

國元証券經紀(香港)有限公司
Guoyuan Securities Brokerage (Hong Kong) Limited

國元國際控股有限公司全資附屬公司

A wholly owned subsidiary of Guoyuan International Holdings Limited

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SFC Central Entity Number : AOA594

CLIENT'S STOCK OPTIONS TRADING AGREEMENT

Guoyuan Securities Brokerage (Hong Kong) Limited (hereinafter called the "Company") is registered with the SFC (as defined below) as a licensed corporation to carry on Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities (CE No.: AOA594), whose registered office is situated at 17th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong.

Client (whose name(s) and particulars are stated in its Securities Account Opening Form and is approved by the Company as the Company's client) (hereinafter called the "Client") requests the Company to open and maintain one or more stock options trading account(s) on the Client's behalf and to purchase, invest in, sell, exchange, otherwise dispose of and generally deal in and with all kinds of Options Contracts on the following terms and conditions.

The Company and the Client hereby agree as follows:

1 Definitions and Interpretations

1.1 In this Agreement, unless otherwise required by the context, the following expressions shall have the following meanings:-

"Access Codes" means together the Password and the Login Name (or any of them).

"Account(s)" means one or more options trading accounts maintained by the Client with the Company from time to time for dealing with Options Contracts and effecting any Exchange Traded Options Business.

"Agreement" means this Client's Stock Options Trading Agreement including its Foreign Account Tax Compliance ("FATCA") and Common Reporting Standard ("CRS") Policies of the Group Companies Supplement, Risk Disclosure Statements, Personal Information Collection Statement of the Group Companies (as may from time to time be amended in writing and notified to the Client).

"Business Day" means any day on which the SEHK opens for trading other than Saturdays, public holidays and any other days declared by the SEHK to be non-business days.

"Client Money Rules" means the Securities and Futures (Client Money) Rules made by the SFC under section 149 of the Securities and Futures Ordinance as amended from time to time.

"Client Money Standing Authority" means the standing authority granted by the Client to the Company in the terms set out in Clause 18.2 as amended from time to time.

"Client Securities Rules" means the Securities and Futures (Client Securities) Rules made by the SFC under section 148 of the Securities and Futures Ordinance as amended from time to time.

"Client Securities Standing Authority" means the standing authority granted by the Client to the Company in the terms set out in Clause 18.4 as amended from time to time.

"Electronic Trading Service" means any facility provided by the Company which enables the Client to give electronic instructions to purchase, sell and otherwise deal with Options Contracts and information services.

"Group Companies" means the direct or indirect holding companies, and direct or indirect subsidiaries of the Company or of such holding companies, and shall include (but not limited to) Guoyuan Securities Brokerage (Hong Kong) Limited.

"HKSCC" means the Hong Kong Securities Clearing Company Limited.

"Login Name" means the Client's personal identification used in conjunction with the Password to gain access to the Electronic

Trading Service and other services offered by the Company.

"Margin" means deposits, collateral and margin (as defined in the Options Trading Rules of SEHK) (including, but without limitation to, initial margin and additional margin) being an amount calculated in accordance with the relevant Rules and as determined by the Company from time to time, which are given as security for the Client's obligations to the Company under this Agreement.

"Password" means the Client's personal password(s), used in conjunction with the Login Name to gain access to the Electronic Trading Service and any other services offered by the Company.

"Securities and Futures Ordinance" means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any subsidiary legislations made thereunder as the same may from time to time be amended or re-enacted.

"SEHK" means The Stock Exchange of Hong Kong Limited.

"SEOCH" means The SEHK Options Clearing House Limited.

"SFC" means the Securities and Futures Commission.

1.2 In this Agreement:

- (a) Unless expressly stated or the context requires otherwise, words and expressions undefined in this Agreement shall have the same meanings as defined in the Options Trading Rules of SEHK, the Rules of SEHK, the Rules of SEOCH, Securities and Futures Ordinance, the Client Money Rules and the Client Securities Rules (as amended from time to time);
- (b) references to the "Client", wherever used, shall in the case where the Client(s) is/are individual(s) include the Client(s) and his/their respective executors and administrators and in the case where the Client is a sole proprietorship firm include the sole proprietor and his executors and administrators and his/their successors in the business and in the case of a partnership firm include the partners who are the partners of the firm at the time when the Client's said Account(s) is/are being maintained and their respective executors and administrators and any other person or persons who shall at any time hereafter be or have been a partner of and in the firm and his or their respective executors and administrators and the successors to such partnership business and where the Client is a company include such company and its successors;
- (c) references to clauses and sub-clauses and schedules, unless otherwise stated, are clauses and sub-clauses of and schedules to this Agreement;
- (d) reference to a statute or statutory provision includes a reference to it as amended, extended or re-enacted from time to time;
- (e) words denoting the singular include the plural and vice versa;
- (f) words denoting one gender include all other genders;
- (g) the expression "person" shall include any firm, partnership, association of persons and body corporate and any such persons acting jointly and the personal representatives or successors in title of any such person; and
- (h) the heading to the clauses are for reference only and do not affect the interpretation of this Agreement.

2 Applicable Rules and Regulations

- 2.1 All transactions for the Account(s) shall be subject to the relevant constitution, rules, regulations, by-laws, customs and usages, as amended from time to time, of SEHK, or such other stock exchanges or markets or over-the-counter markets (the "Exchange(s)") and the HKSCC or such other clearing houses in or outside Hang Kong ("Clearing House(s)") and of the laws of Hong Kong and other places in which the Company is dealing on the Client's behalf, as amended from time to time.
- 2.2 All Exchange Traded Options Business shall be effected in accordance with all laws, rules and regulatory directions (the "Rules") applicable to the Company, including the Rules of SEHK (to the extent applicable), the Options Trading Rules of SEHK, the Clearing Rules of SEOCH and the rules of HKSCC. The Client agrees that all actions taken by the Company, SEHK, SEOCH or HKSCC in accordance with the Rules shall be binding on the Client.

- 2.3 Where the Company is required to comply with the requirements of the Hong Kong Personal Data (Privacy) Ordinance, the Client represents and warrants to the Company that the Client has all necessary consents and authorities to provide information concerning all relevant natural persons and to give the consents, in each case as aforesaid.

3 Services and Dealing Practice

- 3.1 Client hereby instructs and authorizes the Company to open and maintain in its book one or more Account(s) in the name of the Client for the purpose of dealing in Options Contracts and effecting transactions of Exchange Traded Options Business in accordance with the terms and conditions of this Agreement from time to time.
- 3.2 All transactions for the Account(s) may, at its option, be effected by the Company directly on any Exchanges where the Company is authorized to deal in Options Contracts, or on any Exchanges indirectly through any other broker which the Company may, at its discretion, decide to appoint.
- 3.3 The Company is hereby authorized to act upon the instructions of the Client to create, exercise, settle and/or discharge Options Contracts for the Account(s) and otherwise deal with any Margin, collateral, securities, Premium, Options Contracts, receivables or monies held in or for the Account(s) subject to the Client Money Rules and Client Securities Rules.
- 3.4 All instructions shall be given by the Client orally either in person or by telephone, or in writing, delivery by post, by hand, by e-mail, or by facsimile transmission or through any of the Electronic Trading Service in accordance with the provisions of Clause 19 or by any other means acceptable to the Company.
- 3.5 The Company shall be entitled to rely on any instructions, directions, notices or other communication which the Company reasonably believes to be from a person authorized to act on the Client's behalf and the Client shall be bound by such communication. The Client agrees to indemnify the Company and hold the Company harmless from and against all losses, costs and expenses (including legal costs) reasonably and properly incurred by the Company in reliance thereupon.
- 3.6 The Company may record all telephone conversations with the Client in order to verify the instructions of the Client. The Client agrees to accept the contents of any such recording as final and conclusive evidence of the instructions of the Client in case of dispute.
- 3.7 Notwithstanding anything herein contained, the Company shall be entitled, at its absolute discretion, to refuse to act on any of the Client's instructions and shall not be obliged to give any reason for such refusal.
- 3.8 By reason of physical restraints on the Exchanges and rapid changes in the prices of Option Contracts and their underlying securities that frequently take place, there may, on occasions, be a delay in quoting prices or in dealing. The Company may not after using reasonable endeavour be able to trade at the prices quoted at any specific time. The Company is not liable for any loss arising by reason of its failing, or being unable, to comply with any terms of the Client's instructions. Where the Company is unable after using reasonable endeavour to execute any instruction in full, the Company is entitled to effect partial performance only without prior reference to the Client's confirmation. The Client shall in any event accept and be bound by the outcome when any request to execute orders is made.
- 3.9 Any day order for the purchase, sale, settlement, exercise or otherwise of Options Contracts placed by the Company at the request of the Client that has not been executed before the close of business of the relevant Exchange or such other expiration date required by the relevant Exchange or such other later time as the Client and the Company may agree shall be deemed to have been cancelled automatically (to the extent not executed if executed in part).
- 3.10 The Company may, for the purpose of carrying out any instruction given by the Client, contract with or otherwise deal with or through any other agent, including any person or party associated in any manner with the Company, on such terms and conditions as the Company may in its absolute discretion determine.
- 3.11 Subject to applicable laws and regulations and market requirements, the Company may in its absolute discretion determine the priority in the execution of its clients' orders, having due regard to the sequence in which such orders were received, and the Client shall not have any claim of priority to another client in relation to the execution of any order received by the Company.
- 3.12 The Client acknowledges and consents that the Company shall, at its absolute discretion, be entitled to claim margin offset for the Client's positions through the Client Offset Claim Account ("COCA") in DCASS.

4 Contracts

- 4.1 The Client agrees that the terms of the Standard Contract for the relevant options series shall apply to each Client Contract between the Company and the Client, and that all Client Contracts shall be created, exercised, settled and discharged in

accordance with the Rules. SEOCH has authority under the Rules to make adjustments to the terms of Contracts and the Company shall notify the Client of any adjustments made by SEOCH to the terms of Contracts which affect Client Contracts to which the Client is a party.

