein or to Client in writing, SISL is acting solely as broker as to any transactions made with SISL by Client. SISL shall have no obligation to provide Client with information with respect to any position of Client and (except as directed by Client) no obligation to (but shall have the right at the discretion of SISL to) close any position in any account SISL has entered or may carry on behalf of Client.
- 5.3 Without prejudice and in addition to other rights and remedies of SISL and other members of the Group and without prejudice to other provisions of this Agreement, SISL may, at any time and from time to time, dispose, or initiate a disposal by any relevant member of the Group, of any of the Client's securities (whether in Hong Kong or elsewhere) or securities collateral (whether in Hong Kong or elsewhere) in settlement of any liability owed by or on behalf of Client to SISL, such relevant member of the Group or a third person. SISL and such relevant member of the Group (if applicable) are authorized to do all things as necessary in connection with any such disposal without any liability for any resulting or associated loss or expense. Without prejudice to the foregoing, Client shall not make any claim against SISL and/or such relevant member of the Group (if applicable) concerning the manner or timing of such disposal.
- 6. TRANSACTIONS**
- 6.1 SISL shall, upon Client request, provide to Client product specifications and any prospectus or other offering document covering such products.
- 6.2 Client agree that any F/O contracts entered into by SISL for Client are subject to the Applicable Laws and Regulations, and the constitution, rules, regulations, practices, customs, usages, rulings and interpretation of the relevant Exchange, Clearing House or market. As such, if SISL are required by any of the aforesaid to amend the terms and conditions of any Transaction, SISL may, without prior notice to or approval from Client, take such action as SISL may in absolute discretion consider appropriate to comply with the same or to mitigate or avoid losses, and all such actions shall be binding on Client.
- 6.3 Any transaction entered into by SISL for Client is made with the understanding that Client will be required to take or make physical delivery of the underlying commodity. In respect of open positions involving physical delivery maturing in a current future month, Client shall, at least five (5) Business Days prior to the first notice day in the case of long positions, and at least five (5) Business Days prior to the last trading day in the case of short positions, either give Instructions to SISL to Close out the relevant contracts or make or receive delivery on Client behalf upon such terms and by such methods as SISL may in absolute discretion determine. Client shall keep SISL indemnified immediately upon demand in respect of all claims, demands, actions, proceedings, losses, penalties, fines, taxes, damages, costs and expenses (including legal costs) on a fully indemnity basis suffered or incurred by SISL as a result of any action taken by us and any liability whatsoever in connection with any delivery, exercise or settlement effected pursuant to the terms of this Clause.
- 6.4 If SISL or SISL's Agent (as the case may be) shall for any reason whatsoever and howsoever fail to receive payment of all or any part of any amount or delivery of all or any part of any Commodity (whether from the relevant Exchange and/or Clearing House and/or any other person) due to paid or delivered to Client in respect of any F/O contracts entered into by us on Client behalf on the due date for payment or delivery thereof in accordance with the rules and regulations of the relevant Exchange, Clearing House and/or any Applicable Laws and Regulations, SISL's obligation to make payment or deliver any Commodity to Client in respect of such F/O contracts shall thereupon and by virtue of such failure become obligations to make payment of such amount or delivery of such amount of such Commodity as is equal to such payment or such amount as is actually received by SISL in respect thereof.
- 6.5 Client acknowledge that due to the implementation of the Central Clearing and Settlement system, SISL are not obliged to produce and/or deliver to Client actual certificates or documents of title for any commodities relating to F/O contracts entered into by SISL on Client behalf.
- 6.6 If Client wish to exercise an option pursuant to any Options Contract, Client should give an instruction to such effect to SISL (subject to the rules and regulations of the relevant Exchange on which the Options Contract is traded or entered into) no later than such time limit as may be specified by SISL from time to time before the cut-off date for the tender of exercise instructions prescribed by the writer of the Option or the relevant Exchange or Clearing House (whichever prescribes the earliest cut-off date). Such Instruction shall only be considered valid when accompanied:
- (a) In the case of an Option for the sale of an agreed Commodity, with the underlying Commodity or document(s) of title required for making delivery; and
- (b) In the case of an Option for the purchase of an agreed Commodity, with sufficient immediately available funds to take delivery of the Commodity.
- Unless specifically instructed by Client and subject to the terms of this part and the Client Agreement, client shall be deemed to have elected not to exercise an Option pursuant to an Options contract.
- 7. CONFIRMATIONS**
- 7.1 SISL may, and, if required by the Laws, shall, send to the address(es) (email address or otherwise) and/or other contact number(s) of Client on SISL's records a Confirmation after SISL has facilitated a transaction with or for the Account, or upon the occurrence of certain events of or movements in Client's Account, in accordance with the Laws in relation to the Confirmations.
- 7.1.1 Client agrees that it is its responsibility to ensure that it receives Confirmations in due time and to make enquiries with and obtain the same from SISL immediately if not duly received;
- 7.1.2 Any purported discrepancy between the contents of any Confirmation and Client's instructions must be notified to SISL, orally or in writing in accordance with the notice provisions of this Agreement, within two (2) Business Days following the date of issue or re-issue of the Confirmation to Client; and
- 7.1.3 At the end of the expiration of two (2) Business Days, the contents of the Confirmation shall be conclusive evidence of the particulars set out therein without any further proof that the Confirmation and/or the transaction or event to which it relates are correct (subject to the right of SISL, which may be exercised by it at any time and from time to time, to adjust any entries in the Account and/or details in the Confirmation where they have been wrongly or mistakenly made by it), except for:
- 7.1.3.1 any alleged errors notified by Client to SISL in accordance with the notice provisions in this Agreement;
- 7.1.3.2 any payments made on forged or unauthorized endorsement;
- 7.1.3.3 any unauthorized transactions arising from forgery or fraud by any third party (including Client's employee, agent or servant) in relation to which SISL has failed to exercise reasonable care and skill;
- 7.1.3.4 any unauthorized transactions arising from forgery or fraud by any employee, agent or servant of SISL; and/or
- 7.1.3.5 any other unauthorized transaction arising from the default or gross negligence on the part of SISL or any or its employees, agents or servants.
- 7.1.4 SISL shall not be responsible for failures or delays in the transmission of offers or instructions due to a breakdown or failure of transmission of communication facilities, or to any other causes beyond the reasonable control or anticipation of SISL.
- 8. SETTLEMENT**
- 8.1 Client shall pay to SISL in cleared funds any money required for the purchase of commodities or shall deliver to SISL the certificates or documents of title or procure the transfer of commodities required for the sale of commodities (as the case may be), in each case at any time demanded by SISL (even if required to be paid and/or delivered earlier than the settlement date), and Client shall take all necessary actions to enable due settlement and/or delivery in respect of such purchase and sale in accordance with the Laws. Should Client fail to do so, SISL is authorized:
- 8.1.1 in the case of a purchase transaction, to transfer or sell any such purchased commodities to satisfy Client's obligations to SISL; or
- 8.1.2 in the case of a sale transaction, to borrow and/or purchase such sold commodities to satisfy Client's obligations to SISL.
- 8.2 If SISL has to obtain commodities which SISL has purchased on behalf of Client in the open market, following the failure of the selling broker to



- deliver on the settlement date, Client shall be responsible for any difference in prices and all incidental expenses in connection with such open market purchase.
- 8.3 In case of the sale of any commodity or other property by SISL at the direction of Client and the inability of SISL to deliver the same to the purchaser by reason of Client's failure to supply SISL therewith, Client shall be responsible for any loss which SISL may sustain thereby, any premiums which SISL may be required to pay, or for any loss which SISL may sustain by reason of the inability of SISL to borrow the security, commodity, or other property sold.
- 8.4 Clauses 8.1 to 8.3 above are subject to Clause 18.2.3 of this part.
- 9. COLLATERAL, MARGIN, ETC**
- 9.1 Client agrees to maintain such collateral and/or margin as SISL may from time to time at the discretion of SISL require. Except as permitted by the Regulatory Rules or for the purpose of Closing Out the Client's open positions or as the Exchange may from time to time prescribe, generally or otherwise, SISL shall not transact for the Client until and unless SISL has received from the Client collateral adequate to cover the Client's expected trading liabilities, and margins. All margin requirements must be settled in cash except as otherwise agreed by SISL. The Client also agrees to pay immediately on demand any amount owing with respect to any of the Client's Accounts.
- 9.2 All margin calls and demands for variation adjustments must be met within one (1) Business Day from the placing of the same. Client understands that SISL may be required to report to Regulators particulars of open positions in respect of which two successive margin calls and demands for variation adjustments are not met within the period specified above and that SISL may require more margin or variation adjustments than that specified by an Exchange and/or its 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 SISL or at the time of making such call(s) or demand(s).
- 10. CLIENT'S ACCOUNT(S) AND CLEARING HOUSE ACCOUNT**
- 10.1 All monies, securities and other properties received by SISL from Client or from any other person (including an Exchange clearing house) for Client's account shall be held by SISL as trustee, segregated from SISL's own assets in the manner required by the Regulatory Rules and all monies, securities or other properties so held by SISL shall not form part of the assets of SISL for insolvency or winding up purposes but shall be returned to Client promptly upon the appointment of a provisional liquidator or similar officer over all or any part of SISL's business or assets. This Clause 10.1 does not apply to any money, securities or other property received by SISL from Client in connection with transactions where SISL deals with Client as principal.
- 10.2 Subject to Clause 10.1 and applicable Regulatory Rules, SISL shall be entitled to deposit or transfer any monies held in the Account(s) or received for or on the account of Client with or to or interchangeably between one or more segregated account(s) opened and maintained by SISL or any member of the Group in Hong Kong or elsewhere each of which shall be designated as a trust account or client account, at one or more authorized financial institution(s) and/or any other person(s) approved by the SFC for the purposes of section 4 of the Securities and Futures (Client Money) Rules (Cap 571 of the Laws of Hong Kong) and/or any other person(s) overseas. Unless otherwise agreed between Client and SISL and to the extent permitted by the Laws, any interest accrued on such monies shall belong to SISL absolutely.
- 10.3 Client hereby confirms and authorizes SISL that in the event that there is a credit balance accrued in the Account(s) which balance is in excess of the minimum margin requirements prescribed by an Exchange or any margin requirements as may from time to time be demanded by an Exchange (the "Margin Requirement"), SISL may at its sole discretion but is not obligated to (and always subject to the relevant rules and regulations of the Exchange) transfer from such Account(s) of the Client the whole or part of any such amount in excess of the Margin Requirements into any account opened and maintained in a name referable to Client with such financial institution (whether in Hong Kong or elsewhere) as SISL or any member of the Group may in its absolute discretion think fit from time to time but subject to compliance with applicable Regulatory Rules.
- 10.4 SISL is hereby authorized to apply, in the manner specified under the relevant Regulatory Rules, any monies, approved debt securities or approved securities which SISL may have received from Client or from any other person (including the clearing house of an Exchange) and which are held in the manner specified under the relevant Regulatory Rules. In particular, SISL may apply such monies, approved debt securities or approved securities in or towards meeting SISL's obligations to any party insofar as such obligations arise in connection with or incidental to F/O Contracts transacted on Client's behalf.
- 10.5 Client acknowledges that in respect of any account which SISL maintains with a clearing house of an Exchange, whether or not such account is maintained wholly or partly in respect of F/O Contracts transacted on Client's behalf and whether or not monies, approved debt securities and approved securities paid by Client have been paid to or deposited with the said clearing house, as between SISL and the said clearing house, SISL deals as principal and accordingly no such account is impressed with any trust or other equitable interest in favour of Client and monies, approved debt securities and approved securities paid to the said clearing house are thereby free from the trust referred to Clause 10.2 above.
- 11. COMMISSIONS, FEES AND CHARGES, LIENS, SET-OFF AND CONSOLIDATION**
- 11.1 In respect of every transaction or Account, Client shall pay to SISL forthwith on demand the applicable interest, levy, charge, premium, brokerage, commission, fee (including, without limitation, dormant/inactive account fee), cost and expense for the Account under this Agreement as advised to Client from time to time. The most up to date information and notice about interest, levy, charge, premium, brokerage, commission, fee, cost and expense in connection with the purchasing, investing in, selling, exchanging or otherwise dealing any commodities in the Account can be found on the website of SISL. Subject to applicable Laws, SISL may, at any time and from time to time, in its absolute discretion, change any commission, fee and/or charge by notice to Client. Client acknowledges that he/she is expected to check the website of SISL from time to time before dealing in any commodity and Client agrees that any information or notice posted on the website of SISL from time to time shall be binding on Client and be sufficient advice for all purposes and intents. Subject to applicable Laws, the new commission, fee and/or charge shall be applicable on the effective date specified in such notice, whether the specified effective date is before or after the date of such notice.
- 11.2 Client shall pay or reimburse SISL forthwith on demand an amount equal to all commissions, brokerages, levies, fees, duties and taxes and all other charges and expenses incurred by SISL arising out of or in connection with any transaction effected by SISL as agent on behalf of Client or as principal or otherwise arising out of or in connection with the performance of the duties of SISL under this Agreement.
- 11.3 Without prejudice to other provisions of this Clause 11, SISL may deduct any amount contemplated in Clauses 11.1 and 11.2 above from the Account.
- 11.4 Client shall be responsible to SISL (and/or any other member of the Group as directed by SISL) for all losses and expenses resulting from Client's settlement failure, and shall be subject to such additional charges and interest therefor as SISL may determine.
- 11.5 Subject to applicable Laws, without limitation to and in addition to other rights and remedies of SISL and other members of the Group, Client agrees that:
- 11.5.1 without prejudice to any other provisions in this Agreement, SISL and the Group shall have a general lien over all or any part of any money, commodities or other properties of Client held by, or in the possession or safe-keeping of SISL for discharge of Client's obligations to SISL, any member of the Group or a third person;
- 11.5.2 SISL may at any time and from time to time without prior notice combine or consolidate all or any of Client's accounts with, and/or apply Client's commodities and/or other properties in or towards satisfaction of any liabilities to, SISL and/or other members of the Group;
- 11.5.3 SISL may at any time and from time to time without prior notice set-off transfer any sum in whatever currency standing to the credit of any of Client's accounts with SISL or other members of the Group in or towards satisfaction of any of Client's liabilities of whatever nature (including liabilities incurred as principal or surety and whether such liabilities be actual or contingent, primary or collateral, several or joint) to SISL and/or other members of the Group.
- 11.6 SISL may:
- 11.6.1 without further disclosure to Client, receive, accept and retain for SISL's own account(s) and benefit absolutely from any broker or underwriter or issuer or any other third parties (who may or may not act as an agent of Client in any respect), any profit, rebate, reallowance, brokerage, commission, fee, benefit, profit, discount and/or other advantage arising out of or in connection with the provision of services to or handling of transactions for Client. Client agrees that the consent given hereunder shall constitute a permission or lawful authority for the purpose of Section 9 of the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong); and
- 11.6.2 without further disclosure to Client, pay to any broker or underwriter or issuer or any other third parties (who may or may not act as an agent of Client in any respect), any profit, rebate, reallowance, brokerage, commission, fee, benefit, profit, discount and/or other advantage arising out of or in connection with the provision of services to or handling or transactions for Client. Client agrees that the consent given hereunder shall constitute a permission or lawful authority for the purpose of Section 9 of the Prevention of Bribery Ordinance (Cap.201 of the Laws of Hong Kong).
- 11.7 Without prejudice to and in addition to other rights and remedies of SISL and other members of the Group and without prejudice to the other provisions of this Agreement, SISL shall be entitled but not be obliged (and is hereby authorized by Client), at its discretion and without notice to Client, to dispose of Client's commodities and/or other properties for the purpose of settling any liability owed by Client to SISL for or in connection

