

## FUTURES CLIENT'S AGREEMENT

THIS AGREEMENT is made the date stated in the Account Application Form:

BETWEEN

Guoyuan Futures (Hong Kong) Limited ("the Company"), a company incorporated in Hong Kong with its registered office and principal business address at 22/F, CCB Tower, 3 Connaught Road Central, Hong Kong and a licensed corporation (CE No. APW833) for Type 2 regulated activity (Dealing in Futures Contracts) under the Securities and Futures Ordinance and an exchange participant of Hong Kong Futures Exchange Limited; and

The Party whose name, address and details are set out in the Account Application Form ("the Client").

In consideration of the Company's agreeing to allow the Client to open one or more accounts with the Company and to provide services to the Client in connection with commodities trading and purchase and sale of commodities futures and options contracts, the Client agrees that all Transactions executed by the Company for any Account shall be subject to, and the Client shall be bound by, the Company's standard terms and conditions set out below as the same may be amended from time to time and notified to the Client.

### 1 Definitions and interpretations

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

"Account" means any account opened or to be opened and maintained in the name of the Client with the Company Pursuant to this Agreement;

"Agreement" means this client's agreement together with the Account Application Form, the Risk Disclosure, Disclaimer Statements, Personal Information Collection Statement and Terms and Conditions of Internet Trading ( as may from time to time be amended in writing and notified to the Client );

"Approved Debt Securities" means Exchange Fund Bills or Notes issued by the Hong Kong Government for the account of the Exchange Fund, Treasury Bills or Notes issued by the U.S. Government (other than U. S. Treasury Callable Corpus (TCAL) and Separate Trading of Registered Interest and Principal of Securities (STRIPS)) and such other debt securities or instruments as may from time to time be approved by HKFE as a form of cover for margin;

"Approved Securities" means TraHK Units and such other securities as may from time to time be approved by the Exchange as a form of cover for margin;

"Asset" means cash, currencies, securities, investments, deposits or financial instruments (including futures or options contracts) constituting good delivery traded on an Exchange;

"Associate" means in relation to the Company, any company that is the Company's subsidiary or holding company or a subsidiary of the Company's holding company and "Associates" shall be construed accordingly;

"Authorized Financial Institution" means an authorized institution as defined under Section 2 (1) of the Banking Ordinance ( Cap.155 of the Laws of Hong Kong );

"Authorized Person" means the Person or any of the persons whose name and other particulars are set out in the Declaration as to Persons Authorized to Give Instructions accompanying this Agreement who is/are designated by the Client as having authority to operate and to issue instructions in relation to an Account or such person or persons who purport (s) to be the lawful attorney (s) of the Client with authority to operate and give instructions in relation to an

Account on behalf of the Client provided that the Company shall be entitled to rely on any power of attorney produced by the Authorized Person which purports to be made by the Client and shall not be required to check the authenticity of the Client's signature on the power of attorney nor to enquire as to the validity of such power of attorney or whether the Authorized Person's authority thereunder has been altered or revoked by the Client ;

"Beneficial identity of client" means the ultimate beneficiary of a Client account or, in the case of a company or body corporate, the individuals who are the ultimate beneficial owners of the share capital of the company or body corporate and includes a beneficiary holding an interest through a nominee or trust;

"Company" means Guoyuan Futures (Hong Kong) Limited;

"Business day" means a day (other than a Saturday or public holiday) on which licensed banks in Hong Kong are generally open for business;

"Charged Securities" means such securities investments and financial instruments (including the benefit of any foreign exchange contracts, commodities contracts or futures contracts or options contracts) or any other property whatsoever from time to time approved by HKFE which the Client may , with the agreement of the Company, deposit with the Company to secure the performance of the Client's obligations under this Agreement and/or under any Contracts and/or Client Contracts;

"Clearing House" means in relation to HKFE, HKCC and, in relation to any other Exchange, any clearing house providing clearing services for such Exchange;

"Clearing House Margin" means the amount of cash and non-cash collaterals required by way of margin and/or variation adjustment (howsoever described) under the rules and regulations of the relevant Exchange, and or Clearing House to be taken by the Company from the Client together with all sums of margin and/or variation adjustment ( howsoever described ) for which the Company must account to the relevant Clearing House;

"Client" means the undersigned, being the person with whom the Company has entered into this Agreement and such person's successors in title and (if appropriate) legal representatives and shall include each Authorized Person ( as the context may permit or require );

"Client Contract" means a futures contract or options contract between the Company and the Client which is matched by a Contract and identical in its terms except as to price and parties;

"Client Information Statement" means the information statement attached to this Agreement which contains particulars of the Client as supplied by the Client;