- 4.2 The Company may place limits on the open positions or delivery obligations that the Client may have at any time. The Client acknowledges that:-
 - 4.2.1 the Company may be required to close out or give-up Client Contracts to comply with the position limits imposed by SEHK; and
 - 4.2.2 if the Company goes into default, the default procedures of SEHK may result in Client Contracts being closed out or replaced by Client Contracts between the Client and another Options Exchange Participant.
- 4.3 The Company may agree, at the Client's written request, to have the Client Contracts entered into with the Client replaced by Client Contracts between the Client and another Options Exchange Participant in accordance with the Rules.
- 4.4 The Client acknowledges that the Client and the Company shall contract as principals under Client Contracts notwithstanding that all Options Contracts are to be executed on SEHK.
- 4.5 The Company may, where requested by the Client, and in accordance with the Client's instructions, request the give-up of Client Contracts of the Client to a different Options Trading Exchange Participant. The Client agrees that, upon acceptance of such request, any Client Contract between the Company and the Client shall, by operation of the Options Trading Rules and this Agreement, immediately be novated into a new Client Contract, on identical terms to that Client Contract, between the other Options Trading Exchange Participant and the Client, as principals to such Client Contract. If the request is not accepted, the original Client Contract shall remain in full force and effect, as if the give-up has never been requested.

5 Trading Recommendations

- 5.1 The Client acknowledges and agrees that the Client retains full responsibility for all trading decisions in the Account(s) and the Company is responsible only for the execution, clearing, and carrying of transactions in the Account(s); that the Company has no responsibility or obligation regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party in connection with the Account(s) or any transaction therein; and that any advice or information provided by the Company, its employees or agents, whether or not solicited, shall not constitute an offer to enter into a transaction and the Company shall be under no liability whatsoever in respect of such advice or information.
- 5.2 If the Company solicits the sale of or recommends any financial products to the Client, the financial products must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document the Company may ask the Client to sign and no statement the Company may ask the Client to make derogates from this clause.

6 Settlement

- 6.1 The Client agrees to pay the Premium payable in respect of an Options Contract in cash in such amount and within such time period as notified by the Company. If no time period is specified by the Company, then the Client is required to comply with such demand before expiry of two hours from the time of making the demand (or more quickly if the Company requires the Client to do so). The Company may require the Client to make arrangements for payment of Premium in advance of accepting instructions from the Client or may impose other requirements from time to time for the payment of Premium as the Company in its absolute discretion thinks fit.
- 6.2 The Client acknowledges that on and only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH from time to time and that the Client may instruct the Company to override these automatically generated exercise instructions before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH as amended from time to time.
- 6.3 In respect of the Client's short positions, in cases where the Client Contract is validly exercised (including cases pursuant to Clause 6.4), the Client shall fulfil his obligations under the relevant Client Contract by 3:15 p.m. on the Business Day following the day of exercise. In default thereof, without prejudice to other rights or remedies that the Company may have against the Client, the Company may without demand or notice cover any liability of the Client under any short positions or deal with the same in the manner deemed most appropriate by the Company. The Client agrees that the Client will be responsible for all the expenses of the Company in connection with the above and that the Company will not be liable for any loss that may thereby be incurred.

- 6.4 The Client understands and agrees that in accordance with the Options Trading Rules and Clearing Rules, SEOCH may randomly select any Options Trading Exchange Participant to exercise a Client Contract in a short open position in which case, that the Options Trading Exchange Participant shall randomly select a Client Contract from among all Client Contracts comprised in short open positions of clients in the same option series as that Client Contract. The Client Contract so selected shall, by operation of this Agreement and the Options Trading Rules and Clearing Rules, for all purposes be treated as having been validly exercised at the time of such selection. The Company shall notify the Client of the details of such exercise as soon as possible and in any event no later than 12:00 noon on the Business Day following the day of exercise.
- 6.5 Delivery obligation shall arise when a Client Contract is validly exercised. On exercise of a Client Contract by or against the Client, the Client will perform its delivery obligations under the relevant Contract in accordance with the Standard Contract and as the Client has been notified by the Company.
- 6.6 The Client hereby acknowledges that the Client shall be responsible to the Company for any losses, costs, fees and expenses (including legal costs) incurred by the Company (on an indemnity basis) in connection with the Client's failure to meet his obligations by the due date as described in this Clause 6.

7 Client Identity Rule

- 7.1 If the Client is not the ultimate person with beneficial interest in the transaction(s) and originated the transaction(s), the Client agrees to furnish the relevant Hong Kong and/or overseas regulators (including the SEHK and/or the SFC) within 2 Business Days upon receipt of the request by the Company with all the details of the client's identity who is the ultimate person with beneficial interest in the transaction(s) and any third party (if different from the Client/ultimate beneficial owner) who originated the transaction(s). The Client agrees that the Client would furnish the said details to the relevant Hong Kong and/or overseas regulators even after the termination of this Agreement.
- 7.2 If the Client effected any transaction(s) involving securities listed or traded on the SEHK or a derivative written over such securities for a collective investment scheme, discretionary account or discretionary trust, the Client shall, immediately upon the Company's request (which request shall include the relevant contact details of the Hong Kong and/or overseas regulators), provide to the Hong Kong and/or overseas regulators the identity, address and contact details of such scheme, account or trust and, if applicable, the identity, address, occupation and contact details of the person(s) who, on behalf of such scheme, account or trust, instructed the Client to effect the transaction(s).
- 7.3 If the Client effected any transaction(s) involving securities listed or traded on the SEHK or a derivative written over such securities for a collective investment scheme, discretionary account or discretionary trust, the Client shall, as soon as practicable, inform the Company when the Client's discretion to invest in respect of a particular transaction(s) or on behalf of such scheme, account or trust has been overridden. In a case where the Client's investment discretion has been overridden, the Client shall, immediately upon the Company's request (which request shall include the relevant contact details of the Hong Kong and/or overseas regulators), provide to the Hong Kong and/or overseas regulators the identity, address, occupation and contact details of the person(s) who has or have given such overriding instruction in relation to the transaction(s) or such scheme, account or trust.
- 7.4 If the Client is aware that its client is acting as an intermediary for its underlying client(s) and the Client does not know the identity, address, occupation and contact details of such underlying client(s) for whom any transaction(s) involving securities listed or traded on the SEHK or a derivative written over such securities was affected, the Client confirms that:-
- (a) the Client has arrangements in place with its client, acting as an intermediary, which would entitle the Client to obtain all the relevant information set out in Clauses 7.1 to 7.3 from such client immediately upon the Company's request or procure that such information be so obtained; and
 - (b) the Client will, upon the Company's request (which request shall include the relevant contact details of the Hong Kong and/or overseas regulators) in relation to a transaction(s), immediately request all the relevant information set out in Clauses 7.1 to 7.3 from its client on whose instructions the transaction(s) was effected, and provide that information to the Hong Kong regulators and/or overseas regulators as soon as it has received it from its client or procure that such information be so provided.
- 7.5 Whenever the Company deals with the Client, it will always be on the basis that only the Client is the Company's client, and so, if the Client acts on behalf of another person, whether or not the Client identifies him/her/it to the Company, he/she/it will not be the Company's client and the Company does not and will not have or accept in any circumstances whatsoever any responsibility towards any person on whose behalf the Client may act and the Client hereby acknowledges and agrees that the Client shall be solely responsible for settling all liabilities resulting from transaction(s) affected pursuant to and in accordance with the terms and conditions in connection with or on behalf of any such person.

8 Commissions and Expenses

- 8.1 All transactions executed in pursuance of the instructions of the Client on the Exchanges shall be subject to a transaction levy and any other levies that the relevant Exchange from time to time may impose. The Company is authorized to collect any such levies in accordance with the rules prescribed by the relevant Exchange from time to time.
- 8.2 The Client shall on demand pay the Company Premium, commissions on purchases, sales and other transactions or services for the Account(s) at such rate and within such time period as the Company may from time to time have notified him, together with all stamp duties, bank charges, transfer fees, interest, custodial expenses and other expenses or charges in respect of or connected with the Account(s) or any transaction or services in relation thereto.
- 8.3 The Company shall, at its absolute discretion, be entitled to solicit, accept and retain any benefit in connection with any transaction effected with any person for the Client pursuant to the terms and subject to the conditions of this Agreement, including any commissions, rebates or similar payments received in connection therewith, and rebates from standard commissions charged by brokers or other agents to their clients. The Company shall also, at its absolute discretion, be entitled to offer any benefit in connection with any transaction effected with any person for the Client pursuant to the terms and subject to the conditions of this Agreement, including any benefit relating to commissions or similar payments in connection therewith.

9 Margin Requirements and Margin Calls

- 9.1 The Client agrees to maintain such Margin and shall on demand pay or deliver such additional Margin by means of cash, securities and/or other assets in such form and amounts and within such time as may be determined by the Company to be payable by the Client or by the Company on the Client's behalf in respect of such Margin or any other payment in connection with any Options Contracts entered into on the Client's behalf under the terms of this Agreement. The amounts required by way of Margin should not be less than, but may exceed, the amounts as may be required by the Rules in respect of the Client's open positions and delivery obligations, and further Margin may be required to reflect changes in market value.
- 9.2 If the Company accepts securities by way of Margin, the Client will on request provide the Company with such authority as the Company may require under the Rules to authorize the Company to deliver such securities, directly or through an Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from the Client's instructions to the Company. Subject to any consent given by the Client, the Company does not have any further authority from the Client to borrow or lend Client's securities or otherwise part with possession (except to the Client or on the Client's instructions) of any of the Client's securities for any other purpose.
- 9.3 The time for payment of any Margin is of the essence and if no other time is stipulated by the Company when making a demand then the Client is required to comply with such demand before expiry of two hours from the time of making the demand (or more quickly if required by the Company to do so). The Client also agrees to pay immediately in full and on demand any amount owing with respect to any of the Company's accounts. All initial and subsequent deposits and payments for Margin and other purposes shall be made in cleared funds and in such currency and in such amounts as the Company may in its sole discretion require.
- 9.4 Without prejudice to Clause 9.1 above, the Company shall be entitled to revise Margin requirements from time to time in its absolute discretion. No previous Margin requirements shall establish a precedent and revised requirements once established shall apply to existing positions as well as to the new positions in the Contracts affected by such revision.
- 9.5 For the avoidance of doubt, failure by the Client to meet Margin calls made by the Company by the time prescribed by the Company or any other accounts payable hereunder shall give the Company the right (without prejudice to other rights) to close out open positions in respect of which any Margin calls are not met without notice to the Client and to dispose of any or all assets held for or on behalf of the Client and to apply the proceeds and any cash deposit(s) to pay the Company all outstanding balances owing to the Company. Any monies remaining after that application shall be refunded to the Client.
- 9.6 Subject to the Client Money Rules, nothing in this Agreement shall be construed as taking away or affecting any lawful claim, lien or other rights and remedies which the Company may have in respect of any money held in any bank account pursuant to Clause 13 or in respect of any money received or paid into such bank account.
- 9.7 For the avoidance of doubt, if a debit balance arises on any of the Client's Account(s), the Company shall not be, nor shall the Company be deemed to be, obliged to make available or continue to make available any financial accommodation. In particular, but without limitation, the fact that the Company permits a debit balance to arise in any Account(s) so debited shall not imply any obligation on the part of the Company to advance monies or incur any obligation on the Client's behalf on any subsequent occasion, but without prejudice to the obligations of the Client in respect of any debit balance which the Company does permit to arise.