- with:
- 11.7.1 dealing in commodities which remains after SISL has disposed of all other assets designated as collateral for securing settlement of that liability;
- 11.7.2 financial accommodation provided by SISL to Client which remains after SISL has disposed of all other assets designated as collateral for securing settlement of that liability; or
- 11.7.3 maintaining the Account(s) which has/have been designated by SISL as inactive or dormant account(s).
- 11.8 Subject to applicable Laws and without prejudice to and in addition to any general lien and other rights and remedies entitled by SISL and/or other member(s) of the Group, at any time when Client is indebted to SISL or any member of the Group in any respect, SISL or any member of the Group shall be entitled but not be obliged (and Client irrevocably and unconditionally authorizes SISL or any member of the Group), at its discretion and without prior notice to Client, at any time and from time to time:
- 11.8.1 to combine or consolidate all or any of Client's existing accounts with SISL or any member of the Group regardless of whether notice is required and the nature of the account (i.e. whether deposit, loan or any other nature); and
- 11.8.2 to set-off or transfer any sum standing to the credit of any one or more of such accounts wherever they are situated, in order to satisfy Client's liabilities to SISL and/or any member of the Group on any other account or other respect whatsoever.
- 11.9 SISL and any member of the Group are authorized to do the above without notice and notwithstanding any settlement of account or other matter whatsoever. The liabilities referred to above include present or future, actual or contingent, primary or collateral, and several or joint. In addition, SISL or any member of the Group shall have the right to sell such commodities, investments and property and utilize the proceeds to offset and discharge all the obligations of Client without any prior notice to Client, whether as principal or as surety, to SISL and/or any member of the Group regardless of:
- 11.9.1 whether any other person is interested in, or whether SISL has made advances in connection with, such commodities, investments or property; and
- 11.9.2 the number of accounts Client may carry with SISL or any member of the Group.
- SISL is authorized to do all things as necessary in connection with such sale without any liability for any resulting loss. Without prejudice to the foregoing, Client shall not make any claim against SISL concerning the manner or timing of such sale.
- 11.10 Client agrees to pay interest on all overdue balances owing by Client to SISL and/or the relevant member(s) of the Group (after as well as before any judgment), at such rate(s) from day to day as SISL and/or the relevant member(s) of the Group shall in its/their absolute discretion determine with reference to the prevailing market rate(s) from the date(s) as determined by SISL and/or the relevant member(s) of the Group or forthwith upon any demand being made by SISL and/or the relevant member(s) of the Group. The aforesaid interest rate(s) may be changed by SISL and/or the relevant member(s) of the Group in its/their absolute discretion, at any time and from time to time and without notice to and without consent from Client or any third party. If any interest rate calculated under this clause would exceed the maximum lawful rate under the Money Lenders Ordinance (Cap.163 of the Laws of Hong Kong), then the maximum lawful interest rate under that Ordinance shall be applied instead. Client agrees that SISL shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with SISL and/or any other account(s) of Client with other member(s) of the Group with any interest due and payable by Client in accordance with this Clause 11.10 and Client undertakes to, immediately upon demand by SISL, do such act(s) and/or execute such document(s) as may require by SISL at any time and from time to time in order to give full effect to each such debit.
- 11.11 Every Exchange Contract (as defined in the Rules of the HK Exchange) shall be subject to the change of an Investor Compensation Fund levy and a levy pursuant to the Securities and Futures Ordinance, the cost of both of which shall be borne by Client.
- 12. DEFAULT**
- 12.1 SISL shall be entitled to exercise their powers under Clause 12.2 upon or at any time after the occurrence of any of the following Events of Default:
- 12.1.1 Non-payment: Client defaults in paying, further securing or satisfying on demand any monies or liabilities under this Agreement or any agreement between Client and any member of the Group;
- 12.1.2 Breach of representation: any statement, representation, warranty or undertaking made, repeated or deemed to have been repeated by Client in this Agreement or in any notice or other document delivered to SISL or any member of the Group in connection with this Agreement that is or proves to have been incorrect or misleading when made, repeated or deemed to have been repeated;
- 12.1.3 Breach of other obligations: Client fails to perform or comply with any of its other obligations under this Agreement or any agreement between Client and any member of the Group and, if that failure is capable of remedy, does not remedy such failure to the satisfaction of SISL immediately following the giving of notice by SISL (or any other member of the Group) requiring it to do so;
- 12.1.4 Winding-up, etc.: where Client is a corporation:
- 12.1.4.1 a petition is presented or an order is made or any effective resolution is passed or analogous proceedings are taken for the winding up of Client save for the purposes of an amalgamation, merger or reconstruction the terms whereof have previously been approved in writing by SISL; or
- 12.1.4.2 Client convenes a meeting for the purpose of making, or proposes and/or enters into, any arrangement or composition for the benefit of its creditors; or
- 12.1.4.3 an encumbrancer take possession or a receiver or other similar officer is appointed of the whole or any part of the assets or the undertaking of Client, or a distress or execution is levied or enforced upon or sued out against any of the chattels or property of Client and is not discharged within thirty days of being levied; or
- 12.1.4.4 Client, without the consent in writing of SISL, stops payment to creditors generally or (if applicable) Client (otherwise than for the purpose of such an amalgamation, merger or reconstruction as is referred to in Clause 12.1.4.1 above) ceases or threatens to cease to carry on its business or any substantial part thereof or be deemed, for the purposes of Section 178 of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong), to be unable to pay its debts or disposes or threatens to dispose of the whole or a substantial part of its undertaking or assets;
- 12.1.5 Bankruptcy, etc.: Bankruptcy proceedings are commenced in respect of Client where Client is an individual, or a bankruptcy order is made against Client or Client makes any composition or arrangement with Client's creditors, dies, becomes of unsound mind and/or insane;
- 12.1.6 Material adverse change in Client's financial condition, etc.: there occurs a material adverse change in Client's business, assets or financial condition which would, in the opinion of SISL, prevent or hinder or tend to prevent or hinder Client from performing in any material respect its obligations;
- 12.1.7 Judgment or court order: where Client is a partnership or a sole proprietorship, any of its partners or the sole proprietor shall have any judgment or order of Court made or any execution levied against his goods chattels or property, dies, becomes of unsound mind and/or insane;
- 12.1.8 Incompetence, etc.: where the Client is an individual, a sole proprietor or a partnership, a judicial declaration of incompetence or mental incapacity is made in respect of the Client or any of the partners, or the Client or any of the partners dies;
- 12.1.9 Unlawfulness: where SISL in its sole opinion believes there may be a basis for suspicion that the Client has engaged or may be engaging in any market malpractice or any other activity which is prohibited by any Laws or Regulatory Rules or applicable terms and conditions of whatsoever nature; or it shall become unlawful for the Client to maintain the Account or to perform any of the Client's obligations under this Agreement; or any authorization, consent, approval or licence necessary for the Client to continue the Account or to perform any of its obligation under this Agreement is withdrawn, restricted, revoked or otherwise ceases to be in full force and effect;
- 12.1.10 Fraud, etc.: Client is convicted of an offence involving fraud, deception or dishonesty or any other serious criminal offence (other than a road traffic offence where a non-custodial sentence is imposed);
- 12.1.11 Regulatory requirements: in the discretion of SISL, the exercise by SISL of any powers conferred by Clause 12.2 is necessary for compliance with any Regulatory Rules or Laws;
- 12.1.12 Suspension of the Account: the Account or the trading of any commodities or instruments in the Account is for whatsoever reason suspended;
- 12.1.13 Illiquidity: in the absolute discretion of SISL, there occurs market conditions (for example, illiquidity) or a situation that may make it difficult or impossible to effect the relevant transactions or liquidate or offset the relevant positions; and
- 12.1.14 Others: in the sole discretion of SISL, when it regards it to be otherwise necessary or appropriate e.g. due to margin requirements or otherwise.
- 12.2 Upon or at any time after the occurrence of any of the Event of Default, all amounts owing by the Client to SISL shall become immediately payable on demand and SISL, without notice to the Client, may do any of the following in its discretion:-
- 12.2.1 terminate all or any part of this Agreement and close the Account, or otherwise suspend operation of the Account;
- 12.2.2 immediately require Client to repay or discharge any facility, if any;
- 12.2.3 cancel any or all outstanding orders or any other commitments made on behalf of the Client;