"Client Money Rules" means the Securities and Futures (Client Money) Rules (Cap.571I of the Laws of Hong Kong);

"Client Securities Rules" means the Securities and Futures (Client Securities Rules (Cap. 571H of the Laws of Hong Kong);

"Close out" means the entering into of a Contract equal and opposite to a Contract previously entered into (and each matching a Client Contract) so as to create a level position in relation to the Assets underlying the Contracts, or in relation to the Contracts themselves and fix the amount of profit or loss arising from such Contracts (and with respect to the corresponding Client contract); and the terms "closed out" and "closing out" shall be construed accordingly;

"Code" means the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission;

"Compensation Fund" means the Investor Compensation Fund established pursuant to Section 236 of the SFO;

"Commodity Futures" means any futures or options contract that is traded on HKFE or any other Foreign Futures Exchanges, or futures or options contract on any other instrument agreed between the parties, Commodities include, without limitation, currencies, securities, indices of any kind (whether stock market or otherwise ), interest rates, exchange rates, physical assets (including precious metals, agricultural products and oil) or other investments traded, or rights or options in relation to which are traded;

"Contract" means a futures contract or options contract entered into through a Dealer;

"Correspondent Agent" means anyone (including the incorporated body) who acts as the Company's agent in effecting Transactions or clearing the same in Hong Kong or elsewhere, including any member of HKFE or HKCC and/or the member of Foreign Futures Exchange and foreign clearing house;

"Dealer" means such member of an Exchange and/or Clearing House being either the Company or such other member of an Exchange and/or Clearing House as is instructed by the company to enter into futures contracts or options contracts on an Exchange, and/or clear the Same;

"Exchange" means HKFE and any other exchange, market or association of dealers in any part of the world on which Assets are bought and sold;

"Exchange Contract" means a futures contract or options contract approved by the SFC and HKFE for trading on a market or as the context may require a futures contract or options contract which has been executed in accordance with the Rules;

"FATCA" means:

- (i) the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Service under Sections 1471 to 1474 of the Code or any associated treasury regulations, as amended or supplemented from time to time, or other official guidance;
- (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (i) above; or
- (iii) any agreement pursuant to the implementation of paragraphs (i) or (ii) above with the U.S. Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"FATCA Withholding" means a deduction or withholding from a payment to your account(s) with us as required by FATCA;

"FATCA Withholdable Payments" include payments of interest (including original issue discount), dividends, and other items of fixed or determinable annual or periodical gains, profits, and income ("FDAP income"), in each case, from sources within the U.S., as well as gross proceeds from the sale of any property of a type which can produce the above mentioned FDAP income from sources within the U.S. Certain U.S. sourced financial payments in connection with lending transactions, investment advisory fees, custodial fees, bank or brokerage fees are also included;

"Floating Trading Loss" means the depreciation in value of the Asset occurring from time to time as a result of market fluctuation;

"Foreign Futures Exchange" means any futures or commodities market which is permitted to operate in a country or territory outside Hong Kong by the law of that country or territory;

"Foreign Transactions" means any transaction related to Commodity Futures to be executed on Foreign Futures Exchanges or over-the-counter transactions at the foreign market;

"Futures Contract" means a contract executed on any Exchange, the effect of which is that:

- (i) one party agrees to deliver to the other party at an agreed future time an agreed Asset or an agreed quantity of an Asset at an agreed price; or
- (ii) the parties will make an adjustment between them at an agreed future time according to whether at that time the agreed Asset is worth more or less of an index or other factor, as the case may be, stands higher or lower at that time than a value or level agreed at the time of making the contract, the difference being determined in accordance with the rules of the exchange in which that contract is made.

"Guoyuan (Hong Kong)" means any members of group (include Guoyuan Securities (Hong Kong) Limited, Guoyuan Securities Brokerage (Hong Kong) Limited, Guoyuan Futures (Hong Kong) Limited, Guoyuan Asset Management (Hong Kong) Limited, Guoyuan Capital (Hong Kong) Limited, Guoyuan Finance (Hong Kong) Limited and Guoyuan Securities Investment (Hong Kong) Limited);

"HKCC" means HKFE Clearing Corporation Limited;

"HKFE" means the Hong Kong Futures Exchange Limited;

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China;

"Margin" means the amount of cash and/or non-cash collaterals as may from time to time be demanded by the Company from the Client for the purpose of protecting the Company against any loss (including Floating Trading Loss) or risk of loss ( including risk of Floating Trading Loss ) on present, future or contemplated Contracts and/or Client Contracts and not being less than the relevant Clearing House Margin;

"Open Contract" means a Client Contract or Contract which has not been closed out;