10 Interest

- 10.1 Unless otherwise indicated, the Client hereby undertakes to pay interest on all overdue balances owing by him/her/it to the Company (after as well as before any judgment), at such rate(s), as may be specified or notified to the Client from time to time by the Company in whatever form (no matter written, oral, electronic or other forms, for instance, such rates may be specified in the monthly or daily statements issued by the Company to the Client or notified by the Company's staff or agent through telephone or electronic communication) or without such any such specification, at a rate equivalent to FIVE per cent (5%) per annum above the best lending rate quoted by Standard Chartered Bank (HK) Limited (or any other bank or rate as determined by the Company from time to time), and be calculated on a daily basis and payable on the last day of each calendar month or upon any demand being made by the Company.

11 Foreign Currency Transactions

- 11.1 The Account(s) shall be in Hong Kong Dollars or such other currencies as the Company may agree from time to time and in the event that the Client instructs the Company to sell or purchase any Options Contracts or exercise any Options Contracts in a currency other than Hong Kong Dollars, any profit or loss arising as a result of fluctuation in the exchange rate of the relevant currencies will be for the account of the Client solely. Any conversion from one currency into another required to be made for performing any action or step taken by the Company under this Agreement may be effected by the Company in such manner and at such time as it may in its absolute discretion decide.
- 11.2 All payments to be made by the Client to the Company in a currency other than Hong Kong Dollars shall be in freely transferable and immediately available funds clear of any taxes, charges or payments of any nature when received by the Company.

12 Securities in the Account(s)

- 12.1 The Client specifically authorizes the Company, in respect of all securities deposited by the Client with the Company or purchased or acquired by the Company on behalf of the Client, and held by the Company for safe keeping, to register the same in the name of an associated entity or in the Client's name, or deposit in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by the Company or an associated entity of the Company with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 12.2 Any securities held by the Company, any associated entity of the Company, banker, institution, custodian or intermediary pursuant to Clause 12.1 shall be at the sole risk of the Client and the Company and the relevant associated entity, banker, institution, custodian and intermediary shall be under no obligation to insure the Client against any kind of risk, which obligation shall be the sole responsibility of the Client.
- 12.3 If in relation to any securities deposited with the Company which are not registered in the 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 the Client as may be agreed) with the proportion of such benefit equal to the proportion of the securities held on behalf of the Client out of the total number or amount of such securities.
- 12.4 If in relation to any securities deposited with the Company but which are not registered in the name of the Client, and loss is suffered by the Company, the Account(s) may be debited (or payment made by the Client as may be agreed) with the proportion of such loss equal to the proportion of the securities held on behalf of the Client out of the total number or amount of such securities.
- 12.5 Except as provided in Clauses 12.6, the Company shall not, without the Client's oral or written authority or standing authority under the Client Securities Rule, deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of Client's securities for any purpose.
- 12.6 The Company is authorized, pursuant to section 6(3) of the Client Securities Rules, to dispose or initiate a disposal by its associated entity of any of the Client's securities or securities collateral (and the Company 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 the Client to the Company, the associated entity or a third person.
- 12.7 The Company's obligations to deliver, to hold in safe custody or otherwise or to register in the Client's name, securities purchased or acquired by the Company on the Client's behalf shall be satisfied by the delivery, the holding or registration in the Client's name or the Client's nominee of securities of the same class, denomination and nominal amount as, and rank *pari passu* with, those originally deposited with, transferred to or acquired by the Company on the Client's behalf (subject always to any capital reorganization which may have occurred in the meantime) and the Company shall not be bound to deliver or return securities which are identical with such securities in terms of number, class denomination, nominal amount

and rights attached thereto.

- 12.8 Where any securities are held in the Company's name, the name of any associated entity of the Company or the name of any nominee of the Company in accordance with Clause 12.1, the Company will not attend any meeting or exercise any voting or other rights including the completion of proxies except in accordance with written instructions of the Client. Nothing in this Agreement shall in any way impose on the Company any duty to inform the Client or to take any action with regards the attendance of meetings and to vote at such meetings. The Company has no duty in respect of notices, communications, proxies and other documents, relating to the securities received by the Company or to send such documents or to give any notice of the receipt of such documents to the Client. The Company has the right to charge the Client for its services in taking any action pursuant to the Client's instruction.

13 Monies in the Account(s)

- 13.1 The Company shall be entitled to deposit all monies held in the Account(s) and all monies received for or on the account of the Client (less amounts lawfully payable by the Client to the Company, such as brokerage, fees, levies and amounts required to be deposited by the Client as Margin or SEOCH Collateral) with one or more segregated account(s) in Hong Kong, each of which shall be designated as a trust account or client account, at one or more authorized financial institution(s) or any other person approved by the SFC for the purposes of section 4 of the Client Money Rules. Unless otherwise agreed between the Client and the Company, any interest accrued on such monies shall belong to the Company absolutely.
- 13.2 The Client agrees and authorizes the Company to deduct or withdraw Premium, commissions, charges, expenses, applicable levies imposed by the Exchange and any other sum payable by the Client from the Account(s), subject to applicable rules and regulations, including without limitation, the Client Money Rules.
- 13.3 The Company may set-off all or any part of the amounts due from the Client in respect of Margin, Settlement Amount and Premium against amounts due to the Client in respect of the Premium, Settlement Amount and surplus SEOCH Collateral, subject to applicable rules and regulations, including without limitation, the Client Money Rules.

14 Event Default

- 14.1 Any one of the following events shall constitute an event of default ("Event of Default"):-

- 14.1.1 the Client's failure to pay any deposits, Margins, Premium, exercise price of any Options Contract payable by it or any other sums payable to the Company in connection with the Account(s), or submit to the Company any documents or deliver any securities to the Company hereunder, when called upon to do so or on due date;
- 14.1.2 default by the Client in the due performance of any of the terms of this Agreement including its delivery and settlement obligations and the observance of any by-laws, rules and regulations of the appropriate Exchanges and/or Clearing Houses;
- 14.1.3 the Client's failure to liquidate any debit balance or any of the Client's Account(s), when called upon to do so or otherwise agreed;
- 14.1.4 the breach by the Client of any warranty or representation in this Agreement or in any document or such warranty or representation being or becoming incorrect or misleading;
- 14.1.5 the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against the Client;
- 14.1.6 the death of the Client (being an individual);
- 14.1.7 the levy or enforcement of any attachment, execution or other process against the Client;
- 14.1.8 any representation or warranty made by the Client to the Company in this Agreement or in any document being or becoming incorrect or misleading;
- 14.1.9 any consent, authorization or board resolution required by the Client (being a corporation or a partnership) to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
- 14.1.10 the occurrence of any event which, in the sole opinion of the Company, might jeopardize any of its rights under this Agreement; and
- 14.1.11 the Company has made at least two attempts to demand from the Client any Margin, but, for whatever reason, has not

been able to communicate directly with the Client.

14.2 If an Event of Default occurs, without prejudice to any other rights or remedies that the Company may have against the Client and without further demand or notice to the Client, the Company shall be entitled to:-

- 14.2.1 decline to accept further instructions from the Client in respect of Exchange Traded Options Business;
- 14.2.2 forthwith close the Account(s);
- 14.2.3 forthwith terminate the whole or any part of this Agreement;
- 14.2.4 cancel all or any outstanding orders or any other commitments made on behalf of the Client;
- 14.2.5 close out, give up or exercise any or all Client Contracts, cover any short position of the Client through the purchase of securities on the relevant Exchange(s) or, subject to Clauses 12.5 and 12.6 liquidate any long position of the Client through the sale of securities on the relevant Exchange(s);
- 14.2.6 enter into Contracts, or into transactions in securities, futures or commodities (on an exchange or otherwise), for the purpose of meeting obligations arising or hedging risks to which the Company is exposed in relation to the Client's default;
- 14.2.7 subject to Clauses 12.5 and 12.6, dispose of any or all of the Margin, SEOCH Collateral (other than cash) or securities held for or on behalf of the Client and to apply the proceeds thereof and any cash deposit(s) including SEOCH Collateral to discharge the Client's liabilities to the Company;
- 14.2.8 combine, consolidate and set-off any or all accounts of the Client in accordance with Clause 16; and
- 14.2.9 take any action deemed fit by the Company in its absolute discretion.

14.3 In the event of any actions taken pursuant to this clause:-

- 14.3.1 the Company shall not be responsible for any loss occasioned thereby howsoever arising if the Company has already used reasonable endeavors to close out, give up or exercise Client Contracts, cover short positions through the purchase of securities or liquidate long positions at the then available market price;
- 14.3.2 the Company shall be entitled to close out and/or liquidate all or any of the Client Contracts pursuant to this clause at the then current price with any of the Company's Group Companies without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by the Company and/or any of the Company's Group Companies; and
- 14.3.3 the Client undertakes to pay to the Company any deficiency if the net proceeds of sale and/or liquidation of Client Contracts shall be insufficient to cover all the outstanding balances owing by the Client to the Company.