- 12.2.4 close any or all contracts between SISL and the Client, cover any short position of Client through the purchase of commodities on the relevant Exchange(s) or, liquidate any long position of the Client through the sale of commodities on the relevant Exchange(s);
- 12.2.5 sell or otherwise dispose of commodities held for the Client to settle any liability owed by the Client to SISL which remains after SISL has disposed of all client collateral for securing the settlement of that liability;
- 12.2.6 combine or consolidate any or all accounts of the Client and exercise right of set-off in accordance with this Agreement; and
- 12.2.7 Close Out, close, liquidate and/or give up any or all positions of Client in the Account.
- 12.3 In the event of any Closing Out sale pursuant to Clause 12.2:
- 12.3.1 SISL shall not be responsible for any loss occasioned thereby howsoever arising if SISL has already used reasonable endeavours to sell or dispose of the commodities or any part thereof at the then available market price;
- 12.3.2 SISL shall be entitled to appropriate to itself or sell or dispose of the commodities or any part thereof at the current price to SISL or any member of its Group without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by SISL and/or any member of its Group;
- 12.3.3 any debit balance or margin deficiency in the Account resulting from Closing Out (including but not limited to Closing Out pursuant to Clause 12.2) shall be charged with (Client shall pay) interest thereon (after as well as before any demand or judgment) at such rate as SISL shall in its absolute discretion determine with reference to the prevailing market rate, the aforesaid interest rate may be changed by SISL in its absolute discretion, at any time and from time to time and without notice to and without consent from Client or any third party, the Client undertakes to pay to SISL any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by Client to SISL and Client agrees that SISL shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with SISL and/or any other account(s) of Client with other member(s) of the Group) with any interest payable by Client in accordance with this Clause 12.3.3 and Client undertakes to, immediately upon demand by SISL, do such act(s) and/or execute such document(s) as may be required by SISL at any time and from time to time in order to give full effect to each such debit; and
- 12.3.4 it is understood that Client shall at all times be liable for the immediate payment of any debit balance owing in the Account howsoever caused and whether or not an Event of Default with respect to the Account has occurred and that Client shall be liable for the immediate payment of any deficiency remaining in the Account in the event the liquidation thereof in whole or in part by SISL or by Client. Any debit balance or deficiency in the Account shall be charged with (and Client shall pay) interest thereon (after as well as before any demand or judgment) at such rate as SISL shall in its absolute discretion determine with reference to the prevailing market rate. The aforesaid interest rate may be changed by SISL in its absolute discretion, at any time and from time to time and without notice to and without consent from Client or any third party. Client shall immediately settle, upon demand, all liabilities outstanding to SISL, together with all costs of collection (including, without limitation, reasonable legal fees) on a full indemnity basis. Client agrees that SISL shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with SISL and/or any other account(s) of Client with other member(s) of the Group) with any interest payable by Client in accordance with this Clause 12.3.4 and Client undertakes to, immediately upon demand by SISL, do such act(s) and/or execute such document(s) as may be required by SISL at any time and from time to time in order to give full effect to each such debit.
- 12.4 Any proceeds of sale hereunder shall be applied in the following order of priority:
- 12.4.1 in satisfaction of all costs, levies, charges, expenses and payments (including, without limitation, legal or other professional fees, stamp duty, commission and brokerage) incurred by SISL on a full indemnity basis;
- 12.4.2 in or towards the satisfaction of the amount secured by this Agreement whether principal or interest or otherwise in such order as SISL may in its discretion decide;
- 12.4.3 in or towards the satisfaction of any other amount owing to SISL or any member of the Group; and the surplus if any shall be paid to Client or to its order. If there is any deficiency after the sale, Client shall pay such deficiency to SISL without the need for any demand.
- 12.5 A declaration, determination or decision by SISL that the power of sale has become exercisable under this Clause 12 shall be conclusive evidence of that fact in favour of any purchaser or other person deriving title under the sale.
- 12.6 Without prejudice to any other provision of this Agreement, when SISL exercises any of SISL's rights:
- 12.6.1 by closing or giving-up all or any positions in the Account; or
- 12.6.2 by closing-out all or any positions or sale or purchase of commodities in any accounts which SISL or any member of the Group may carry on Client's behalf or maintain with Client.
- and such closing or giving-up or closing out or sale or purchase (in this Clause 12.6 referred to as "the transactions") may be made on an Exchange or market where the transactions are usually transacted or in such manner as shall be decided by SISL.
- Client agrees that in respect of the transactions, SISL shall not be liable for any resulting loss. Without prejudice to the foregoing, Client shall not make any claim against SISL concerning the manner or timing of the transactions. Client understands that in all cases, SISL has the right to exercise closing out or giving up without demand or notice. A prior demand or call or notice of such closing out or giving up shall not be considered as a waiver of SISL's above-mentioned rights.
- 13 LIABILITY AND INDEMNITY**
- 13.1 Client agrees that SISL or any member of the Group or any of their respective officers, employees or agents shall not have any liability whatsoever (other than those resulting from fraud or wilful default on SISL's part) for any loss, expense or damage which Client may incur as a result of the performance or failure to perform this Agreement or as a result of any act or omission of any third party (whether or not appointed by SISL or any member of the Group) or howsoever arising out of any cause beyond the control of SISL or any member of the Group. Further, SISL or any member of the Group or any of their respective officers, employees or agents accept no liability as a result of compliance with any applicable Regulatory Rules. This Clause 13.1, however, shall not be construed as in any way binding any member of the Group to comply with any provision of this Agreement unless otherwise explicitly agreed by such member of the Group.
- 13.2 Client undertakes to indemnify and to keep indemnified SISL and its officers, employees and agents on a full indemnity basis from and against all losses, damages, interest costs, actions, demands, claims, proceedings, expenses, costs and liabilities of any nature whatsoever (other than those resulting from fraud or wilful default on SISL's part) incurred, suffered or sustained by or made or brought against or threatened to be made or brought against each or any of them directly or indirectly arising out of or in connection with the performance of any act or exercise of any right or discretion or any inaction taken or chosen by or for SISL and/or any member of the Group pursuant to this Agreement, or arising directly or indirectly from an Event of Default, or any act or omission by Client whether or not constituting a breach of any of its obligations under this Agreement or directly or indirectly as a consequence of reliance on by SISL or any of its officers, employees or agents any representation stated in this Agreement or any information provided by or for Client or directly or indirectly as a result of acting on by SISL or any of its officers, employees or agents any instruction, signature, instrument, notice, resolution, request, certificate, report or other document believed to be signed or given by the proper party(ies), whether the same is given verbally or in written form and whether the same is an original, facsimiled or electronic copy.
- 13.3 If any claim is made against SISL or Client in connection with this Agreement, SISL may, without prejudice to Clause 13.1 above, take any such steps at its sole discretion, including the withholding of payment or delivery to Client of any money or commodities.
- 13.4 Client acknowledges that handling of Client's Account(s) by any person or party other than the Client must be properly documented as prescribed by SISL from time to time (for example, in relation to giving of trading instructions, by completion of the relevant prescribed form applicable to Authorized Person or Authorized Third Party, as the case may be). Discretionary handling of clients' accounts by SISL representatives is generally not permitted by SISL policy (and that if exception is granted it must be properly documented in a further SISL discretionary account agreement with a power of attorney). Client covenants not to hold SISL responsible in any way, and shall indemnify SISL, for all and any loss, damage, interest, cost, action, demand, claim, liability, expense or proceeding of any nature whatsoever relating to or resulting from the Client's instruction, permission, acquiescence or approval to, or arrangement or understanding with, any SISL representative or any person or party other than the Client (whether explicit or tacit) to conduct discretionary trading on the Account or other handling in respect of the Client's Account(s) or Client's money.
- 14 DISCLOSURE OF INFORMATION**
- 14.1 Client warrants and undertakes to SISL that all information provided by Client from time to time in, under or pursuant to this Agreement is and will be accurate, complete and up-to-date. Client shall notify SISL forthwith of any change of such information. SISL shall be entitled to rely fully on all such information for all purposes until SISL is notified to the contrary in writing and any such written notification shall be duly signed by Client. Client understands and accepts that notwithstanding anything to the contrary which may be contained in this Agreement, any change to any such information shall not take effect until five (5) days after the actual receipt by SISL of the relevant written notification or until such shorter period of time as may be agreed by SISL in writing.
- 14.2 SISL shall notify Client of any material change to the information relating to SISL provided in, under or pursuant to this Agreement.
- 14.3 Client shall immediately on demand by SISL at any time and from time to time supply to SISL such financial and/or other information in connection with the subject matter of this Agreement, Client and/or the compliance of any Laws or Regulatory Rules as SISL may reasonably require. Client agrees that SISL may conduct a credit enquiry or check on Client for the purpose of ascertaining the financial situation of Client.

- 14.4 SISL may provide any information supplied by or relating to Client and/or any contract and/or any transaction and/or the Account to any Regulator or other person to comply with the lawful requirements or requests (whether such requirements and requests are mandatory or otherwise) or otherwise where in SISL's sole discretion, it deems it appropriate in the circumstances. Without limiting the foregoing, relevant information may be disclosed if there is reasonable ground for SISL to suspect that any Client may have committed a material breach or infringement of, or may not have complied with, any market misconduct provisions in Part XIII or XIV of the Securities and Futures Ordinance.
- 14.5 If Client shall at any time open one or more accounts with members of the HK Exchange other than SISL for the purpose of carrying out transactions relating to F/O Contracts, and Client's number of open F/O Contracts in aggregate amounts to a "Large Open Position" as determined by the board of the HK Exchange ("Board"), Client shall report to SISL immediately of such "Large Open Position" and provide SISL with such information as SISL may require in connection therewith, Client hereby confirms and acknowledges that SISL is obliged to report information relating to Client's "Large Open Position" to the HK Exchange as required by Rule 628 of the Rules of the HK Exchange and Client hereby consents to the release of such information by SISL to the HK Exchange.
- 14.6 SISL is subject to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) which regulates the use of personal data concerning individuals. SISL's policies and practices relating to the use of personal data are set out in Part 7 to this Agreement.
- 14.7 Client acknowledges that any failure, delay or refusal to provide relevant information to SISL would constitute a breach, and that in accordance with Clause 14, the Client will fully indemnify SISL for such breach.
- 14.8 Client represents and warrants to SISL that Client has taken all action necessary to authorize the disclosure to SISL and other persons permitted hereunder of all information (including, without limitation, personal data as defined in the Personal Data (Privacy) Ordinance (Cap.486 of the Laws of Hong Kong) from time to time provided to SISL by or for Client in, under or pursuant to this Agreement and the use of such information for the purpose of this Agreement and/or any contract(s) and/or transaction(s) contemplated hereunder and/or the Account. This representation and warranty are taken to be also made by Client on each date that any information is provided to SISL.
- 14.9 Notwithstanding other provisions in relation to the disclosure of information and tax-related arrangement under this Agreement, the Client hereby agrees to comply with the provisions contained in the Part 9. The powers, rights, discretions of SISL under the Part 9 shall be without prejudice and in addition to the provisions in this Clause 14.
- 15 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**
- 15.1 Client represents, warrants and undertakes to SISL (in this Clause 15, referred to as the "Warranties") that:
- 15.1.1 where Client is a corporation, it has been duly incorporated or established in accordance with all applicable laws and regulations and has the corporate power to enter into and perform this Agreement and has taken all necessary corporate and other action to authorize this Agreement upon these terms and conditions;
- 15.1.2 no consent or authority of any person (except, in the case of a corporate client, as already obtained as contemplated in Clause 15.1.1) is required for Client to enter into this Agreement including without limitation the power of borrowing and giving security over its assets, or as the case may be, Client has obtained all such necessary consent or authority (including without limitation, consent from its employer where applicable);
- 15.1.3 the entering into by Client of this Agreement or any trading or borrowing activity in connection with this Agreement will not place Client in breach of the terms of any other arrangement or document (including any constitutional documents such as Client's memorandum and articles of association if Client is a corporation and/or deed of trust if Client is a trustee or trust corporation), any staff dealing policies or rules of its employer (if any) or of any obligations under general law or imposed by Regulatory Rules, and Client undertakes to fully comply all relevant Laws, Regulatory Rules, terms, policies and rules;
- 15.1.4 no Event of Default or Potential Event of Default has occurred and is continuing;
- 15.1.5 no money, securities or other property received by SISL from Client in connection with this Agreement is subject to any restrictions on transfer or assignment, any lien, claim, charge or encumbrance or any other interest of any third party (other than a lien routinely imposed on all securities in a relevant clearance system);
- 15.1.6 Client has not taken any action nor has any step been taken or legal proceeding been started or threatened for the bankruptcy or liquidation of the Client. Nor has the Client entered into a compromise or scheme of arrangement with its creditors;
- 15.1.7 Client acknowledges that it is Client's duty to ascertain Client's nationality, citizenship, domicile or similar status. Client undertakes not to deal in, purchase or subscribe for any F/O Contracts, commodities or investments which by virtue of the Client's status or other characteristics Client is prohibited to deal in, purchase or subscribe. Client has taken all necessary professional advice including legal, accounting, estate planning or tax advice relating to its tax or other liability under any relevant jurisdiction; and
- 15.1.8 Client warrants and undertakes to SISL that if Client is not a member of the HK Exchange and the account which Client open with SISL is to be operated for a client or a number of clients of Client and not Client itself ("Omnibus Accounts"), Client shall notify SISL of the same and shall at all times:
- 15.1.8.1 in Client's dealings with the person(s) from whom Client receives instructions with respect to the Omnibus Account, comply with and enforce the margin and variation adjustment requirements and procedures as stipulated in the Rules of the HK Exchange and the rules of the clearing house of the HK Exchange as though Client were a member of the HK Exchange and as though the person(s) for whose account or benefit such instructions are given were the "Clients" as defined in the Rules of the HK Exchange;
- 15.1.8.2 cause Exchange Contracts (as defined in the Rules of the HK Exchange) to be entered into in fulfilment of such instructions so that there shall in no circumstances be any dealing with the instructions in a manner which constitutes unlawful dealing in differences in market quotations of commodities or in a manner which constitutes or involves betting, wagering, gaming or gambling with respect to such items; and
- 15.1.8.3 impose the requirements of Clauses 15.1.8.1, 15.1.8.2 and 15.1.8.3 upon, and ensure that they are complied with by, the person(s) from whom Client receives instructions.
- 15.2 Client further warrants and represents to SISL that each of the Warranties is true, accurate and not misleading.
- 15.3 Client acknowledges that SISL has entered into this Agreement on the basis of, and in reliance on, the Warranties. The Warranties are deemed to be repeated on each day up to and including the termination of this Agreement.
- 16. GOVERNING LAW AND DISPUTE RESOLUTION**
- 16.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and Client hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong. This Agreement, all rights, obligations and liabilities under this Agreement and all contracts and all transactions contemplated hereunder shall enure to the benefit of, and bind SISL, SISL's successors and assigns, whether by merger, consolidation or otherwise, as well as Client and the heirs, executors, administrators, legatees, successors, personal representatives and permitted assigns of Client.
- 16.2 Any unresolved dispute between SISL and Client shall be settled by arbitration in accordance with the provisions of the arbitration rules of the board of arbitration (if any) of the organised market or board of trade or exchange upon which the transaction giving rise to such dispute was effected or (without limitation to the foregoing) in any other arbitral forum, provided that SISL only, in the sole discretion of SISL, may at any time before the hearing of the arbitration give notice to Client in writing that SISL veto either the arbitral forum or the arbitration of such dispute. The sole obligation of either SISL or Client under any claim in court of law by the other shall be to pay such sum as may be awarded under arbitration pursuant to this clause, except where SISL shall have vetoed such arbitration. Any award resulting from such arbitration shall be final, and a judgment upon the award rendered may be entered in any court having jurisdiction.
- 17. SISL'S ROLE, MATERIAL INTERESTS AND CONFLICTS OF INTERESTS**
- 17.1 SISL's role  
SISL may act as principal or as agent in relation to any transaction undertaken by SISL pursuant to this Agreement. Client is fully aware and hereby agrees that SISL may, subject to the applicable Laws and Regulatory Rules, contract as a principal in any transaction entered into between SISL and Client under this Agreement.
- 17.2 Material interests and conflicts of interest  
Circumstances may arise in which SISL, another member of the Group or one of their respective officers, employees or agents (each, a "Relevant Party") has a material interest in a transaction with or for Client or where a conflict of interest arises between Client's interests and those of other clients or counterparties or of itself. However, if SISL acts in circumstances where it has a material interest or conflict of interest, SISL will take reasonable steps to ensure Client is treated fairly. SISL may, in its discretion, without giving any reason therefor, without notice and without incurring any liability of any nature to Client or any third party, decline to act for Client in such circumstances. Material interests and conflicts of interest that may arise include, without limitation, the matters described in the following Clauses 17.2.1 to 17.2.6.
- 17.2.1 SISL may make recommendations with respect to, effect or arrange a transaction with Client or on Client's behalf or for the Account in

relation with which a Relevant Party may have direct or indirect material interests. In particular, a Relevant Party may:

- 17.2.1.1 deal with Client as principal for its own account;
- 17.2.1.2 deal with Client as agent for both Client and for any other person;
- 17.2.1.3 match any order by Client with the order of any other person, receiving, in some cases, a fee or commission from that other person;
- 17.1.1.4 otherwise make a profit in respect of a transaction pursuant to this Agreement; and
- 17.1.1.5 recommend that Client buy or sell an investment in which the Relevant Party has a long or short position.
- 17.2.2 In addition, a Relevant Party may also:
  - 17.2.2.1 have interests or act as an adviser to clients in investment banking, financial advisory, underwriting, asset management and other capacities;
  - 17.2.2.2 issue, underwrite or act in a proprietary capacity, as a market maker (or “principal trader”) or liquidity provider, or for other clients in relation to investments of all types including those in which the Account or Client may invest or deal;
  - 17.2.2.3 give advice to, and take action in relation to, any of its clients, companies or proprietary accounts that differs from advice given to Client, or involves different timing or actions taken;
  - 17.2.2.4 make a market in and have a position in an investment held, purchased or sold for the Account; and
  - 17.2.2.5 have an interest in, or serve as a director of, any company in which the Account or Client may invest or deal.
- 17.2.3 SISL may use any information Client provides in relation to an instruction or transaction to facilitate its execution and can take account of it in managing its market making positions or otherwise limiting the risks to which it is exposed in the course of its market making activities. In particular, where that information relates to a proposed transaction for which Client has asked SISL to quote terms, and in which SISL would commit its capital, SISL may also use that information to enter into transactions for the purpose of executing the proposed transaction (or facilitating such execution) on terms that are competitive in the market at that time. Such transactions could be at a different price from the price at which SISL executes Client’s transaction or instruction, which could result in SISL making a profit or loss. The effect of these and other trading activities of SISL may be to increase the market price of investments Client is buying or decrease the market price of investments Client is selling.
- 17.2.4 Subject to applicable Laws, SISL is not under any obligation to:
  - 17.2.4.1 disclose that any Relevant Party has a material interest in a particular transaction with or for Client or that a conflict of interest or a conflict of duty has arisen or may arise, although SISL will generally manage such conflicts to ensure, with reasonable confidence, that risks of damage to Client’s interests will be prevented; or
  - 17.2.4.2 account to Client for any profit, commission or remuneration made or received in connection with transactions or circumstances in which a Relevant Party has a material interest, where a conflict of interest or a conflict of duty arises, or otherwise.
- 17.2.5 Client agrees and acknowledges that SISL may receive from, pay to or share with third parties (including other members of the Group) fees, commissions or other benefits. The amount or basis of any such fee, commission or other benefit will be disclosed to Client to the extent required by applicable Laws, and such disclosure may be in summary form only.
- 17.2.6 SISL may recommend to Client the services of (and may introduce Client to) any person (which may include a Relevant Party). These persons may not be regulated or subject to applicable Laws or Regulatory Rules for the protection of investors, including such rules and regulations in respect of clients’ money held or received for clients by such persons, and accordingly such money may not be protected as effectively as if such rules and regulations applied.
- 17.3 No fiduciary relationship  
Client and SISL acknowledge that neither:
  - 17.3.1 the relationship between SISL and Client;
  - 17.3.2 the services to be provided under this Agreement; nor
  - 17.3.3 any other matter, gives rise to any fiduciary or equitable duties on SISL’s part in favour of Client. In particular, there are no duties which would oblige SISL (or any other Relevant Party) to accept responsibilities more extensive than those set out in the Agreement or which would prevent or hinder SISL (or any other Relevant Party) in carrying out any of the activities contemplated by this Agreement.

## 18. MISCELLANEOUS

- 18.1 Trading by SISL
  - 18.1.1 The Client acknowledges that SISL, its directors and/or employees may trade on its/their own account or on the account of any members of the Group subject to any applicable Laws and Regulatory Rules.
  - 18.1.2 The Client consents that, without prior notice from SISL, when SISL executes sell or buy orders on behalf of the Client on the Exchange, SISL, its directors, officers, employees, agents, and/or any trader may buy or sell for an account in which any such person has a direct or indirect interest, subject to any applicable Laws and Regulatory Rules.
- 18.2 Open Positions
  - 18.2.1 (i) Client acknowledges that the clearing house of the HK Exchange may do all things necessary to transfer any open positions held by SISL on behalf of Client and any money and security standing to the credit of Client’s account with SISL to another exchange participant of the HK Exchange in the event the rights of SISL as an exchange participant of the HK Exchange are suspended or revoked. (ii) Client further acknowledges that the clearing house of any other relevant Exchange may do all things necessary to transfer any open positions held by or via SISL on behalf of Client and any money and security standing to the credit of Client’s account maintained with SISL or an account held via SISL on behalf of Client to another exchange participant of such Exchange in the event the rights of the relevant exchange participant (which may be SISL itself or any other person appointed or agreed by SISL) of such Exchange are suspended or revoked.
  - 18.2.2 (i) Client acknowledges that SISL is bound by the Rules of the HK Exchange which permits the HK Exchange or the Chief Executive of the HK Exchange to take steps to limit the positions or require the closing out of contracts on behalf of Client who in its or his opinion is accumulating positions which are or may be detrimental to any particular market or markets established and operated by the HK Exchange or which are or may be capable of adversely affecting the fair and orderly operation of any such market or markets as the case may be. (ii) Client further acknowledges that the rules of other relevant Exchanges are respectively binding on SISL and/or the relevant exchange participant(s) appointed or agreed by SISL. The rules of any such Exchange may permit itself or any person authorised by it to take steps to limit the positions or require the closing out of contracts on behalf of Client who in its or his opinion is accumulating positions which are or may be detrimental to any particular market or markets established and operated by it or which are or may be capable of adversely affecting the fair and orderly operation of any such market or markets as the case may be.
  - 18.2.3 (i) Liquidation instructions for open futures positions maturing in the current month must be given to SISL prior to the first notice day in the case of long positions and, in the case of short positions, prior to the last trading day. (ii) Alternately, subject to Clause 18.2.3(iii) below, in respect of open futures positions maturing in the current month, sufficient clear funds to take delivery or the necessary delivery documents must be delivered to SISL at least five (5) Business Days prior to the first notice day in the case of long positions and, in the case of short positions, at least five (5) Business Days prior to the last trading day. (iii) Notwithstanding Clauses 18.2.3(ii) and 18.2.3(iv) or anything to the contrary which may be contained in this Agreement or other document, SISL shall be entitled, at any time and from time to time, without assigning any reason therefor and without any liability to Client or any third party, at its absolute discretion, to refuse to make or receive physical delivery of the underlying assets in relation to any transaction or contract contemplated hereunder or refuse to deliver or receive any certificate or document of title in respect of such underlying assets or refuse to procure the transfer or receipt of such underlying assets or of any certificate or document in title in respect of such underlying assets. (iv) Subject to Clause 18.2.3(iii) above, if neither the aforesaid liquidation instructions, nor the aforesaid clear funds, nor the aforesaid documents are received by SISL within the relative time period required under this Clause 18.2.3, SISL may without notice, either liquidate Client’s position(s), or make or receive delivery, on behalf of Client upon such terms and by such methods which SISL shall in its absolute discretion deem appropriate.

## PART 5 – INITIAL PUBLIC OFFERINGS

### 1. INTERPRETATION

- 1.1 Terms and expressions defined in this Agreement shall have the same meaning in this Part 5 unless the context otherwise required. References to clauses in this Part 5 shall refer to clauses contained in this Part 5, unless the context otherwise requires.
- 1.2 In the event of any inconsistency between the provision of this Agreement and this Part 5, the provisions of this Part 5 shall prevail.

### 2. INITIAL PUBLIC OFFERINGS

- 2.1 Client may request SISL to apply on Client's behalf for securities in a new issue for listing on Exchange (an "Application") and the provisions of this Part 5 shall apply.
- 2.1.1 Client authorizes SISL to complete such application form as may be required, and represents and warrants to SISL that all representations, warranties, confirmations and undertakings on the part of the applicant contained or incorporated in the application form are true and accurate in respect of Client.
- 2.1.2 Client agrees to be bound by the terms of the new issue and Client hereby:
- 2.1.2.1 warrants and undertakes that the Application shall be the only application made for Client's benefit in respect of the same issue of securities and that Client shall make no other application in that issue;
- 2.1.2.2 authorizes SISL to represent and warrant to the Exchange that no other application shall be made or shall be intended to be made by Client or for Client's benefit;
- 2.1.2.3 acknowledges that SISL will rely on the above warranties, undertakings and authorizations in making the application;
- 2.1.2.4 acknowledges that SISL accepts no responsibility to send Client the listing document which sets out the terms and conditions of the new issue of securities ("Prospectus"). By Client's application for subscriptions, Client confirms that Client has obtained such Prospectus from elsewhere, have read and understood the terms and conditions, and Client's application is not in breach of such terms and conditions. Client confirms that Client shall not request subscriptions for new issues of securities unless eligible to do so under the applicable securities legislation; and
- 2.1.2.5 represents and warrants that he is not a connected person (as such term is defined in the Regulatory Rules) of the issuer of securities that are subject of the new issue.
- 2.1.3 Client may at the same time request SISL to provide a loan for the purpose of the Application (the "Loan"), and the following provisions shall apply:
- 2.1.3.1 SISL has the discretion to accept or reject the request for the Loan;
- 2.1.3.2 Upon acceptance of a request for a Loan, SISL shall provide a term sheet or other document(s) ("Term Sheet") to Client confirming the terms of the Loan as agreed between Client and SISL, which shall be conclusive and binding on Client;
- 2.1.3.3 Prior to the provision of a Loan by SISL, Client shall provide to SISL a deposit for the Loan, which shall form part of the proceeds for the Application, in the amount and on or before such time as specified in the Term Sheet. Client authorizes SISL to debit from any of his accounts with SISL an amount representing the deposit, provided that SISL may, at its discretion, require Client to pay sufficient monies to SISL for the deposit;
- 2.1.3.4 Unless otherwise specified in the Term Sheet:
- (i) The amount of the Loan shall be the total price of the securities applied for in the Application less the amount of deposit provided by Client pursuant to this clause 2.1.3.3;
- (ii) Client shall have no right to repay the Loan, in part or in full, prior to the date of repayment specified in the Term Sheet.
- 2.1.3.5 The rate of interest applicable to the Loan shall be specified in the Term Sheet;
- 2.1.3.6 Where SISL receives any refund in respect of an Application, SISL shall have the right, at its discretion, to apply the same or any part thereof in or towards the discharge of the Loan including any interest accrued thereon or to return the same or any part thereof to Client, whether before or after the date of repayment specified in the Term Sheet.
- 2.1.3.7 In consideration of SISL granting to Client the Loan, Client charges to SISL, by way of fixed charge as a continuing security for the full repayment of the Loan and the accrued interest thereon, all the securities in or for the Account ("Interest in the Account"), which shall include, without limitation, all securities, all dividends and other distributions made or payable in respect of such securities, rights, monies or property of whatever nature accruing to or offered at any time by way of redemption, bonus, preference, options, purchase consideration or otherwise in right or in respect of the aforesaid securities and those securities acquired on behalf of Client by virtue of the Application in respect of which the Loan is provided. Subject to the Laws, Client authorises SISL, for so long as the security created hereby continues, at its discretion and without notice to Client, to dispose of such interest in the Account in settlement of Client's liability to repay or discharge any financial accommodation provided by SISL. Upon full repayment of the Loan and the accrued Interest thereon, SISL shall discharge in security created hereby.
- 2.1.3.8 SISL shall have the additional rights set out in Part 3 as if the Loan is granted under a Facility.

## PART 6 – CLIENT IDENTIFICATION

### 1. INTERPRETATION

- 1.1 Terms and expressions defined in this Agreement shall have the same meaning in this Part 6 unless the context otherwise required. References to clauses in this Part 6 shall refer to clauses contained in this Part 6, unless the context otherwise requires.
- 1.2 In the event of any inconsistency between the provisions of this Agreement and this Part 6, the provisions of this Part 6 shall prevail.
2. Client shall immediately upon SISL's request and within one (1) day (or such other time period as may be specified by SISL) provide to SISL and/or a Regulator information (including, without limitation, details of identity, address, occupation, contact details and/or in the case of a corporate entity, nature and scope of business activities, source of funds, business structure, shareholdings and other information) relating to the ultimate beneficial owner(s) of the Account and/or the person(s) ultimately responsible for the giving of instructions in relation to any transaction or in relation to any dealings with any securities or investments in the Account.
3. If Client operates the Account or effects any transaction for a collective investment scheme, discretionary account or trust, Client shall:
  - 3.1 immediately upon SISL's request and within one (1) day (or such other time period as may be specified by SISL) provide to SISL and/or a Regulator the name, address and contact details of such scheme, account or trust and, if applicable, the identity, address, occupation or business structure and contact details of the person who, on behalf of such scheme, account or trust, ultimately originated the instruction to Client to operate the Account and/or effect the transaction; and
  - 3.2 as soon as practicable, inform SISL when Client's discretion or power to operate the Account or to invest on behalf of such scheme, account or trust has been overridden, revoked or terminated. In such case, Client shall, immediately upon SISL's request and within the time specified by SISL, provide to SISL and/or a Regulator the identity, address, occupation and contact details of the person who has given such overriding instruction or notice of revocation or termination.
4. If Client does not know the information referred to in clause 2 and 3 above, Client must confirm that:
  - 4.1 Client has arrangements in place which would entitle Client to obtain and provide to SISL and/or Regulator upon its request all such information or to procure that such information be so obtained within one (1) day;
  - 4.2 Client shall, upon SISL's request, immediately obtain all such information from any relevant third party, and provide that information to SISL and/or a Regulator within one (1) day or such other time period as may be specified by SISL and/or the Regulators; and
  - 4.3 SISL may, pending receipt by it and/or by a Regulator of such information, or if such information is not received within one (1) day or such other the time period as may be specified by SISL and/or the Regulators, decide in its absolute discretion and at any time, not to act (even if such declining may result in any loss) or not to give effect to any of Client's instructions and/or to suspend or terminate the effecting of any transaction or the operation of the Account.
5. Client confirms that Client is not subject to any Regulatory Rules, or any law of any relevant jurisdiction, which prohibits Client's performance of the obligation under this Part 6 or, if Client is subject to such Regulatory Rules and/or such law, that Client or Client's own customers, as the case may be, has or have waived the benefit of such Regulatory Rules and/or such law or consented in writing to the performance by Client of the obligations under this Part 6. Client confirms that such waivers are valid and binding under the laws of all relevant jurisdictions.
6. The Client's obligation to provide information under this Part 6 shall continue in full force and effect notwithstanding the termination of this Agreement.