15 Proceeds of Sale

15.1 Subject to Clauses 12.5 and 12.6, the proceeds of sale or liquidation of the Account(s) made under Clause 14 shall be applied in the following order of priority and any residue shall be paid to the Client or to his/its order:-

- 15.1.1 payment of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly incurred by the Company in closing out and/or liquidating all or any of the Client Contracts or properties in the Account(s) or in perfecting title thereto;
- 15.1.2 payment of all interest due;
- 15.1.3 payment of all monies and liabilities due, owing or incurred by the Client, to the Company; and
- 15.1.4 payment of all monies and liabilities due, owing or incurred by the Client to any of the Company's Group Companies.

15.2 Subject to the Client Money Rules, any dividends, interest or other payments which may be received or receivable by the Company in respect of any Client Contract or Margin may be applied by the Company as though they were proceeds of sale hereunder notwithstanding that the power of sale may not have arisen and notwithstanding that subsequent to the execution of this Agreement the Company may have paid any of the said dividends, interest or other payments to the Client.

16 Set-off, Lien and Combination of Accounts

- 16.1 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which the Company may be entitled under laws or this Agreement, all Options Contracts, securities, Margin, Premium, receivables, monies and other property of the Client (in the name of the Client or jointly with others) held by or in the possession of the Company at any time shall be subject to a general lien in favor of the Company as continuing security to offset and discharge all of the Client's obligations, arising from the business of dealing in Options Contracts, to the Company and any of the Group Companies.
- 16.2 In addition and without prejudice to any general liens or other similar rights which the Company may be entitled under law or this Agreement and subject to applicable rules and regulations, including without limitation, the Client Money Rules and the Client Securities Rules, the Company for itself and as agent for any of the Group Companies, at any time without notice to the Client, may combine or consolidate any or all accounts, of any whatsoever and either individually or jointly with others, with the Company or any of the Group Companies and the Company may set-off or transfer any monies, Options Contracts, securities, Margin, Premium or other property in any such accounts to satisfy obligations or liabilities of the Client to the Company or any of the Group Companies, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several.
- 16.3 Without limiting or modifying the general provisions of this Agreement and subject to applicable rules and regulations, including without limitation, the Client Money Rules and the Client Securities Rules, the Company may, without notice, transfer all or any sum or properties interchangeably between any of the accounts maintained at any time by the Client with the Company and any of the Group Companies.

17 Contract Specifications, Margin Procedures and Closure of Positions

- 17.1 Without prejudice to the Company's rights under Clause 14.2 above, the Company may, without the Client's consent, close all or any of the Client's positions if the Company is of the opinion that there has been a change or development involving a prospective change:-
- 17.1.1 in the local, national or international monetary, financial, economic or political conditions or foreign exchange controls which has resulted or is in the opinion of the Company likely to result in a material or adverse fluctuation in the stock market or options market in Hong Kong and/or overseas; or
- 17.1.2 which is or may be of a material adverse nature affecting the condition or operations of the Client.
- 17.2 The Company shall provide to the Client upon written request Contract Specifications or other product specifications, any prospectus or other offering document covering such products, and shall provide to the Client a full explanation of margin procedures. The circumstances in which a Client's position may be closed without the Client's consent are set out in Clauses 6.3, 9, 14, 16, 17.1 and 19.5.

18 Standing Authorities

- 18.1 The Client Money Standing Authority covers money held or received by the Company in Hong Kong (including any interest derived from the holding of the money which does not belong to the Company) in one or more segregated account(s) on the Client's behalf ("Monies"), such authority is subject to applicable rules and regulations.
- 18.2 The Client authorizes the Company to:
- 18.2.1 combine or consolidate any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by the Company or any of the Group Companies from time to time and the Company or any of the Group Companies may transfer any sum of Monies to and between such segregated account(s) to satisfy the Client's obligations or liabilities to the Company or any of the Group Companies, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several;
- 18.2.2 transfer any sum of Monies interchangeably between any of the segregated accounts maintained by the Company or any of the Group Companies;
- 18.2.3 transfer any sum of Monies to the execution broker(s) and/or clearing firm(s) of the Company or any of the Group Companies located in Hong Kong or elsewhere for the purpose of dealing, clearing and/or settlement of securities, futures contract and/or other financial products (where applicable);
- 18.2.4 keep the Monies with the execution broker(s) and/or clearing firm(s) of the Company or any of the Group Companies located in Hong Kong or elsewhere after trading to facilitate future dealing, clearing and/or settlement of securities,

futures contract and/or other financial products (where applicable); and

18.2.5 convert the Monies into any other currency(ies), for any of the abovementioned purposes (where applicable).

18.3 The Client Securities Standing Authority is in respect of the treatment of the Client's securities as set out below in this Clause 18.

18.4 The Client authorizes the Company to deposit the securities with the SEOCH as SEOCH collateral in respect of Exchange Traded Options Business resulting from the Client's instructions to the Company.

18.5 The Client acknowledges and agrees that the Company may do any of the things set out in Clauses 18.2 and 18.4 without giving the Client notice.

18.6 The Client also acknowledges that:

18.6.1 the Client Money Standing Authority is given without prejudice to other authorities or rights which the Company or any of the Group Companies may have in relation to dealing in Monies in the segregated accounts; and

18.6.2 the Client Securities Standing Authority shall not affect the Company's right to dispose or initiate a disposal by the Company's associated entity of the Client's securities or securities collateral in settlement of any liability owed by or on behalf of the Client to the Company, the associated entity or a third person.

18.7 The Client understands that a third party may have rights to the Client's securities, which the Company must satisfy before the Client's securities can be returned to the Client.

18.8 Each of the Client Money Standing Authority and the Client Securities Standing Authority is valid for a period of 12 months from the date of this Agreement, subject to renewal by the Client or deemed renewal under the Client Money Rules or Client Securities Rules (as the case may be) referred to in Clause 18.10.

18.9 Each of the Client Money Standing Authority and the Client Securities Standing Authority may be revoked by giving the Company written notice addressed to the Company with the address specified in this Agreement or such other address which the Company may notify the Client in writing for this purpose. Such notice shall take effect upon the expiry of 14 days from the date of the Company's actual receipt of such notice.

18.10 The Client understands that each of the Client Money Standing Authority and the Client Securities Standing Authority shall be deemed to be renewed on a continuing basis without the Client's written consent if the Company issues the Client a written reminder at least 14 days prior to the expiry date of the relevant authority, and the Client does not object to such deemed renewal before such expiry date.

19 Electronic Trading Service

19.1 Unless otherwise specified, this clause is made without prejudice and in addition to all the other provisions in this Agreement. Please note the risk disclosure statements in the attached Appendix 2 relating to services provided through electronic means.

19.2 The Company may provide the Client with Electronic Trading Service, and the Client hereby request the provision of such services, upon the terms and conditions as embodied in this Agreement, as modified, amended or expanded by any notice, letter, publication or such other document as may be issued from time to time by the Company.

19.3 The Client may from time to time instruct the Company, to purchase and/or sell Options Contracts and to carry on instructions for effecting transactions of Exchange Traded Options Business for the Account(s) or otherwise deal with securities, Contracts, receivables or monies on behalf of the Client through the Electronic Trading Service.

19.4 The Client agrees that the Client shall be the only authorized user of the Electronic Trading Service under this Agreement. The Client shall be wholly and solely responsible for the confidentiality, security and use of the Access Codes issued to the Client by the Company.

19.5 The Client acknowledges and agrees that the Client shall be wholly and solely responsible for all instructions entered through the Electronic Trading Service. The Client undertakes and warrants that the Client shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer, damage, destroy or otherwise alter in any way, and shall not attempt to gain unauthorized access to, any part of the Electronic Trading Service, the Company's website, and any of the software comprised in them. The Client agrees that the Company shall be entitled to close any or all of the Account(s) immediately without notice to the Client, and the Client acknowledges that the Company may take legal action against the Client, if the

Client at any time breaches this warranty and undertaking or if the Company at any time reasonably suspects that the Client has breached the same. The Client undertakes to notify the Company immediately if the Client becomes aware that any of the actions described above in this paragraph is being perpetrated by any other person.

- 19.6 Unless otherwise agreed between the Company and the Client, the Company will not execute any trading orders of the Client until there are sufficient cleared funds, Margin, securities or other assets acceptable to the Company in the Client's Account(s) to settle the Client's transactions.
- 19.7 The Company will not be deemed to have received the Client's instructions or have executed the Client's orders unless and until the Client is in receipt of the Company's message acknowledging receipt or confirming execution of the Client's orders, either electronically or by hard copy.
- 19.8 The Client acknowledges and agrees that, as a condition of using the Electronic Services to give instructions, the Client shall immediately notify the Company if:-
- 19.8.1 an instruction has been placed through the Electronic Trading Service and the Client has not received an instruction number or has not received an accurate acknowledgement of the instruction or of its execution (whether by hard copy, electronic or verbal means);
 - 19.8.2 the Client has received acknowledgement (whether by hard copy, electronic or verbal means) of a transaction which the Client did not instruct or any similar conflict;
 - 19.8.3 the Client becomes aware of any of the acts stated in Clause 18.5 being done or attempted by any person;
 - 19.8.4 the Client becomes aware of any unauthorized use of the Client's Access Codes; or
 - 19.8.5 the Client has difficulties with regard to the use of the Electronic Trading Service.
- 19.9 The Client agrees to review every order before entering it as it may not be possible to cancel the Client's instructions once given.
- 19.10 The Client agrees that the Company shall not be liable for any loss or damage the Client or any other person may suffer as a result of using or attempting to use the Electronic Trading Service unless such loss or damage are caused by wilful default or gross negligence on the part of the Company. The Client further undertakes to indemnify the Company, on a full indemnity basis, on demand, for any loss or damage the Company may suffer as a result of the use of the Electronic Trading Service except to the extent that such loss or damage is outside the Client's control.
- 19.11 The Client acknowledges and agrees that if the mode of communication used by the Client in the course of the Electronic Trading Service becomes temporarily unavailable, the Client can during such period continue to operate the relevant Account subject to the right of the Company to obtain such information regarding the verification of the Client's identity as it may from time to time think fit.
- 19.12 The Client acknowledges that Exchanges and certain associations may assert proprietary interests and rights over all market data they furnish to parties who disseminate such data and agrees not to do any act which would constitute any infringement or encroachment of such rights or interests. The Client also understands that the Company does not guarantee the timeliness, sequence, accuracy or completeness of market data or any market information (including any information provided to the Client through the Electronic Trading Service). The Company shall not be liable in any way for any loss arising from or caused by (a) any inaccuracy, error in or omission from any such data, information or message; (b) any delay in the transmission or delivery thereof; (c) any suspension or congestion in communication; (d) any unavailability or interruption of any such data, message or information whether due to any act of the Company; or (e) by any forces beyond the control of the Company.

20 Representations and Warranties

- 20.1 The Client hereby represents and warrants to the Company on a continuing basis that:-
- 20.1.1 (in case of a corporation) it is validly incorporated and existing under the laws of its country of incorporation and has full power and capacity to enter into and perform its obligations hereunder; its entry into this Agreement has been duly authorized by its governing body and is in accordance with the memorandum and articles of association or by-laws as the case may be of the Client;
 - 20.1.2 neither the signing, delivery or performance of this Agreement nor any instructions given hereunder will contravene or constitute a default under any existing applicable law, statute, ordinance, rule or regulation or judgment or cause to

be exceeded any limit by which the Client or any of the Client's assets is bound; it has obtained and maintained in full force and effect any necessary consents, licenses and authorities;

- 20.1.3 save as otherwise disclosed to the Company in writing, all transactions to be effected under this Agreement are for the benefit of the Client and no other party has any interest therein;
- 20.1.4 if the Client requests the Company to operate the Account as an Omnibus Account, the Client confirms and agrees that it will immediately notify the Company of the identity of any person(s) ultimately beneficially interested in the Client Contracts;
- 20.1.5 subject to any security interest of any of the Company's Group Companies created pursuant to any agreement between the Client and the Company's Group Company, all securities provided by the Client for selling or crediting into the Account(s) are fully paid with valid and good title and free from any encumbrances and whose legal and beneficial titles are owned by the Client;
- 20.1.6 the information provided by or on behalf of the Client to the Company in connection with the Account(s) is complete, true and correct. The Company is entitled to rely on such information until written notice from the Client of any changes therein has been received by the Company; and
- 20.1.7 unless prior written approval of the Exchange has been obtained to the opening of the Account(s), (a) the Client, or (b) in the case of a partnership, the partners, or (c) in the case of a corporation, its directors or authorized personnel who have been duly authorized to operate the Account(s), is not employed by any other Options Exchange Participant of the Exchange, and no employee of any other Options Exchange Participant will have a beneficial interest in the Account(s).
- 20.2 The Client undertakes to perform such acts, sign and execute all such agreements or documents whatsoever as may be required by the Company for the performance or implementation of this Agreement or any parts thereof.
- 20.3 The Client agrees not to pledge or charge any Client contacts, securities, margin or monies forming part of any Account(s) without the prior consent of the Company, or to sell, grant an option over, or otherwise deal in any Options Contracts, securities, Margin or monies forming part of the Account(s).
- 20.4 The Company and the Client undertake to inform each other of any material change to the information provided in this Agreement. In particular, the Company and the Client agree that:-
 - 20.4.1 the Company will notify the Client of any material change to its business which may affect the services provided by the Company to the Client; and
 - 20.4.2 the Client will notify the Company of any change of name and address and provide supporting documents as reasonably required by the Company.

21 Liabilities and Indemnities

- 21.1 Neither the Company nor any of its directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for any loss, expense or damage suffered by the Client as a result of:-
 - 21.1.1 the Company acting or relying on any instruction given by the Client whether or not such instruction was given following any recommendation, advice or opinion given by the Company or by any of its directors, employees or agents;
 - 21.1.2 any condition or circumstances which are beyond the reasonable control or anticipation of the Company, its directors, employees and agents, including but not limited to any delays or failures in the transmission of orders due to disruption, breakdown, failure or malfunction of transmission of communication facilities, failure of electronic or mechanical equipment, telephone or other interconnection problems, unauthorized use of Access Codes, prevailing fast market conditions, governmental agency or exchange actions, theft, war (whether declared or not), severe weather, earthquakes and strikes;
 - 21.1.3 the Company exercising any or all of its rights conferred by the terms of this Agreement; or
 - 21.1.4 any conversion of one currency to another pursuant to, in relation to or arising from this Agreement.
- 21.2 Without limiting the generality of Clause 21.1 above, neither the Company nor any of its directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for any loss, expense or damage suffered by the

Client arising out of or alleged to arise out of or in connection with any inconvenience, delay or loss of use of the Electronic Trading Service or any delay or alleged delay in acting or any failure to act on any instruction given by the Client to the Company, even if the Company has been advised of the possibility of such loss or damage.

21.3 The Client undertakes to indemnify and keep indemnified the Company in respect of any costs, claims, demands, damages and expenses whatsoever which may be suffered or incurred by the Company directly or indirectly arising out of or in connection with any transaction entered into by the Company in connection with the Account(s) or otherwise whatsoever or howsoever arising out of anything done or omitted to be done by the Company in accordance with the terms of this Agreement or pursuant to any Client's instruction or communication. The Client also agrees to pay promptly to the Company, on demand, all damages, costs and expenses (including legal expenses on a full indemnity basis) incurred by the Company in the enforcement of any of the provisions of this Agreement.

21.4 Without prejudice to Clause 21.3, the Client undertakes to indemnify and keep indemnified the Company and its officers, employees and agents for any loss, cost, claim, liability and expense arising out of or connected with any breach by the Client of its obligations under this Agreement, including any costs reasonably and necessarily incurred by the Company in collecting any debts due to the Company or in connection with the closure of the Account(s).

21.5 The above terms shall continue to take effect notwithstanding the termination of this Agreement.

22 Notices, Confirmations and Statements

22.1 The Client must give the Company in writing his/her/its address, telephone, facsimile number, email address and/or mobile phone number for receipt of notices and other communications in connection with this Agreement. If these details change the Client must give the Company reasonable advance notice in writing before the change has taken place.

22.2 Unless otherwise provided in this Agreement, notices and communications must be sent to the address, telephone number, facsimile number, email address or mobile phone number last notified. The Client authorize the Company to send notices and communications to the Client in connection with this Agreement electronically and in any other manner including by facsimile, email, SMS or via other electronic means.

22.3 Unless otherwise provided in this Agreement, the Company's notice and communications to the Client are effective when sent or transmitted, whether actually received by the Client or not.

22.4 The Client's notices and communications are effective when the Company actually receive them in legible form.

22.5 Instructions and communications digitally signed and supported by a digital certificate have the same validity, admissibility and enforceability as if signed in writing.

22.6 Any notice or communication that is digitally signed must comply with any applicable law.

22.7 The Client is satisfied that electronically executed contracts are enforceable despite the legal risks associated with them.

22.8 If an Account is held jointly, notices and communications (including notices of any variation to this Agreement and any statements) sent to the address the Client has notified the Company as the address for receipt of notices and other communications in connection with this Agreement are taken to be given to each holder.

22.9 The Client must not dispute the contents of any notice or communication.

22.10 Notices and other communications in connection with this Agreement must be in writing. They must be sent to the address or email address last notified to the party.

22.11 The Company's written confirmation of the execution of the Client's orders and statements of the Client's Account(s) shall be conclusive and deemed to be accepted by the Client if not objected to in writing by the Client within 7 Business Days after transmission to the Client, by mail or otherwise. If the Client does dispute the content of an order or statement, the Client must contact the Company in writing to the Company's address as set out in this Agreement or such other address notified to the Client from time to time.

23 Amendment and Waiver

23.1 The Company may at its discretion amend, delete or substitute any of the terms in this Agreement or add new terms to this Agreement by sending to the Client a notice in writing setting out such amendment, deletion, substitution or addition. Such variation of this Agreement shall be deemed to have been accepted by the Client unless written notice of objection is received by the Company within 14 days after dispatch of such notification by the Company.

- 23.2 The Company may exercise a right or remedy, give or refuse its consent or approval in connection with this Agreement in any way it considers appropriate, including by imposing conditions. The Company need not give the Client reasons for any decision it makes.
- 23.3 If the Company does not exercise a right or remedy fully or at a given time, it can still exercise it later.
- 23.4 The Company is not liable for any loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right or remedy, whether or not caused by the Company's negligence.
- 23.5 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 the Company shall be effective unless it is in writing. The rights and remedies of the Company are cumulative and not exclusive of any rights or remedies provided by applicable laws.

24 Joint Clients

- 24.1 Where the Client consists of more than one person:
- 24.1.1 the liability and obligations of each of them shall be joint and several and references to the Client shall be construed, as the context requires, to any or each of them;
 - 24.1.2 the Company shall be entitled to, but shall not be obliged to, act on instructions or requests from any of them;
 - 24.1.3 each of them shall be bound though any other Client or any other person intended to be bound is not, for whatever reason, so bound; and
 - 24.1.4 the Company shall be entitled to deal separately with any of the Client on any matter including the discharge of any liability to any extent without affecting the liability of any others.
- 24.2 Where the Client consists of more than one person, on the death of any of such persons (being survived by any other such persons), this Agreement shall not be terminated and the interest in the Account(s) of the deceased will thereupon vest in and enure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall be enforceable by the Company against such deceased Client's estate. The surviving Client(s) shall give the Company written notice immediately upon any of them becoming aware of any such death.

25 Conflict of Interest

- 25.1 The Company and its directors, officers or employees may trade on its/their own account or on the account of any of the Company's Group Companies subject to any applicable regulatory requirements.
- 25.2 The Company may buy, sell, hold or deal in any Options Contracts or take the opposite position to the Client's order whether it is on the Company's own account or on behalf of its other clients.
- 25.3 The Company may match the Client's orders with those of other clients.
- 25.4 The Company may effect transactions in Options Contracts where the Company or any of its Group Companies has a position in the underlying securities or is involved with those Options Contracts or securities as underwriter, sponsor or otherwise.
- 25.5 In any of the above-mentioned events the Company shall not be obliged to account for any profits or benefits obtained.