**PART 7 – NOTICE TO CLIENTS RELATING TO THE PERSONAL DATA (PRIVACY) ORDINANCE**

Sun International Securities Limited is committed to the protection and privacy of the personal data of its clients or prospective clients or other individuals (“Clients”) collected, held, processed or used by it. This notice is issued by Sun International Securities Limited and is intended to notify the Clients of the purposes for which their personal data is collected, the intended uses of the collected data and other matters required under the Personal Data (Privacy) Ordinance (Cap.486 of the laws of Hong Kong) (“PD(P)O”).

1. In this notice, “Sun International Securities Limited” means the relevant company that is collecting the personal data of the Clients.
2. Personal data is collected from time to time by Sun International Securities Limited/ Sun International Asset Management from the Clients in connection with the opening or continuation of accounts (including securities account (cash or margin), stock options account, futures account and discretionary account) (“Accounts”), the establishment or continuation of credit or margin facilities (“Facilities”) and/or provision of securities, derivatives, futures, options, commodities, financial, investment, wealth management and related services and products (including but not limited to securities or futures brokerage, financial, nominee, custodian and investment advisory services and products) (“Brokerage Services & Products”). Provision of some of such data is necessary and failure to do so may result in Sun International Securities Limited being unable to open or continue the Accounts or provide, establish or continue the Brokerage Services & Products or Facilities.
3. Personal data may also be collected from the Clients in the ordinary course of the continuation of the business relationship between the Clients and Sun International Securities Limited or pursuant to laws, regulations, rules or codes which are binding on Sun International Securities Limited.

**Use and Transfer of Personal Data**

4. The personal data relating to the Clients collected may be used by Sun International Securities Limited for one or more of the following purposes:-
  - (a) opening the Accounts for the Clients, processing the Clients’ applications for such Accounts and conducting client identity due diligence or verification;
  - (b) the daily operation of the Accounts and the provision of Brokerage Services & Products and Facilities to Clients;
  - (c) conducting credit checks and assisting other financial institutions in conducting credit checks on Clients;
  - (d) entering into, effecting, clearing and settling transactions on the instructions of Clients;
  - (e) designing Brokerage Services & Products or Facilities for Clients’ use;
  - (f) analysing trends and behaviour as well as conducting customer surveys to continuously improve our services and products;
  - (g) marketing the services, products, events and/or promotions of Sun International Securities Limited to Clients (please refer to paragraph 6 below for details);
  - (h) determining any liability and amount of indebtedness as between the Clients and Sun International Securities Limited;
  - (i) collection of debts or other sums owing to Sun International Securities Limited by Clients and those providing security or guarantee for Clients’ obligation;
  - (j) matching and comparing the personal data collected with data from other sources for the purpose of verification to the extent legally permissible;
  - (k) meeting the requirements of any laws, regulations and rules, codes, decisions, guidelines, requests, orders or recommendations of any governmental, regulatory or supervisory authority, exchange or court (“Rules”) which is binding on or applicable to Sun International Securities Limited and/or related companies (including without limitation to those relating to securities or futures trading, disclosure of interest or other information, anti-money laundering or terrorist financing); and
  - (l) purposes directly related to any of the above.
5. Sun International Securities Limited will keep the Clients’ personal data collected or held confidential but it may provide such data to the following parties (whether within or outside Hong Kong) to the extent legally permissible:-
  - (a) any agent, contractor, broker or third party service provider who provides administrative, telecommunications, market data, computer, payment, printing or securities or futures trading, execution, clearing or settlement services, or other services in connection with the ordinary business of Sun International Securities Limited ;
  - (b) any other related companies or offices with the Sun International Securities Limited and any other person under a duty of confidentiality to Sun International Securities Limited which has undertaken to keep such information confidential and their respective professional advisers;
  - (c) any financial institution, broker or dealer with which a Client has or proposes to have dealings;
  - (d) any actual or proposed assignee of the Sun International Securities Limited or other related companies or participant or sub-participant or transferee of the Sun International Securities Limited’s rights in respect of the Clients;
  - (e) any credit reference agency and, in the event of default of the Clients, any debt collecting agency;
  - (f) any person who provides or proposes to provide guarantee or security for the Client’s obligations to Sun International Securities Limited or other related company with the Sun International Securities Limited;
  - (g) any governmental, regulatory or supervisory authority, exchange or court or any other person in any jurisdiction if required by or pursuant to any Rules which are binding on or applicable to Sun International Securities Limited or the relevant Client; and
  - (h) any other person or entity with the relevant Client’s consent or approval.

**Use of Personal Data in Direct Marketing**

6. Sun International Securities Limited intends to use the Clients’ personal data in direct marketing, and Sun International Securities Limited may not use the personal data for such purpose unless the relevant Client’s consent (or indication of no objection) has been obtained. In this connection, please note that:
  - (i) the Client’s name, email address, mobile phone number, residential phone number, facsimile number, correspondence address, postal code, age, nationality, date of birth, financial background, investment objectives, investment experience, risk tolerance profile, transaction pattern and behavior and product and service portfolio may be used by Sun International Securities Limited in relation to direct marketing; and
  - (ii) the following classes of products, services and facilities may be marketed:-
    - any of the Brokerage Services & Products or the Facilities;
    - Brokerage Services & Products, Facilities and banking, deposit, financial, trust, loan, insurance and related products and services of other related companies with the Sun International Securities Limited;
    - customer reward, loyalty or privilege programmes of Sun International Securities Limited and related services and products; and
    - promotional or social events in relation to any of the above.
7. Sun International Securities Limited also intends to provide the Clients’ personal data referred to in paragraph 6(i) to any other related companies for their use in direct marketing in relation to their products, services and facilities described in paragraph 6(ii), and Sun International Securities Limited may not do so unless the relevant Client’s written consent (or indication of no objection) has been obtained. Sun International Securities Limited confirms that such data is not provided by Sun International Securities Limited to the other related companies for gain.
8. If a Client objects to the use of his/her personal data in, or provision of the same for use in, direct marketing or wishes Sun International Securities Limited to cease such use or provision, the Client may tick the boxes of objection below on signing of this notice, or otherwise notify Sun International Securities Limited in writing by mailing or fax to the address or fax number provided in paragraph 10. Sun International Securities Limited will then cease such use or provision without any charge. The Client’s consent may also be given selectively (in relation to the kinds of personal data, classes of marketing subjects and classes of data transferees).

**Rights of Clients**

9. Under and in accordance with the provisions of PD(P)O, any individual has the right to:
  - to be informed whether Sun International Securities Limited holds data about him/her and the right of access to such data (and Sun International Securities Limited has the right to charge a reasonable fee for such data access request);
  - require Sun International Securities Limited to correct any data relating to him/her which is inaccurate; and
  - to ascertain Sun International Securities Limited’s policies and practices in relation to personal data.
10. The person to whom the requests mentioned in paragraphs 8 and 9 are to be addressed is as follows:  
The Data Protection Officer  
Sun International Securities Limited  
Room 2603A, 26/F, One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong  
Fax No.: (852) 3585 2662
11. This notice may be revised, amended or supplemented from time to time by Sun International Securities Limited. The most up-to-date version of this notice can be found in the official website of Sun International Securities Limited or available from Sun International Securities Limited on request.



**PART 8 – THE ELECTRONIC TRADING SERVICE**

1. INTERPRETATION
  - 1.1 In this Part 8, unless the context otherwise requires, the following words and expressions have the meanings set out below:
    - 1.1.1 “Access Codes” means together any Key File (if applicable), Password and the Login ID;
    - 1.1.2 “E-Service” means the Internet or other facility provided by, and/or on behalf of, SISL which enables Client to give electronic Instructions in accordance with the terms of this Agreement, whether in Hong Kong or elsewhere, and to receive information and related services;
    - 1.1.3 “Instruction” means any offer or acceptance in relation to any Securities or, where applicable, any instruction in relation to the Account and “Instruct” shall be construed accordingly;
    - 1.1.4 “Internet Trading Policy” means the policy relating to the operations of the E-Service as amended from time to time;
    - 1.1.5 “Key File” means a computer file, disk or other device which contains a file code which may be used in conjunction with the Login ID and the Password to gain access to the E-Service;
    - 1.1.6 “Login ID” means personal identification used in conjunction with other Access Codes to gain access to E-Service; and
    - 1.1.7 “Password” means Client’s personal password, used in conjunction with other Access Codes to gain access to the E-Service.
  - 1.2 Terms and expressions defined in this Agreement shall have the same meaning in this Part 8 unless the context otherwise requires. References to clauses in this Part 8 shall refer to clauses contained in this Part 8, unless the context otherwise requires.
  - 1.3 In the event of any inconsistency between the provisions of this Agreement and this Part 8, the provisions of this Part 8 shall prevail.
2. SISL may at its discretion provide Client with the E-Service on the terms of this Agreement, and the provisions of this Part 8 apply if SISL provides Client with the E-Service. Client agrees to use the E-Service in accordance with the terms of this Agreement.
3. Client understands that E-Service is a semi-automated facility which enables it to send electronic Instructions and receive information services. Client acknowledges that notwithstanding anything to the contrary contained herein or in any other document (written form or otherwise), SISL shall have the absolute discretion to determine the functions of E-Services available to Client and such functions may be changed by SISL at any time and from time to time without notice to or consent from Client and without assigning any reason therefor. Client further acknowledges receipt of the Access Codes and agrees to be the sole user of the Access Codes and not to disclose the Access Codes to any other person; and to be solely responsible for the confidentiality, use and protection of the Access Codes and all Instructions entered through the E-Service using the Access Codes. Client agrees that neither SISL nor SISL’s directors, officers or employees shall have any liability to Client, or to any other person whose claim may or may not arise through Client, for any claims with respect to the handling, mishandling or loss of, or loss of confidentiality of, any Instruction.
4. SISL may, at any time and from time to time, block Client’s access to and/or use of the E-Service (or any part thereof) without prior notice to or any consent from Client and without assigning any reason therefor.
5. Client shall forthwith notify SISL if:
  - 5.1 An Instruction has been placed through the E-Service and Client has not received an accurate acknowledgment receipt of the Instruction (whether by hard copy, electronic or verbal means) within one working day of the Instruction and the aforesaid “working day” means a day when SISL opens for business in Hong Kong;
  - 5.2 Client has received notification (whether by hard copy, electronic or verbal means) of a transaction with Client did not Instruct;
  - 5.3 Client becomes aware of any apparent unauthorized use of any of Client’s Access Codes;
  - 5.4 Client experiences any problems in accessing its Account through the E-Service; or
  - 5.5 Client loses, fails or is otherwise unable to adequately protect confidentiality of the Access Codes.
6. Any risk, including (without limitation) the risk of transmission error, transmission failure, delay, unauthorized access and authorized use, arising from or related to the access to and/or use of the E-Service by Client and/or any software or equipment for accessing and/or using the E-Service (whether provided by SISL or otherwise), is at the risk of Client. Client shall provide and maintain, at Client’s own risk and cost, the connection equipment (including personal computers, mobile trading devices and modems) and services for accessing and using the E-Service. Client shall be solely responsible for preventing anything which may be harmful to any such equipment (including, without limitation, computer virus, malicious program or harmful component) from entering into any such equipment, whether or not it is originated from SISL’s websites (including, without limitation, the Group’s Website and the website comprising E-Service), whether maintained or provided by or on behalf of SISL, (together, the “Websites”) and, if applicable, whether or not originated from anything provided by SISL. Further, Client acknowledges that the Internet or other electronic medium (including E-Service or any part of the Websites) is an inherently unreliable medium of communication and that such reliability is beyond SISL’s control. Client further acknowledges that such reliability any give rise to various consequences e.g. it may result in failure or delay in transmission of any Instruction or information or affect any function of E-Service or the timeliness, sequence, accuracy, adequacy or completeness of any Instruction or information transmitted or cause loss, or loss of confidentiality, of any Instruction or information transmitted or any transaction made on terms different from the relevant Instruction. Client understands that the aforesaid is not an exhaustive list of all consequences resulted from such unreliability. Client agrees that without limiting the generality of Clause 16.1 of Part 2 of this Agreement above, SISL shall not be responsible for any loss, damage, cost, expenses, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with such unreliability or the public nature of the Internet or other electronic medium (including E-Service or any part of the Websites).
7. Client shall use information and materials available through the E-Service for its own needs and shall not resell to any third party or otherwise allow or permit any third party’s access to or use of any such information or materials or otherwise deal with it/them in any way.
8. Client acknowledges that the E-Service, the Websites, information available via or on the E-Service and/or any part of the Websites and the software comprised in the E-Service and/or any part of the Websites are proprietary to SISL and/or its agents, partners or contractors. Client warrants and undertakes that it shall not, and shall not attempt to,
  - 8.1 Tamper with, modify, de-compile, reverse-engineer or otherwise alter in any way, or
  - 8.2 Gain unauthorized access to or make unauthorized use of,
 