26 Anti-Money Laundering and Sanctions

- 26.1 Notwithstanding any other provision of this Agreement to the contrary, the Company is not obliged to do or omit to do anything if it would, or might in the Company's reasonable opinion, constitute a breach of any laws in respect of anti-money laundering and counter terrorism applicable to the Company.
- 26.2 The Client must provide to the Company upon request all information and documents that are within the Client's possession, custody or control and requested by the Company at its discretion to enable the Company to comply with applicable laws and relevant internal policies and procedures. The Client undertakes to notify the Company of such matter as may be prescribed or accepted by the Company of any change of contact details (including but not limited to address, telephone

number, email address and facsimile number) or any change or addition of material information (including but not limited to directors, partners, beneficial owners, shareholders, controllers, legal status and constitutional documents).

- 26.3 Where the Client or any other person in connection with the Client and/or this Agreement fails to provide promptly information or documents reasonably requested by the Company, the Company may be unable to provide new, or continue to provide all or part of the services to the Client and the Company reserves the right to terminate the business relationship with the Client; and block or close the Client's Account(s) at its sole discretion to enable the Company to comply with applicable laws and relevant internal policies and procedures.
- 26.4 The Company, any Group Companies and its affiliates are required to act in accordance with applicable laws and request of government authorities in various jurisdictions. These relate, amongst others, to the prevention of money laundering, terrorist financing and the provision of financial or other services to any persons or entities which may be subject to sanctions imposed by the relevant government and/or international bodies. The Client agrees that the Company may take any action, in its sole and absolute discretion it considers appropriate including but not limited to disclosing any information concerning the Client, persons connected with the Client and/or this Agreement to any law enforcement entity, regulatory agency or court (in any jurisdiction) where required by such requests or any law.
- 26.5 Such action may include, but is not limited to, the interception and investigation of any payment messages and other information or communications sent to or by the Client or on the Client's behalf and making further inquiries as to whether a name which might refer to a person or entity subject to relevant sanctions and whether that name actually refers to that person or entity.
- 26.6 The Client agrees that the Company may take a sufficient time to consider, investigate, verify or to intercept a transaction, if the Client or any other person in connection with the Client and/or this Agreement becomes a person subject to the relevant sanctions, or upon the occurrence of a match on the Company's sanction or other anti-money laundering and counter terrorism financing related filters. In certain circumstances, those aforesaid actions taken by the Company may prevent or cause a delay in the process of certain information, instructions and/or transactions.
- 26.7 The Company nor any Group Company will be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any party arising in connection with this Clause 26. In addition, the Client acknowledges that neither the Company nor any Group Company is required to provide reasons for any decisions it makes, including (without limitation) actions taken or not taken, or unless expressly required by applicable law.
- 26.8 The Client agrees to exercise his/her/its rights and perform his/her/its obligations under this Agreement in accordance with all applicable anti-money laundering and counter terrorism financing and other laws.
- 26.9 The Client declares that he/she/it is acting on his/her/its own behalf and not in a trustee or agency capacity, unless otherwise disclosed to the Company with details of the ultimate beneficiary for whom the Client is trading, and agrees to provide evidence of due authority and specimen signatures for each authorized person.

27 Termination

- 27.1 Without prejudice to Clauses 7, 14, and 21, this Agreement shall continue in effect until terminated by either party giving not less than 14 days prior written notice to the other.
- 27.2 Service of notice of termination by the Client pursuant to Clause 27.1 shall not affect any transaction entered into by the Company pursuant to this Agreement before the notice has been actually received by the Company.
- 27.3 Termination of this Agreement shall not affect any outstanding orders or any legal rights or obligations which may already have arisen.
- 27.4 Notwithstanding Clause 27.1, the Client shall have no right to terminate this Agreement if the Client has open positions or outstanding liabilities or obligations.
- 27.5 Clauses 7, 21, 22, 32.4, 34 and 36 shall survive the termination of this Agreement.

28 Compliance with Law

- 28.1 Nothing in this Agreement requires the Company to do or not do anything if it would or might in the Company's reasonable opinion constitute a breach of the Company's policy or any applicable law, including any relevant foreign law requirement or requirement of any applicable government authority

29 Severability

- 29.1 To the extent permitted by law, the Client waives all rights conferred by law which are inconsistent with this Agreement.
- 29.2 If and to the extent that an applicable law is inconsistent with this Agreement in a way that would otherwise have the effect of making:-

- (a) a provision of this Agreement illegal, void or unenforceable; or
- (b) a provision of this Agreement contravene a requirement of that law or impose an obligation or liability which is prohibited by that law,

then the law overrides this Agreement to the extent of the inconsistency, and this Agreement is to be read as if that provision was varied to the extent necessary to comply with that law and avoid that effect (or, if necessary, omitted).

- 29.3 If any term of this Agreement is invalid, unenforceable or illegal in a jurisdiction, that term is read as varied or severed (as the case requires) only for that jurisdiction. All other terms continue to have effect in that jurisdiction.

30 Assignability

- 30.1 The provisions of this Agreement shall be binding on and enure to the benefit of the successors, assigns and personal representatives (where applicable) of each party hereto provided that the Client may not assign, transfer, charge or otherwise dispose of any of the Client's rights or obligations hereunder without the prior written consent of the Company.
- 30.2 The Company may assign all or a part only of its rights and obligations under this Agreement to any person without the prior consent or approval of the Client.

31 Third Party Rights

- 31.1 Subject to Clause 30, a person who is not a party to this Agreement has no right under the Contract (Rights of Third Parties) Ordinance of the laws of Hong Kong to enforce or to enjoy the benefit of any term of this Agreement.
- 31.2 The Agreement does not create or confer any rights or benefits enforceable by any person not a party to it except:
- (a) a Group Company may enforce any rights or benefits in this Agreement;
 - (b) a Group Company may enforce the rights or benefits of any indemnity, limitation or exclusion of liability in this Agreement; and
 - (c) a person who is a permitted successor or assignee of the rights or benefits of this Agreement may enforce those rights or benefits.
- 31.3 No consent from the persons referred to in this clause is required for the parties to vary or rescind this Agreement (whether or not in a way that varies or extinguishes rights or benefits in favour of those third parties).

32 General

- 32.1 The Client hereby authorizes the Company to conduct a credit enquiry or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client.
- 32.2 Nothing herein contained shall place the Company under any duty to disclose to the Client any fact or thing which comes to its notice in the course of acting in any capacity for any other person or in its own capacity.
- 32.3 Whenever the Company deals with the Client, it will always be on the basis that only the Client is the Company's client and is acting as principal in all respects and so, if the Client acts on behalf of another person, whether or not the Client identifies him to the Company, he will not be the Company's client and the Company does not and will not have or accept in any circumstances whatsoever any responsibility towards any person on whose behalf the Client may act and the Client hereby acknowledges and agrees that the Client shall be solely responsible for settling all liabilities resulting from transactions effected pursuant to and in accordance with the terms and conditions of this Agreement in connection with or on behalf of any such person.
- 32.4 The Company may obtain confidential information relating to the Account(s), the Client (including the Client's affiliates and subsidiaries (together with the Client, the "Client Group")) and the respective directors, shareholders, employees, officers, consultants and agents of the Client Group (each a "Representative") during the ordinary course of the Client's relationship with the Company. The Client hereby expressly agrees that:

- (a) the Company may disclose any or all such information relating to the Account(s), the Client Group and/or the

Representatives to any third party (including any Group Company), as it considers necessary to comply with any laws, regulations, orders, judgments, guidelines, policies, measures, arrangements, requests or other requirements issued by any legal, regulatory, governmental, tax, enforcement, administrative or statutory authority, stock exchange or clearing house, or other self-regulatory or industry bodies or associations both within and outside Hong Kong, including but not limited to, the PRC (collectively, the "Authorities" and each an "Authority"), without further consent from or notification to the Client in any case;

- (b) any Group Company may disclose any or all such information relating to the Account(s), the Client Group and/or the Representatives to any third parties, including but not limited to, an Authority, as may be required for such Group Company to comply with any laws, regulations, orders, judgments, guidelines, policies, measures, arrangements, requests or other requirements issued by such Authority, without further consent from or notification to the Client; and
- (c) the Company may disclose any or all such information relating to the Account(s), the Client Group and/or the Representatives to any Group Company as it considers necessary, without further consent from or notification to the Client.

32.5 Without limiting the generality of the Clause 32.4, the Client acknowledges and agrees that the Company shall keep information relating to the Account(s) confidential, but may provide any such information to the SFC, the SEHK and Clearing Houses to comply with their requirements or requests for information.

32.6 Time shall in all respects be of essence in the performance of all of the Client's obligations under this Agreement.

32.7 A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or future exercise of that right, power or privilege.

32.8 If the Company fails to meet its obligations to the Client under this Agreement and the Client thereby suffers a pecuniary loss, the Client shall have a right to claim under the Investor Compensation Fund which was set up under the investor compensation regime of the Securities and Futures Ordinance to make compensation to investors who suffer losses due to an intermediary default..

32.9 The Client hereby declares that the Company has provided to the Client the following information in accordance with the Options Trading Rules:

32.9.1 the category of Options Exchange Participantship under which the Company is registered; and

32.9.2 the full name and contact details of the Options Officer or Options Representative who will be primarily responsible for the Client's affairs.

32.10 The Client hereby declares that he has read the English/Chinese version of this Agreement in a language of his choice and that the contents of this Agreement have been fully explained to him by the Company in a language that the Client prefers and understands and that the Client accepts and agrees to be bound by this Agreement.

32.11 In the event of any difference in interpretation or meaning between the Chinese and English versions of this Agreement, the Client and the Company agree that the English version shall prevail.