Any part of the E-Service and/or any part of the Websites or any information available via or on the E-Service or any part of the Websites or any of the software comprised in the E-Service or any part of the Websites. Client acknowledges that SISL may take legal action against it, if Client at any time breaches this warranty and undertaking or if SISL at any time reasonably suspects that Client has breached the same. Client undertakes to notify SISL immediately if Client becomes aware that any action described in this clause 8 is being perpetrated or attempted by another person.
9. Client acknowledges that in providing the E-Service, SISL may use such authentication technologies as it deems appropriate. Client acknowledges that no authentication, verification or computer security technology is completely secure or safe and Client agrees to bear all risks of unauthorized access/use, hacking or identity theft.
10. Client understands that SISL shall be entitled to prepare the Internet Trading Policy (as amended from time to time) setting out the operation policy and procedures of the E-Service which shall be available on the Websites (or such part thereof as designed by SISL from time to time) and the terms of which shall be binding on Client in respect of its use of the E-Service. The Internet Trading Policy may be amended by SISL at any time and from time to time and each amended version shall be applicable on the effective date as specified in the relevant notice available on the Websites (or such part thereof as designated by SISL from time to time). In the event of inconsistencies between the terms of this Agreement and the Internet Trading Policy, the terms of this Agreement shall prevail.
11. Client acknowledges that the price quotation service (if any) available on any part of the Websites may be provided by a third party provider appointed by SISL from time to time. Client acknowledges and agrees that SISL shall not be responsible to Client or any other person for any losses, costs, expenses, damages, claims or liabilities of whatsoever nature which Client or such other person may suffer, directly or indirectly, as a result of or in connection with any aspect of such service including, without limitation, Client’s or such other person’s reliance on such service. Client shall use price quotation (if any) for its individual use only and shall not furnish such data to any other person or entity for any reason.
12. Client understands that any part of the Websites may provide, for informational purpose only, data regarding Securities and/or other investments published by third parties. Owing to market volatility and possible delay in the data-transmission process, the data may not be real-time market quotes for the relevant Securities or investment. Client understands that whilst SISL believes such data to be reliable, there is no independent basis for SISL to verify or contradict the accuracy or completeness of such data. Client understands that no recommendation or endorsement from SISL shall be inferred from such data.
13. Client acknowledges and agrees that SISL does not guarantee the timeliness, sequence, accuracy, adequacy or completeness of any information provided by or via the E-Service or on or via the Websites (or any part thereof) and any such information is provided on an “as is”, “as available” basis. SISL gives no express or implied warranties (including but not limited to warranties of merchantability or fitness for a particular use) with respect to such information. Further, Client acknowledges that SISL gives no express or implied warranties, representations or undertakings with respect to the prices available from or via E-Service at which Client may make offers in respect of Securities (including, without limitation, any warranty, representation or undertaking that such prices are real-time market quotes or best available market prices).
14. Client accepts the risks of receiving or gaining access to services and communication and conducting transactions via the E-Service or over the Internet or by other electronic means or facilities.
15. Client shall, forthwith upon SISL’s demand from time to time, pay to SISL such applicable costs, charges, expenses, fees, taxes, levies, duties,

- brokerages, commissions and other applicable remuneration and payments in respect of any transaction via the E-Service and/or the provision to Client of the E-Service (or any part thereof) as notified in writing by SISL to Client from time to time.
16. Client consents that any document (including, without limitation, any Advice), information, notice or communication may be given or presented to or exchanged with Client electronically on, via or over the Internet, the E-Service and/or any part of the Websites. Any document (including, without limitation, any Advice), information, notice or communication so given or presented to or exchanged with Client as aforesaid shall be deemed to have received by it immediately upon despatch. However, all notices and communications given or delivered to SISL electronically on, via or over the Internet, the E-Service and/or any part of the Websites shall be deemed to have been given or delivered to SISL on the day of actual receipt by it.
17. Client agrees that should it experience any problems in accessing to and/or using the E-Service, it shall attempt to use the alternative method to communicate with SISL (whether or not for the purpose of any transaction) and inform SISL of the difficulty it is experiencing.
18. Client understands that each association/entity asserts a proprietary interest in all of the market data it furnishes to the parties who disseminate such data. Client also understands that no party guarantees the timeliness, sequence, adequacy, accuracy or completeness of market data or any other market information. Client agrees that neither SISL nor any disseminating party shall be liable in any way for any loss or damage arising from or caused by any inaccuracy, error or delay in or omission from any such data, information or related message, or the transmission or delivery of the same, or non-performance or interruption of any such data, message or information due to any negligent act of SISL or any disseminating party, or to any force majeure event, or any other cause beyond SISL's control or the reasonable control of any disseminating party.
19. Client acknowledges and agrees that there are risks of misunderstanding or errors in any communication (including any communication or Instruction via the E-Service) and that such risks shall be absolutely and solely borne by Client.
20. Client acknowledges and agrees that each Instruction once given cannot be revoked and if acted on by SISL, such Instruction shall be binding on Client. For the avoidance of doubt, any Instruction in relation to any Securities given via E-Service shall constitute an irrevocable offer which, if accepted by SISL, shall become a binding contract between SISL and Client. Notwithstanding anything to the contrary which may be contained in this Agreement or any other document, SISL may, at any time and from time to time, in its absolute discretion without notice and without giving any reason therefor, decline to accept any Instruction. Client acknowledges that without prejudice to the foregoing in this clause 20, any trade confirmation issued from or via E-Service shall be merely an acknowledgement of the receipt of the relevant Instruction.
21. Client understands that the order management engine used in processing Client's Instructions is, generally speaking, handled on a "First-in-First-Out" order and accordingly, SISL does not guarantee that any of Client's Instructions will be processed even though it may have been received.
22. If Client gives any Instruction to SISL outside Hong Kong, Client agrees to ensure and represent that such Instruction is given, and Client further agrees that it shall, when in doubt, consult legal advisers and other professionals of the relevant jurisdiction. Client accepts that there may be taxes and/or charges payable to relevant authorities in respect of any Instruction given outside Hong Kong, and Client agrees to pay such taxes and/or charges as applicable.
23. Without limiting the generality of Clause 16.1 of this Agreement of Part 2, Client agrees that SISL shall not be responsible for any loss, damage, cost, expenses, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with:
- 23.1 Client's access to and/or use of the Internet or other electronic medium (including E-Service or any part of the Websites) notwithstanding that such access and/or use is for accessing any website operated by SISL and/or on SISL's behalf and/or using any service provided by SISL and/or on SISL's behalf;
- 23.2 Any reliance on any information obtained via Client's use of the Internet or other electronic medium (including E-Service or any part of the Websites) notwithstanding that such information is obtained from any website operated by SISL and/or on SISL's behalf; and
- 23.3 Any other cause beyond SISL's control or anticipation including, without limitation, any delay in the transmission, receipt or execution of any Instruction due to a breakdown or failure of transmission of communication facilities.
24. Client agrees that notwithstanding anything to the contrary contained herein or in any other document, should there be any inconsistency between the information (including any document but not any Advice) available from or via the E-Service, the Websites, the Internet or other electronic medium (whether or not the same being available in accordance with this Agreement) and the information on SISL's records, the information on SISL's records shall prevail save for any manifest error and that SISL shall accept no liability as a result of the unreliable nature of the Internet or other electronic medium (including E-Service or any part of the Websites) or other reason beyond the control of SISL.
25. Client understands and accepts the following risks in using the E-Service:
- 25.1 Risk in relation to the use of the Internet or other electronic medium
- (a) The Internet or other electronic media (including without limitation, where applicable, electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) is/are inherently unreliable form(s) of communication, and that such unreliability is beyond SISL's control.
- (b) Transactions over the Internet or through other electronic media (including without limitation, where applicable, electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) may be subject to interruption (including, without limitation, stoppage of price data feed), transmission blackout, delayed transmission due to data volume, incorrect data transmission due to the public nature of the Internet or other electronic media or loss of information or loss of confidentiality.
- (c) As a result of such unreliability, there may be time-lags or delays in the transmission of data and receipt of Instructions and Client has to solely bear any loss resulting from any such time-lag or delay.
- 25.2 Risk of Electronic Trading System  
Trading on one electronic trading system may differ from trading on other electronic trading systems. If Client undertakes transactions on an electronic system, Client shall be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that in respect of Client's Instructions, there may be transmission error, failure or delay.
- 25.3 Risk of Trading Facilities  
Electronic trading facilities are supported by computer-based component systems. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Client's 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: Client should ask the firm with which Client deals for details in this respect.  
Client understands and acknowledges that the risks above disclosed do not purport to disclose or discuss all of the risks associated with using E-Service and that Client should consult Client's own independent legal and other advisors prior to entering into any transaction via E-Service.
26. Client consents and authorizes SISL to deliver the Password to Client by email ("Authorization") to the email address specified in the Account Opening Form and agrees to bear all risks associated with such email delivery, including but not limited to the risks of transmission error, delay, unauthorized disclosure and unauthorized use. Client agrees that the Password will be deemed to be received by Client immediately upon despatch. Client acknowledges that once the Password is deemed to be received by Client, Client shall be the sole user of the Password and be solely responsible for the confidentiality, protection and use of the Password as well as all instructions/offers placed by using the Password. SISL shall not have any liability to Client or any third party for any loss, damages, expense, cost, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with any such instruction/offer and/or the handling, inaccurate or incomplete transmission, delay in transmission, loss or loss of confidentiality, or the same. Client agrees at all times on demand to indemnify and keep indemnified SISL from and against all liabilities, costs and expenses of any nature whatsoever reasonably incurred by it arising from or in any way related to its reliance and/or acting on this Authorization (including any email address provided by Client). Client acknowledges that this Authorization will become effective on the date of SISL's approval of sending the Password in accordance with the terms hereof, which approval may or may not be given by SISL in its absolute discretion.
27. Client acknowledges and agrees that the fees set forth in the Websites (or any part thereof) appropriately reflect the allocation of risks set forth in this Agreement. Accordingly, based on the foregoing, Client acknowledges as reasonable the exclusions of warranties and limitations on liability set forth in this Agreement. As such, Client acknowledges and agrees that if any of the exclusions or limitation of warranties or liabilities set forth in this Agreement should be deemed to be invalid, ineffective or unenforceable, or in the event SISL is found liable for any claim arising out of or in connection with this Agreement or this Part 8, then, the entire collective liability of SISL and/or any member of the Group shall in no circumstance exceed two (2) times the amount of fees paid by Client to SISL in the month immediately preceding the act or omission or circumstance giving rise to a claim.

**PART 9 – FOREIGN LAW REQUIREMENTS**

**1. INTERPRETATION**

**1.1 Definitions**

In this Part 9, unless the context otherwise requires, the following words and expressions have the meanings set out below:

“Close-Out Amount” means, unless otherwise specifically provided for in the transaction documentation applicable to a particular transaction or group of transactions, with respect to each terminated transaction, the amount of the losses or costs of SISL that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of SISL that are or would be realized under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for SISL the economic equivalent of the material terms of that terminated transaction. Any Close-Out Amount will be determined by SISL (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. Unpaid Amounts in respect of a terminated transaction and legal fees and out-of-pocket expenses are to be excluded in all determinations of Close-out Amounts. In determining a Close-out Amount, SISL may consider any relevant information, including, without limitation, quotations (either firm or indicative) for replacement transactions supplied by one or more third parties and market data in the relevant market. When it is commercially reasonable to do so, SISL may in addition consider in calculating a Close-out Amount any loss or cost (or gain) incurred in connection with its terminating, liquidating or re-establishing any hedge related to a terminated transaction. Commercially reasonable procedures used in determining a Close-out Amount may include the application of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by SISL in the regular course of its business in pricing or valuing transactions.

“FATCA” means

- (a) Section 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended) or any amended or successor version thereof;
- (b) Any intergovernmental agreement, memorandum of understanding, undertaking and other arrangement between governments and regulators in connection with item (a) including as entered into by the government of Hong Kong;
- (c) Agreements between SISL and the IRS or other regulator or government agency pursuant to or in connection with item (a); and
- (d) Any laws, rules, regulations, interpretations or practices adopted in the U.S., Hong Kong or elsewhere pursuant to any of the foregoing.

“Foreign Law Requirement” means any obligation imposed on SISL pursuant to any future or present:

- (a) Foreign laws (including foreign laws in respect of which SISL considers itself bound);
- (b) Hong Kong laws that implement Hong Kong’s obligations under an agreement with a foreign government (including the government of the PRC) or regulator;
- (c) Agreements entered into between SISL and a foreign government (including the government of the PRC) or regulator;
- (d) Agreements entered into between SISL and any counterparty or between SISL and any issuer of securities or other investment products under or pursuant to or in connection with which SISL is required to comply with any foreign laws or any guidelines or guidance mentioned in item (e) below; or
- (e) Guidelines or guidance issued by any legal, regulatory, government, tax or law enforcement body within or outside of Hong Kong in respect of items (a) to (c).

For the avoidance of doubt, this definition includes any obligation or requirement applying to SISL as amended or introduced from time to time, including pursuant to FATCA.

“Government Authority” means any government, government body, government agency or regulator, in or outside of Hong Kong, including the Inland Revenue Department of Hong Kong and the IRS.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“IRS” means the U.S. Internal Revenue Services.

“PRC” means the People’s Republic of China (excluding Hong Kong, Macau and Taiwan).

“Relevant Information” means any information, document or certification given by or relating to Client, any Ultimate Owner, any authorized representatives of the Client, any Account with SISL or any transaction and shall include where the context permits identity information and personal data including Client’s name, address, tax payer identification number, Account numbers, Account balances or value and any payments made in respect to the Accounts.

“Ultimate Owner” means any ultimate beneficial owner of any Account with SISL, the person ultimately responsible for giving of instructions of any transaction, any person who act on Client’s behalf in receiving payment or any other person identified by SISL in its sole and absolute discretion as being connected with Client.

“Unpaid Amounts” mean any unpaid amounts and the value of unsettled transactions together with interest thereon as determined by SISL in good faith and a commercially reasonable manner.

“U.S.” means the United States of America.

1.2 Terms and expressions defined in this Agreement shall have the same meaning in this Part 9 unless the context otherwise requires. References to clauses in this Part 9 shall refer to clauses contained in this Part 9, unless the context otherwise requires.

1.3 In the event of any inconsistency between the provisions of this Agreement and this Part 9, the provisions of this Part 9 shall prevail; provided, however, that this Part 9 in no way seeks to limit any of SISL’s rights under this Agreement and should be interpreted accordingly.

**2. UNDERTAKING TO PROVIDE INFORMATION**

2.1 Client agrees that SISL may disclose Relevant Information to any person or Government Authority, whether or not established under Hong Kong law, as required under any Foreign Law Requirement (including but not limited to FATCA) as determined by SISL.

2.2 Client undertakes to provide SISL with information, documents and certifications as reasonably required by SISL in order to meet SISL’s obligations under any Foreign Law Requirement (including but not limited to FATCA). Client acknowledges and agrees that this may include information, documents or certifications in connection with Client, its authorized representatives, or the Ultimate Owner.

2.3 Client will, promptly and from time to time, supply SISL with identity information and personal data in connection with the establishment or continuation of any Account with SISL or provision of services. Client further acknowledges that failure to supply Relevant Information may result in SISL being unable to effect a transaction, provide the services under this Agreement or operate or maintain any Account with SISL; or may result in SISL terminating the Account. It may also result in SISL having to withhold or deduct amounts as required under any Foreign Law Requirement (including but not limited to FATCA).

2.4 Client shall notify SISL forthwith of any change to the Relevant Information. SISL shall be entitled to rely fully on all such Relevant Information for all purposes until SISL is notified to the contrary in writing and any such written notification shall be duly signed by Client. Client understands and accepts that notwithstanding anything to the contrary which may be contained in this Agreement including this Part 9, any change to any such information shall not take effect until five (5) days after the actual receipt by SISL of the relevant written notification or until such shorter period of time as may be agreed by SISL in writing.

2.5 For the avoidance of doubt, to the extent that applicable non-disclosure, confidentiality, bank secrecy, data privacy or other law imposes non-disclosure requirements on transaction and similar information required or permitted to be disclosed as contemplated herein but permits a party to waive such requirements by consent, the consent and acknowledgements provided herein shall be a consent by Client for purposes of such law.

**3. INDEMNITY**

Without limiting any other indemnity provided by Client, Client will indemnify SISL and its directors, employees and representatives against any liability, reasonable loss or expense (including tax or levy) arising from Client’s instructions, Account or the provision of a service to Client, including as a result of any failure by Client to comply with this Agreement, including this Part 9, Client or other agent of Client providing misleading or false information in respect of Client or any other person or matter in connection with this Agreement, unless SISL is guilty of wilful misconduct.

**4. CONSENT TO DEDUCT, WITHHOLD AND BLOCK**

4.1 Client acknowledges and agrees that notwithstanding any other provisions of this Agreement:

- (a) any payments by SISL under this Agreement will be subject to taxes, levies, imposts, duties or other charges, withholding and/or deduction of a similar nature, at present or in the future, as required under any Foreign Law Requirement (including but not limited to FATCA), including but not limited to value added taxes, stamp duties, fines, penalties or interest payable in connection with any failure to pay or any delay in paying any of the above.
- (b) any amount withheld under paragraph (a) above may be held in whatever Account or in whatever manner determined by SISL; and
- (c) SISL is not liable for any gross up, loss or damage suffered as a result of the exercising of our rights under this Clause 4.1.

4.2 Client further acknowledges and agrees that

- (a) SISL has the right to refuse to carry out any instruction or perform any service under this Agreement if such instruction or service, in SISL’s opinion, is in contradiction with or constitutes a breach of any Foreign Law Requirement (including but not limited to FATCA) and/or SISL’s



policies in relation thereof;

- (b) any transaction, payment or instruction under this Agreement may be delayed, blocked, transferred or terminated as required for SISL to meet its obligations including those under any Foreign Law Requirement (including but not limited to FATCA) as determined by SISL; and
- (c) Client waives any rights to claim for any loss, damage, cost or expenses suffered as a result SISL exercising its rights under this Part 9.

**5. TERMINATION**

5.1 SISL may take such action that it deems in its sole discretion as appropriate, in respect of the Account, including without limitation suspending or closing the Account if Client fails to comply with any requirement of this Part 9 in respect of any Foreign Law Requirement (including but not limited to FATCA), including failing to provide information, documents and supporting materials as required by SISL or closure is otherwise necessary or convenient for compliance with any Foreign Law Requirement (including but not limited to FATCA).

5.2 If SISL terminates the services under this Agreement and close the Account(s) of Client, then SISL shall have the right, by termination notice to Client, to designate a day not earlier than the day such termination notice is effective as a close-out date (the "Close-Out Date") and close out some or all of the outstanding transaction(s) in relation to the terminated Account(s) of Client at SISL's sole and absolute discretion. For the avoidance of doubt, when exercising its right to close out the transactions pursuant to this Clause 5, SISL is not liable for any losses or damages arising therefrom.

5.3 SISL shall calculate in good faith, with respect to such terminated transaction(s) as of the Close-Out Date or as soon thereafter as reasonably practicable, the early termination amount (the "Early Termination Amount") as follows:

- (a) for each such terminated transaction or each group of such terminated transactions, calculate a Close-Out Amount.
- (b) calculate the Early Termination Amount being an amount equal to (1) the sum of (A) the aggregate sum of the Close-Out Amount (whether positive or negative) for each terminated transaction, (B) the Unpaid Amounts owing to SISL and (C) any legal cost and out-of-pocket expenses incurred by SISL in good faith less (2) the Unpaid Amounts owing to Client; and
- (c) if the Early Termination Amount is a positive number, Client will pay it to SISL; if the Early Termination Amount is a negative number, SISL will pay the absolute value of the Early Termination Amount to Client.

## PART 10 – RISK DISCLOSURE STATEMENTS

This risk disclosure statement does not purport to disclose or discuss all of the risks, or other significant aspect, of conducting transaction or of the transactions conducted. In light of the risks involved, you (i.e. Client) should undertake a transaction only if you understand its nature, the contractual relation into which you are entering, and the nature and extent of your exposure to risk. You should also consider whether a transaction is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. While Sun International Securities Limited (“SISL”) proposes to give this general risk warning, it is not acting as your financial advisor and you must not regard SISL as so acting. You should consult your own independent legal, tax or financial advisors prior to entering into any transaction.

### RISK OF SECURITIES TRADING

1. The prices of securities fluctuate, sometimes dramatically, and that the price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.
2. The price of securities, including without limitation, bonds, interests in unit trusts, mutual funds or other collective investment schemes fluctuates, sometimes dramatically, and may move up or down or even become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.
3. Any representation of past performance is not necessarily a guide to future performance.
4. Where investments involve exposure to foreign currencies, changes in rates of exchange may cause the value of the investments to fluctuate up or down.
5. Investments in emerging markets need careful and independent assessment by you of each investment and the risks (including without limitation sovereign risk, issuer risk, price risk, liquidity risk, legal and tax risks). Further, you should be aware that, while such investments can yield high gains, they can also be highly risky as the markets are unpredictable and there may be inadequate regulations and safeguards available to investors.
6. SISL is entitled to act upon your instructions and you cannot assume that SISL will warn you if your instructions are will-timed or inadvisable for any reason or if the instructions are likely to cause you loss.
7. Before you make any investment, 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.

### RISK OF TRADING FUTURES AND OPTIONS

The risk of loss in trading futures contracts or options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as “stop-loss” or “stop-limit” orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry. If you are in any doubt about this document or about the sale and purchase of futures contracts or options or otherwise, you should consult your bank manager, solicitor, accountant or other independent professional adviser(s).

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.

#### 1. Futures

##### (a) 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 SISL 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.

##### (b) 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.

#### 2. Options

##### 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. Some options may only be exercised on an expiry day (European-Style Exercise) and other options may be exercised at any time before expiration (American-Style Exercise).

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 (please see the section on “Futures” above). If the purchased options expire worthless, you understand that 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.

Under some circumstances it may be difficult to trade the option due to lack of liquidity in the market. You acknowledge that SISL has no obligation either to exercise a valuable option in the absence of your instruction, or to give to you prior notice of the expiration date of the option.

Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed; the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option, and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin (please 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

##### (a) Terms and conditions of contracts

You should ask SISL 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.

##### (b) 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. You

acknowledge that 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.

**(c) 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's 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 has 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.

**(d) 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. By commencing any trading activities with SISL, you acknowledge that you have been so informed by SISL.

**(e) 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 understand that you should ask the firm with which you deal for details in this respect.

**(f) 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.

**(g) 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 trading 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 starting to trade.

**(h) 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.

**(i) 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 become familiarised with applicable rules and attendant risks. (Please also see the section on "Generic Risks Associated with OTC Derivative Transactions" below.)

**RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS**

Growth Enterprise Market ("GEM") stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid.

You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Current information on GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.

You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

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

Client assets received or held by SISL or its nominee(s) 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.

**RISKS OF TRADING RENMINBI SECURITIES OR INVESTING IN RENMINBI INVESTMENTS**

**1. Exchange risks and Daily Conversion Limit, etc.**

Renminbi ("RMB") is currently not freely convertible and there may at any given time be limited availability of RMB outside Mainland China. There is conversion risk in RMB denominated securities, and daily or other limits may apply to conversion amounts. If converting to or from RMB in Hong Kong, you may have to allow sufficient time to avoid exceeding such limits. In addition, there is a liquidity risk associated with RMB denominated securities, especially if such securities do not have an active secondary market and their prices have large bid/offer spreads.

Investment in RMB denominated securities is subject to exchange rate risks. The value of the RMB against any other foreign currencies fluctuates and is affected by changes in Mainland China and international political and economic conditions and by many other factors. The value of RMB settlement amounts compared to other currencies will vary with the prevailing exchange rates in the market.

For RMB products which are not denominated in RMB or with underlying investments which are not RMB-denominated, such products will subject to multiple currency conversion costs involved in marking investments and liquidating investments, as well as the RMB exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operating expenses).

**2. Limited availability of underlying investments denominated in RMB**

For RMB products that do not have access to invest directly in Mainland China, their available choice of underlying investments denominated in RMB outside Mainland China may be limited. Such limitation may adversely affect the return and performance of the RMB products.

**3. Projected returns which are not guaranteed**

If the RMB investment product is attached with a statement of illustrative return which is (partly) not guaranteed, you should pay particular attention to any disclosure relating to the return (or the part of the return, as the case may be) which is not guaranteed and the assumptions on which the illustrations are based, including, e.g., any future bonus or dividend declaration.

**4. Long term commitment to investment products**

For RMB products which involve a long period of investment, you should pay particular attention to the fact that if you redeem your investment before the maturity date or during the lock-up period (if applicable), you may incur a significant loss of principal where the proceeds may be substantially lower than their invested amount. You should beware of the early surrender/withdrawal fees and charges, if any, as well as the loss of bonuses (where applicable) as a result of redemption before the maturity date or during the lock-up period.

**5. Credit risk of counterparties**

You should pay particular attention to the credit risk of counterparties involved in the RMB products. To the extent that the RMB products may investment in RMB debt instruments not supported by any collateral, such products are fully exposed to the credit risk of the relevant counterparties. Where a RMB product may invest in derivative instruments, counterparty risk may also arise as the default by the derivative issuers may adversely affect the performance of the RMB product and result in substantial loss.

**6. Interest rate risk**

For RMB products which are, or may invest in, RMB debt instruments, you should pay attention to the fact that such instruments may be susceptible to interest rate fluctuations, which may adversely affect the return and performance of the RMB products.

**7. Liquidity Risk**

You should pay attention to the liquidity risk associated with the RMB products, and where applicable, the possibility that the RMB products may suffer significant losses in liquidating the underlying investments, especially if such investments do not have an active secondary market and their prices have large bid/offer spreads.

**8. Possibility of not receiving RMB upon redemption**

For RMB products with a significant portion of non-RMB denominated underlying investments, you should pay attention to the possibility of not receiving the full amount in RMB upon redemption. This may be the case if the issuer is not able to obtain sufficient amount of RMB in a timely manner due to the exchange controls and restrictions applicable to the currency.

#### 9. Additional risks associated with leveraged trading

Prior to conducting leveraged trading of RMB products, you should make sure that you understand and accept the risks and the terms and conditions of the borrowing arrangement. Leveraging heightens the investment risk by magnifying prospective losses. You should pay attention to the circumstances under which you will be required to place additional margin deposits at short notice and that your collateral may be liquidated without your consent. You should be aware of the risk that market conditions may make it impossible to execute contingent orders, such as "stop-loss" orders. In addition, you should be mindful of your exposure to interest rate risk, and in particular, your cost of borrowing may increase due to interest rate movements."

#### RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE SEHK

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.

#### RISK OF PROVIDING AN AUTHORITY TO REPLEGGE 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.

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

If you provide SISL 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 IN RELATION TO AUTHORIZED THIRD PARTY

There are substantial risks in allowing an Authorized Third Party to trade or operate your account, and it is possible that instructions could be given by persons not properly authorized. You accept all of the risks of such an operation and irrevocably releases SISL from all liabilities arising out of or in connection with such instructions, whether taken by SISL or otherwise.

#### RISK IN LEAVING MONEY OR OTHER PROPERTY IN THE CUSTODY OF SISL OR ITS NOMINEES OR AGENTS

You acknowledge that there are risks in leaving money or other property in the custody of SISL or its nominees or agents. For example, if SISL is holding your money or other property becomes insolvent, you may experience significant delay in recovering the same. These are risks that you are prepared to accept.