33 Third Party Authorization

33.1 If the Client gives written authorization to authorize third party to give instructions on the Client's behalf in relation to the Client's Account, the scope of authorization includes (a) buy/sell decision; and (b) payment to the designated bank account of the Client in the Company's record. The Client confirms that the Client is the ultimate beneficial owner of the Account. The Client confirms that the Client will not give any commission, rebate or other remuneration to the third party as a return of the transaction(s) effected by the third party. The Client understands and is fully aware of the potential risk and the potential gain or loss arising from the third party's authorization. The Client agree to pay the Company any purchase price or other payment arising from any trading instructions given by the authorized person when due. The Client also undertakes that the Client agrees and undertakes to be responsible for all transaction(s) effected via the Client's Account and the payments made to the designated bank account of the Client. The Client undertakes to inform the Company immediately with documentary evidence in case of any cancellation of this authorization or any change of the Client's Account in future and acknowledges that the Client will be responsible for any costs and losses therefrom incurred by the Client.

34 Governing Law

34.1 This Agreement and all rights, obligations and liabilities arising out of and in connection with it shall be governed by and

construed in accordance with the laws of Hong Kong.

35 Jurisdiction

35.1 The method (1) described below be selected as the dispute resolution

- (1) The courts of Hong Kong have non-exclusive jurisdiction to resolve any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement).
- (2) At the sole option of the Company and in its sole discretion, any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the China International Economic and Trade Arbitration Commission (CIETAC) Southwest Sub-Commission for arbitration which shall be conducted in accordance with the CIETAC's rules in effect at the time of applying for arbitration. The arbitral award is final and binding upon both parties.

Appendix 1

FOREIGN ACCOUNT TAX COMPLIANCE ACT (“FATCA”) AND COMMON REPORTING STANDARD (“CRS”) POLICIES OF THE GROUP COMPANIES SUPPLEMENT

Under FATCA of the United States of America, financial institutions in Hong Kong are required to report certain information of their clients to tax and/or other governmental authorities and withhold on the client’s U.S. source fixed, determinable, annual or periodical income in certain circumstances.

Hong Kong has also agreed to implement the CRS under which financial institutions must report information about their clients to the Inland Revenue Department and/or other relevant authority of the Hong Kong Government.

For compliance of the regulatory requirements in relation to FATCA, the CRS and other related regulations, the Company and/or the Group Companies implemented the terms and conditions of this Supplement to govern the relevant rights and obligations between the Client and the Group Companies.

1 Privacy Waiver

- 1.1 The Client hereby irrevocably authorizes the Company and/or the Group Companies to disclose and submit such information provided by the Client, including without limitation to the personal information, to the competent regulatory or governmental authority in the relevant jurisdiction (including without limitation to U.S. Internal Revenue Service, U.S. Department of the Treasury and the Hong Kong Inland Revenue Department) for the purpose of compliance of the requirements under FATCA, the CRS and other related laws, regulations, codes and rules.
- 1.2 The Client further acknowledges that the Company and/or the Group Companies may not notify the Client such disclosure or submission as required by the applicable laws or regulations, and agrees that he/she/it will not require the Company and/or the Group Companies to make such notification to the Client before or after the disclosure or submission of the information to the relevant authorities.

2 Further Assurance for Provision of Information

- 2.1 The Client undertakes that he/she/it will promptly provide the Company and/or the Group Companies such information, including without limitation to the personal/institutional information in the Securities Account Opening Form and the relevant account opening documents designated by the Company and/or the Group Companies from time to time and the relevant tax forms completed by the Client, for the purpose of compliance of the requirements under FATCA, the CRS and other related laws, regulations, codes and rules.
- 2.2 The Client shall ensure that the information provided to the Company and/or the Group Companies under Clause 2.1 above shall always be true, complete and accurate without misleading in all material aspects.
- 2.3 The Client further undertakes that he/she/it will promptly notify the Company and/or the Group Companies whenever any information provided to the Company and/or the Group Companies under Clause 2.1 above is changed or becomes untrue, incomplete, inaccurate or misleading and provide the Company and/or the Group Companies the necessary updated information.
- 2.4 Upon the Company’s and/or the Group Companies’ request, the Client shall promptly provide the Company and/or the Group Companies such additional or substitute certificates and forms and other documentary evidences, including without limitation to the substitute tax form of expired tax forms (if any), the Client’s written nationality statement, certificate of loss of U.S. nationality and privacy waivers.
- 2.5 The Client acknowledges and agrees that failing to provide the Company and/or the Group Companies information as required under this Clause 2 will entitle the Company and/or the Group Companies to change the FATCA or CRS status of the Client’s Account(s), suspend the trading activities under the Client’s Account(s), withhold the assets in the Client’s Account(s), close the Client’s Account(s), or sell the assets in the Account(s) to produce withholdable payments at the Company’s and/or the Group Companies’ sole and absolute discretion.
- 2.6 The Company and/or the Group Companies will keep and use the Client’s personal data in compliance with the Personal Data (Privacy) Ordinance and other applicable data privacy policy.

3 Withholding Authorization

- 3.1 The Client hereby authorizes the Company and/or the Group Companies to withhold any part of or all assets in the Client’s Account(s) (in cash or other form) or sell the assets in the Account(s) to produce withholdable payments if, at the Company’s and/or the Group Companies’ sole and absolute discretion:-
 - (a) the Client do not provide the Company and/or the Group Companies with the information or documents requested in

a timely manner or if any information or documents provided are not up-to-date, accurate or complete such that the Company and/or the Group Companies are unable to ensure its ongoing compliance or adherence with the requires under FATCA;

- (b) the FATCA status of the Client is identified as recalcitrant or non-participating foreign financial institutions;
- (c) there is no reliable evidence to treat the Client as exempted from withholding requirement under FATCA or other relevant regulations;
- (d) the withholding is required by competent regulatory or governmental authorities in the relevant jurisdiction; or
- (e) the withholding is otherwise necessary or appropriate for the compliance of the requirement under FATCA and other related laws, regulations, codes and rules.

4 Indemnification

4.1 The Client hereby agrees to hold the Company and/or the Group Companies and the directors, officers, employees and agents of the Company and/or the Group Companies (the “Indemnified Persons”) indemnified against all losses, liabilities, costs, claims, actions, demands or expenses (including but not limited to, all reasonable costs, charges and expenses incurred in disputing or defending any of the foregoing) which the Indemnified Persons may incur or which may be made against the Indemnified Persons arising out of, or in relation to tor in connection with:-

- (a) any breach or alleged breach of the terms and conditions hereunder, whether by act or omission, of the Client; and
- (b) any non-compliance of FATCA, the CRS or any other applicable laws, regulations, codes, and orders in relation to the Client and/or the Client’s Account(s),

except where such loss or damages arise from wilful default, fraud or gross negligence of the Indemnified Persons.

4.2 The Client undertakes to assist the Company and/or the Group Companies in any proceeding or investigation arising in any matter out of or in connection with the compliance with the requirements under FATCA, the CRS and other applicable laws, regulations, codes, and orders. In such case, the Company and/or the Group Companies will notify the Client when the Company and/or the Group Companies become aware of such proceedings, unless prohibited by applicable laws and regulations.

4.3 If any payment to be made by the Client to the Indemnified Persons under the clauses hereunder is subject to deduction or withholding tax, the sum payable by the Client in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Indemnified Persons receive on the due date and retain (free from any liability in respect of such deduction, withholding or payment) a net sum equal to what the Indemnified Persons would have received if no such deduction, withholding or payment been made or required to be made.

4.4 The Client shall continue to be bound by the provisions of this Clause 4 despite the Client ceasing to be a holder of the Account(s) or the termination of any Account(s).

5 Incorporation with the Agreement

5.1 This Supplement shall be deemed to be incorporated as a part of the Client’s Stock Options Trading Agreement in relation to the Client’s Account(s) and subject to amendments made by the Group Companies from time to time at the Group Companies’ sole and absolute discretion. In case of conflict or inconsistency between the Client’s Stock Options Trading Agreement and this Supplement, the terms of this Supplement shall prevail.

5.2 Unless otherwise defined, capitalized terms in this Supplement shall have the same meaning as defined under the Agreement.

Appendix 2

RISK DISCLOSURE STATEMENTS

1 Risk of Securities Trading

The prices of securities fluctuate, sometimes dramatically. 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 Risk of Margin Trading

The risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of the Client's cash and any other assets deposited as collateral with the Company. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. The Client 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, the Client's collateral may be liquidated without the Client's consent. Moreover, the Client will remain liable for any resulting deficit in the Client's Account(s) and interest charged thereon. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of the Client's own financial position and investment objectives.

3 Risk of Client Assets Received or Held Outside Hong Kong

Client assets received or held by the Company 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.

4 Risk of Providing an Authority to Repledge Client Securities Collateral Etc.

4.1 There is a risk if the Client provide the Company with an authority that allows it to apply the Client's securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge the Client's securities collateral for financial accommodation or deposit the Client's securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.

4.2 If the Client's securities or securities collateral are received or held by the Company in Hong Kong, the above arrangement is allowed only if the Client consents in writing. Moreover, unless the Client is a professional investor, the Client's authority must specify the period for which it is current and be limited to not more than 12 months. If the Client is a professional investor, these restrictions do not apply.

4.3 Additionally, the Client's authority may be deemed to be renewed (i.e. without the Client's written consent) if the Company issues the Client a reminder at least 14 days prior to the expiry of the authority, and the Client do not object to such deemed renewal before the expiry date of the then existing authority.

4.4 The Client is not required by any law to sign the authorities. But an authority may be required by the Company, for example, to facilitate margin lending to the Client or to allow the Client's securities or securities collateral to be loaned to or deposited as collateral with third parties. The Company should explain to the Client the purposes for which one of these authorities is to be used.

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

4.6 A cash account not involving securities borrowing and lending is available from the Company. If the Client do not require margin facilities or do not wish the Client's securities or securities collateral to be lent or pledged, the Client should not sign the authorities and should ask to open this type of cash account.

5 Risk of Trading Futures and Options

5.1 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, the Client should undertake such transactions only if the Client understand the nature of the contracts (and contractual relationships) into which the Client are entering and the extent of the Client's exposure to risk. Trading in futures and options is not suitable for many members of the public. The Client should carefully consider whether trading is appropriate for the Client in light of the Client's experience, objectives, financial resources and other relevant circumstances.