#### 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.

#### RISKS ON BONDS

1. The price of bonds can and does fluctuate, sometimes dramatically. The price of a bond may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling of bonds. Also, there may be risks in leaving bonds in our safekeeping. The holder of bonds bears the credit risk of the issuer and/or guarantor (if applicable) and has no recourse to us unless we are the issuer or guarantor (if applicable).
2. Not all bonds provide for repayment of 100% of the face value of the bond. The return on a bond depends on the terms of issue and reference should be made to the corresponding prospectus or term sheet for detail and there may be circumstances that the money and/or value of shares that you receive at maturity may be substantially less than the value of your original investment. If there is any fractional share(s) or other Securities or underlying assets deliverables on maturity, it/they may not be physical delivered.
3. In situations where any bond is a product combining note with financial or other derivatives, such as options, its return may be linked to the performance of other financial instruments, such as underlying stocks, commodities, currencies, companies, and indices. Unless such bond is listed on Exchange or other regulated stock exchanges, you will only be able to sell such bond on the over-the-counter market, if at all. The prices of bonds in secondary markets are affected by a wide range of factors, including without limitation, the performance of the underlying stocks, commodities, currencies, companies, indices, the market view of the credit quality of the reference company and interest rates. You must be aware that secondary markets do not always exist and even where a secondary market exists, it may not be liquid. You must accept any associated liquidity risk.
4. Transactions in options carry a high degree of risk (including products that have options embedded in them such as bonds). Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks.
5. 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 exchange rates where there is a need to convert from the currency denomination of the contract to another currency.

#### RISK OF TRADING IN DERIVATIVES AND STRUCTURED PRODUCTS GENERALLY

Derivative transactions ("Derivative Transactions") can involve a range of products (including some more generally known as structured notes and also including products known as structured deposits). Such products can either be apparently simple (such as forwards or options) or highly (and perhaps individually) structured. These products can have substantial benefits for users but they carry with them substantial risks which must be clearly understood by their users. Considering the possible risks, you should ensure that you have all necessary information you require to assess a Derivative Transaction before deciding on its appropriateness for you. You should consider what you intend to achieve from the Derivative Transaction, including your financial and operational resources, and any tax and accounting considerations. You should be aware of any general framework for Derivative Transactions established by any governing body. There may also be significant regulatory or other legal considerations to be taken into account.

For the sake of simplicity, Derivative Transactions can be divided into four basic forms, although the forms can be overlapping and one deal can be a combination of those four forms. The basic forms are swaps, options, forwards and hybrid instruments (which are asset, liability, equity or debt obligations with an embedded transaction from one of the other three categories). Derivative Transactions can be settled in cash, by delivery of property against other property or cash, or by normal hold to maturity with no cash settlements. No matter what form is involved, a common feature of all derivatives is that the obligations of one or both of the parties are based on price movements in an underlying financial asset from which the transaction is derived. This financial asset may be, for example, securities (including shares and bonds), interest rates, indices, currencies or the creditworthiness of a reference entity.

You should not enter into a Derivative Transaction unless you fully understand:

- The nature and fundamentals of a derivative and the financial asset underlying such derivative;
- The legal terms and conditions of the documentation for such derivative;
- The extent of the economic risk to which you are exposed as a result of entering into such Derivative Transaction (and you have determined that such risk is suitable for you in light of your specific experience in relation to such Derivative Transaction and/or the relevant derivative and your financial objectives, circumstances and resources);
- The tax treatment of such derivative (which can be complex and/or uncertain); and
- The regulatory treatment of such derivative.

#### **GENERIC RISKS ASSOCIATED WITH OVER-THE COUNTER (“OTC”) DERIVATIVE TRANSACTIONS**

OTC derivative transactions, like other financial transactions, involve a variety of significant risks. The specific risks presented by a particular OTC derivative transactions involve some combination of market risk, credit risk, funding risk and operational risk.

1. Market risk is the risk that the value of a transaction will be adversely affected by fluctuations in the level or volatility of or correlation or relationship between one or more market prices, rates or indices or other market factors or by illiquidity in the market for the relevant transaction or in a related market.
2. Credit risk is the risk that a counterparty will fail to perform its obligations to you when due.
3. Funding risk is the risk that, as a result of mismatches or delays in the timing of cash flows due from or to your counterparties in OTC derivative transactions or related hedging, trading, collateral or other transactions, you or your counterparty will not have adequate cash available to fund current obligations.
4. Operational risk is the risk of loss to you arising from inadequacies in or failures of your internal systems and controls for monitoring and quantifying the risks and contractual obligations associated with OTC derivative transactions, for recording and valuing OTC derivative and related transactions, or for detecting human error, systems failure or management failure.

There may be other significant risks that you should consider based on the terms of a specific transaction. Highly customised OTC derivative transactions in particular may increase liquidity risk and introduce other significant risk factors of a complex character. Highly leveraged transactions may experience substantial gains or losses in value as a result of relatively small changes in the value or level of an underlying or related market factor.

Because the price and other terms on which you may enter into or terminate an OTC derivative transaction are individually negotiated, these may not represent the best price or terms available to you from other sources.

In evaluating the risks and contractual obligations associated with a particular OTC derivative transaction, you should also consider that an OTC derivative transaction may be modified or terminated only by mutual consent of the original parties and subject to agreement on individually negotiated terms. Accordingly, it may not be possible for you to modify, terminate or offset your obligations or your exposure to the risks associated with a transaction prior to its scheduled termination date.

Similarly, while makers and dealers generally quote prices or terms for entering into terminating OTC derivative transactions and provide indicative or mid-market quotations with respect to outstanding OTC derivative transactions, they are generally not contractually obligated to do so. In addition, it may not be possible to obtain indicative or mid-market quotations for an OTC derivative transaction from a market maker or dealer that is not a counterparty to the transaction. Consequently, it may also be difficult for you to establish an independent value for an outstanding OTC derivative transaction. You should not regard your counterparty’s provision of a valuation or indicative price at your request as an offer to enter into or terminate the relevant transaction at that value or price, unless the value or price is identified by the counterparty as firm or binding.

The above does not purport to disclose all of the risks and other material considerations associated with OTC derivative transactions. You should not construe this generic disclosure statement as business, legal, tax or accounting advice or as modifying applicable law. You should consult your own business, legal, tax and accounting advisers with respect to proposed OTC derivative transactions and you should refrain from entering into any OTC derivative transaction unless you have fully understood the terms and risks of the transaction, including the extent of your potential risk of loss.

#### **RISKS OF TRADING IN EXCHANGE-TRADED STRUCTURED PRODUCTS (“STRUCTURED PRODUCTS”) E.G. DERIVATIVE WARRANTS (“WARRANTS”), CALLABLE BULL/BEAR CONTRACTS (“CBBC”)**

1. Issuer default risk  
In the event that a Structured Product issuer becomes insolvent and defaults on their listed securities, investors will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Investors should therefore pay close attention to the financial strength and credit worthiness of structured product issuers.  
Note: “Issuers Credit Rating” showing the credit ratings of individual issuers is now available under the Issuer and Liquidity Provider Information sub-section under Derivative Warrants and under CBBCs section on the HKEx corporate website.
2. Uncollateralized product risk  
Uncollateralized Structured Products are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment. Investors should read the listing documents to determine if a product is uncollateralized.
3. Gearing risk  
Structured Products such as Warrants and CBBCs are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of a Structured Product may fall to zero resulting in a total loss of the initial investment.
4. Expiry considerations  
Structured Products have an expiry date after which the issue may become worthless. Investors should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.
5. Extraordinary price movements  
The price of a Structured Product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.
6. Foreign exchange risk  
Investors trading Structured Products with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the Structured Product price.
7. Liquidity risk  
The Exchange requires all Structured Product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfil its role, investors may not be able to buy or sell the product until a new liquidity provider has been assigned. There is no guarantee that investors will be able to buy or sell their Structured products at their target price any time they wish.

#### **SOME ADDITIONAL RISKS INVOLVED IN TRADING WARRANTS**

1. Time decay risk  
All things being equal, the value of a Warrant will decay over time as it approaches its expiry date. Warrants should therefore not be viewed as long term investments.
2. Volatility risk  
Prices of Warrants can increase or decrease in line with the implied volatility of underlying asset price. Investors should be aware of the underlying asset volatility.
3. Market Risk and Turnover  
Other than basic factors that determine the theoretical price of a Warrant, Warrant price are also affected by all prevailing market forces including the demand for and supply of the Warrants. The market forces will be greatest when a Warrant issue is almost sold out and when issuers make further issues of an existing Warrant issue. High turnover should not be regarded as an indication the price of a Warrant will go up. The price of a Warrant is affected by a number of factors in addition to market forces, such as the price of the underlying assets and its volatility, the time remaining to expiry, interest rates and the expected dividend on the underlying assets.

#### **SOME ADDITIONAL RISKS INVOLVED IN TRADING CBBCS**

1. Mandatory call risk  
Investors trading CBBCs should be aware of their intraday “knockout” or mandatory call feature. A CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. Investors will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. Investors should also note that the residual value can be zero.
2. Funding costs  
The issue price of a CBBC includes funding costs. Funding costs are gradually reduced over time as the CBBC moves towards expiry. The longer the duration of the CBBC, the higher the total funding costs. In the event that a CBBC is called, investors will lose the funding costs for the entire lifespan of the CBBC. The formula for calculating the funding costs are stated in the listing documents.
3. Trading of CBBC Close to Call Price  
When the underlying asset is trading close to the call price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result. However, the trade inputted by the investor may still be executed and confirmed by the Exchange participants after the Mandatory Call Event (“MCE”) since there may be some time lapse between the MCE time and suspension of the CBBC trading. Any trades executed after the MCE will not be recognized and cancelled. Therefore, investors should be aware of the risk and ought to apply special caution when the CBBC is trading close to the call price.



For more information on Warrants and CBCBs, please visit the HKEx corporate website:

Derivative Warrants, Products & Services Section  
(<http://www.hkex.com.hk/eng/prod/secprod/dwrc/dw.htm>)

Callable Bull/Bear Contracts, Products & Services Section  
(<http://www.hkex.com.hk/eng/prod/secprod/cbbc/Intro.htm>)

#### **RISKS OF TRADING IN SYNTHETIC EXCHANGE TRADED FUNDS (“ETFs”)**

Unlike traditional Exchange Traded Funds (“ETFs”), Synthetic ETFs do not buy the assets in their benchmark. Instead, they typically invest in financial derivative instruments to replicate the benchmark’s performance. Investment in Synthetic ETFs involves high risk and is not suitable for every investor. Investors should understand and consider the following risks before trading Synthetic ETFs.

#### **Market Risk**

ETFs are typically designed to track the performance of certain indices, market sectors, or group of assets such as stocks, bonds, or commodities. Investors are exposed to the political, economic, currency and other risks related to the ETF’s underlying index/assets it is tracking. Investment must be prepared to bear the risk of loss and volatility associated with the underlying index/asset.

#### **Counterparty Risk**

Where a Synthetic ETF invests in derivatives to replicate the index performance, investors are exposed to the credit risk of the counterparties who issued the derivatives, in addition to the risks relating to the index. Further, potential contagion and concentration risks of the derivatives issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty of Synthetic ETF may have a “knock-on” effect on other derivative counterparties of the Synthetic ETFs). Some Synthetic ETFs have collateral to reduce the counterparty risk, but there may be a risk that the market value of the collateral has fallen substantially when the Synthetic ETF seeks to realize the collateral.

#### **Liquidity Risk**

There is no assurance that a liquid market exists for an ETF. A higher liquidity risk is involved if a Synthetic ETF involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of derivatives may result in losses. Therefore, they can be more difficult costly to unwind early, when the instruments provide access to a restricted market where liquidity is limited.

#### **Tracking Error Risk**

There may be disparity between the performance of the ETFs and the performance of the underlying index due to, for instance, failure of the tracking strategy, currency differences, fees and expenses.

#### **Trading at a Discount or Premium**

Where the index/market that the ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the ETFs in line with its net asset value (NAV) may be disrupted, causing the ETF to trade at a higher premium or discount to its NAV. Investors who buy an ETF at a premium may not be able to recover the premium in the event of termination.

#### **Foreign Exchange Risk**

Investors trading ETFs with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the ETFs price.

#### **RISK IN RELATION TO THE USE OF THE INTERNET OR OTHER ELECTRONIC MEDIUM**

Any communication or transaction via or information (including any document) transmitted via the Internet or other electronic medium involves risks and you understand and accept the following risks:

1. The internet or other electronic media (including without limitation electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) are an inherently unreliable form of communication, and that such unreliability is beyond SISL’s control.
2. Information (including any document) transmitted or communication or transactions over the internet or through other electronic media (including without limitation electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) may be subject to interruption, transmission blackout, delayed transmission due to data volume or incorrect data transmission (including without limitation incorrect price quotation) or stoppage of price data feed due to the public nature of the Internet or other electronic media.
3. As a result of such unreliability, there may be time-lags or delays or failures or loss of data or loss of confidentiality in the transmission of data and receipt of instructions may be executed at prices different from those prevailing at the time the instructions were given.

#### **Disclaimer**

DISCLAIMER delivered pursuant to Regulation 020 of the Regulations for Trading Stock Index Futures Contracts developed by Hang Seng Indexes Company Limited.

#### **Disclaimer in Relation to Trading of Stock Index Futures Contracts**

Hang Seng Indexes Company Limited (“HSIL”) currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited (“HSDS”) from time to time (collectively, the “Hang Seng Indexes”). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS. HSIL has granted to Hong Kong Futures Exchange Limited (the “Exchange”) by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on any of the Hang Seng Indexes respectively (collectively, “Futures Contracts”). The process and basis of compilation and computation of any of the Hang Seng Indexes and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and the Exchange may at any time require that trading in and settlement of such of the Futures Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes 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 Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Futures 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 HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Futures Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

#### **Disclaimer in Relation to Trading of Stock Index Option Contracts**

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from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Option Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Option Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

**HK EXCHANGE DISCLAIMER**

Stock indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited (the "Exchange") may be based may from time to time be developed by the Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Exchange. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the Exchange (the "Exchange Indices") are the property of the 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 Exchange. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by the Exchange without notice and the 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 Exchange may designate be conducted by reference to an alternative index to be calculated. The Exchange does not warrant or represent or guarantee to any member of the 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 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 Exchange or any other person or persons appointed by the 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 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 Exchange or any third party against the Exchange in connection with or arising out of matters referred to in this disclaimer. Any member of the 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 Exchange in respect of such transactions.