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

6 Additional Risk Disclosure for Futures and Options Trading

6.1 Effect of "Leverage" or "Gearing"

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

6.2 Risk-reducing orders or strategies

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

Options

6.3 Variable degree of risk

- (a) 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. The Client should calculate the extent to which the value of the options must increase for the Client's position to become profitable, taking into account the premium and all transaction costs.
- (b) The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, the Client will suffer a total loss of the Client's investment which will consist of the option premium plus transaction costs. If the Client are contemplating purchasing deep-out-of-the-money options, the Client should be aware that the chance of such options becoming profitable ordinarily is remote.
- (c) Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.
- (d) 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

6.4 Terms and conditions of contracts

The Client should ask the Company about the terms and conditions of the specific futures or options which the Client are trading and associated obligations (e.g. the circumstances under which the Client 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.

6.5 Suspension or restriction of trading and pricing relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If the Client have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge fair value.

6.6 Deposited cash and property

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

6.7 Commission and other charges

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

6.8 Transactions in other jurisdictions

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

6.9 Currency risks

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in the Client's 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.

6.10 Trading facilities

Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. The 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: the Client should ask the Company for details in this respect.

6.11 Electronic trading

Trading on an electronic trading system may differ from trading on other electronic trading systems. If the Client undertake transactions on an electronic trading system, the Client 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 the Client's order is either not executed according to the Client's instructions or is not executed at all.

6.12 Services provided through electronic means

Due to unpredictable traffic congestion and other reasons, electronic transmission may not be a reliable medium of communication. Transactions conducted via electronic means are subject to delays in transmission and receipt of the Client's instructions or other information, delays in execution or execution of the Client's instructions at prices different from those prevailing at the time the Client's instructions were given, transmission interruption or blackout. There are risks of misunderstanding or errors in communication. It is also usually not possible to cancel an instruction after it has been given.

6.13 Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, the Company is permitted to effect off-exchange transactions. The Company may be acting as the Client's 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 the Client undertake such transactions, the Client should familiarize himself with applicable rules and attendant risks.

6.14 Risk of providing an authority to hold mail or to direct mail to third parties

If the Client provide the Company with an authority to hold mail or to direct mail to third parties, it is important for the Client to promptly collect in person all confirmations and statements of the Client's Account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

6.15 External position transfer arrangement for the Client Offset Claim Account ("COCA") in DCASS under the Company's default situation

As offset may be available between the positions pairs belonging to different clients maintained in the COCA, any request for external transfer of positions from the COCA under the Company's default situation must be for ALL but not part of the positions. As a result, in a default scenario, no position maintained in the COCA could be externally transferred to another company if one or more clients with positions in COCA do not wish to transfer out their positions for whatever reasons.

Appendix 3

PERSONAL INFORMATION COLLECTION STATEMENT OF THE GROUP COMPANIES

All references to “Guoyuan International Group” or “Group Companies” in this statement refer to the direct or indirect holding companies, and direct or indirect subsidiaries of the Company or of such holding companies, and shall include Guoyuan International Holdings Limited, Guoyuan Securities Brokerage (Hong Kong) Limited, Guoyuan Futures (Hong Kong) Limited, Guoyuan Asset Management (Hong Kong) Limited and Guoyuan Capital (Hong Kong) Limited. This statement is made by the Group Companies in accordance with the Personal Data (Privacy) Ordinance (Cap. 486) of the Hong Kong Special Administrative Region (the “Ordinance”) and is intended to notify the Clients of why personal data is collected, how it will be used and to whom data access requests are to be addressed.

1. From time to time, it is necessary for the Clients to supply the Group Companies with data in connection with the opening or continuation of Accounts and the establishment or continuation of trading or credit facilities or provision of financial, securities, commodities, derivatives, investment, financing, wealth management, investor education and related services, products and facilities.
2. Failure to supply such data may result in the Group Companies being unable to open or continue Accounts or establish or continue trading or credit facilities or provide the services, products or facilities mentioned in Clause 1 above.
3. It is also the case that data are collected from the Clients in the ordinary course of the continuation of the business relationship between the Clients and the Group Companies.
4. The purposes for which data relating to the Client may be collected, used and/or disclosed by the Group Companies, whether within or outside Hong Kong and whether before or after the termination of the Client’s relationship with the Group Companies, are as follows:-
 - (a) the daily operation of the services and facilities provided to the Clients;
 - (b) conducting credit checks;
 - (c) assisting other financial institutions to conduct credit checks;
 - (d) ensuring ongoing credit worthiness of the Clients;
 - (e) designing the services, products or facilities mentioned in Clause 1 above for the Clients' use;
 - (f) marketing the services, products and facilities mentioned in Clause 1 above (details of the use or provision of personal data by the Group Companies for direct marketing purposes are set out in Clause 6 below);
 - (g) determining the amount of indebtedness owed to or by the Clients;
 - (h) collection of amounts outstanding from the Clients and those providing guarantee or security for the Clients' obligations;
 - (i) meeting the requirements to make disclosure under the requirements of any legal and/or regulatory requirements or court orders binding on the Group Companies (whether within or outside Hong Kong);
 - (j) enabling the Group Companies to comply with any applicable industry practices;
 - (k) enabling the Group Companies to comply with any applicable laws, rules, regulations, industry practices, legal obligations, or any requirements, requests, codes, guidance or guidelines of any exchanges or any regulatory, tax, law enforcement or government bodies in any jurisdiction to which the Group Companies are subject (such as guidelines issued by the Hong Kong Inland Revenue Department for the implementation of automatic exchange of financial account information (AEOI) and the U.S. Foreign Account Tax Compliance Act (FATCA));
 - (l) complying with any obligations, requirements, policies, procedures, guidelines, measures or arrangements for sharing data and information within the Group Companies and/or any other use of data and information in accordance with any programmes for sanctions, prevention or detection of money laundering, terrorist financing, tax evasion or other unlawful activities; and
 - (m) any purposes directly or indirectly relating or incidental to any of the above.

The Group Companies may from time to time transfer the Clients' data outside of Hong Kong for any of the above purposes.

5. Data held by the Group Companies relating to Client(s) will be kept confidential but the Group Companies may provide such data to the following parties (whether within or outside Hong Kong):-
 - (a) any agent, contractor or third party service provider who provides administrative, telecommunications, computer, financial, trade execution, cash, securities and/or contracts clearing or settlement or other services to the Group Companies in connection with the operation of its business;
 - (b) any other person under a duty of confidentiality to the Group Companies including but not limited to any member of the Group Companies which has undertaken to keep such information confidential;

- (c) any financial institution or dealer with which the Client has or proposes to have dealings;
- (d) any credit reference agency and in the event of default, any debt collection agency;
- (e) any actual or proposed assignee of the Group Companies or participant or sub-participant or transferee of the Group Companies rights in respect of the Clients;
- (f) any person providing or proposing to provide guarantee or security for the Clients' obligations; and
- (g) any exchange, entity, agency, regulatory or government body in any jurisdiction if required by law or pursuant to any court orders, rules or regulations to which the Group Companies are subject. In such cases, the Group Companies are usually under a duty of secrecy and will not be able to notify the Client or seek his/her consent in relation to such release of information

6. Use of Data in Direct Marketing

The Group Companies may use the Client's personal data in direct marketing with the Client's consent (which includes an indication of no objection) for that purpose. In this connection, please note that:-

- (a) the Client's personal data such as the Client's name, telephone number, email address, correspondence address, account number, products and services portfolio information, transaction pattern and behaviour, risk profile, financial background and investment objectives and experience may be used by the Group Companies in direct marketing;
- (b) the following classes of services, products, facilities and marketing subjects may be marketed:
 - (i) financial, securities, commodities, derivatives, investment, financing, wealth management, investor education and related services, products and facilities; and
 - (ii) reward, loyalty or privileges programmes and related services, products and facilities;
- (c) the above services, products, facilities and marketing subjects may be provided or (in the case of donations and contributions) solicited by the Group Companies and/or any member company of the Group Companies; and
- (d) the Group Companies may, with the Client's written consent (which includes an indication of no objection), also provide the personal data described in Clause 6(a) above to any of the persons referred to in Clause 6(c) above for use by any of them in direct marketing of the services, products, facilities and marketing subjects referred to in Clause 6(b) above. The Group Companies may so provide the personal data to such persons for direct marketing purposes for gain.

If the Client wishes the Group Companies to cease to use and provide his/her personal data to other persons for use in direct marketing, the Client may notify the Legal and Compliance Department of the Group Companies in writing by mailing or faxing the written notification to the postal address or facsimile number provided in Clause 10 below. The Group Companies shall then cease to use and provide his/her personal data for direct marketing purposes without any charge.

- 7. There may be instances where the Clients elect to provide personal information to the Group Companies through electronic means (such as Internet or voice recording system). Whilst the Group Companies generally uses best endeavors to maintain the security and integrity of its systems, due to many unpredictable traffic or other reasons, electronic communication may not be a reliable medium of communication. The Client should take heed of such weaknesses and communicate personal information through electronic devices with caution.
- 8. Under and in accordance with the terms of the Ordinance, the Client has the right to:-
 - (a) check whether the Group Companies hold data about him/her and the right of access to such data;
 - (b) require the Group to correct any data relating to him/her which is inaccurate; and
 - (c) ascertain the Group Companies' policies and practices in relation to data and to be informed of the kind of personal data held by the Group Companies.
- 9. In accordance with the terms of the Ordinance, the Group Companies have the right to charge a reasonable fee for the processing of any data access request.
- 10. The person to whom requests for ceasing to use of personal data in direct marketing, access to data, correction of data or information regarding policies and practices and kinds of data held are to be addressed as follows:-

Legal and Compliance Department
 Guoyuan International Holdings Limited
 17/F, Three Exchange Square
 8 Connaught Place
 Central, Hong Kong

Phone: (852) 3769-6820
 Facsimile: (852) 3769-6999
 Email: compliance@gvzq.com.hk

11. This Statement may be revised, amended or supplemented from time to time by the Group Companies. The most up-to-date statement can be found in the Group Companies' website at www.gyzq.com.hk/ www.gygj.com.hk.