"Options contract" means a contract executed between one party ("first party") and another party ("second party") on any Exchange under which:

- (i) the first party grants the second party the right , but not the obligation, to buy an agreed Asset, or quantity of an Asset, from the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and , in the event that the Second party exercises his right to buy:
  - (a) the first party is obliged to deliver the Asset at the agreed Price; or
  - (b) the second party receives a payment referable to the amount (if any ) by which the Asset is worth more than the agreed price, such payment being determined in accordance with the rules of the Exchange in which the contract is made; or
- (ii) the first party grants to the second party the right, but not the obligation, to sell an Asset, or quantity of an Asset, to the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to sell:
  - (a) the first party is obliged to take delivery of the Asset at the agreed price; or
  - (b) the second party receives a payment referable to the amount ( if any ) by which the agreed price is worth more than the Asset, such payment being determined in accordance with the rules of the Exchange in which the contract is made.

"SFO" 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;

"Risk Disclosure Statements" means the statements of the risks involved in trading futures contracts and options contracts in the form prescribed under the Code;

"Rules" means the rules , regulations and procedures of HKFE as may be in force from time to time ;

"Segregated Bank Account" means a current or deposit account, established and maintained with an Authorized Financial Institution or with an organization approved by the SFC pursuant to the Client Money Rules, in the name of the Company and in the title of which the word "client", "segregated", "non-house" or such other similar word or phrase appears;

"Segregated Debt Securities Account" means a debt securities account established and maintained with a recognized dealer registered with the Hong Kong Monetary Authority (in the case of Exchange Fund Bills or Notes) or any bank, depository or institution approved by the Clearing House from time to time (in the case of other Approved Debt Securities) in the name of the Company and in the title of which the word "client", "segregated", "non-house" or such others similar word or phrase appears;

"Segregated Securities Account" means a securities account established and maintained with a registered participant of the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited or any other depository, institution or clearing house approved by the Clearing House from time to time (in the case of Approved Securities) in the name of the Company and in the title of which the word "client", "segregated", "non-house" or such other similar word or Phrase appears;

"SFC" means the Securities and Futures Commission of Hong Kong;

"Taxation" means taxes, duties, imposts and fixed charges of any nature, whether of Hong Kong or elsewhere in the world;

"Transaction" means the entering into of a Client Contract or Contract, closing out or effecting delivery and/or settlement of a Client Contract or Contract (which term shall include exercise or allocation of an Options Contract) in connection with this Agreement.

#### 1.2 In this Agreement:

- (i) references to Clauses and Sub-Clauses, unless otherwise stated, are Clauses and Sub-Clauses of this Agreement;
- (ii) reference to a statute or statutory provision includes a reference to it as amended, extended or re-enacted from time to time;
- (iii) words importing the singular shall include the plural and vice versa;
- (iv) words denoting one gender shall include all other genders;
- (v) 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;
- (vi) where the Client comprises two or more persons, the liabilities and obligations hereunder shall be joint and several;
- (vii) references to "writing" shall include mail, telex, cable, electronic mail and facsimile transmission; and
- (viii) headings are for convenience only and shall be ignored in construing this Agreement.

## 2 Scope of Terms and Conditions

- 2.1 This Agreement shall apply to all Contracts which are effected or to be effected by the Company on behalf of the Client on HKFE or any Foreign Futures Exchanges and shall be deemed to be incorporated in each Contract, whether oral or written, entered into between the Company and the Client. Any other terms and conditions proposed or referred to by the Client in writing or otherwise (whether express, implied or imported by custom or course of dealing), or upon which the Company and the Client may previously have entered into Contracts, are hereby excluded.
- 2.2 All Contracts made on HKFE and all transactions between the Company and the Client shall be binding on the parties and shall be subject to, and in accordance with the procedures of HKFE, the provisions of the Memorandum and Articles of Association of HKFE and the Rules.
- 2.3 Foreign Transactions shall be subject to the rules of the relevant markets or Foreign Futures Exchanges. The Client may have varying levels and types of protection in relation to Transactions on different markets and exchanges.

## 3 The Company as agent

- 3.1 Except as specified in this Agreement or as otherwise disclosed by the Company to the Client in writing, the Company shall act as an agent for the Client.
- 3.2 The Client authorizes the Company to effect Transactions for the Account in accordance with the Client's oral or written instructions.
- 3.3 If the Client is acting on behalf of any other person when instructing the Company pursuant to this Agreement, the Company will continue to treat the Client alone (rather than any such other person) as its Client for all purposes and in relation to all obligations, and the Client will be liable as such. This applies even if the Client is acting on behalf of a person whom the Client has notified to the Company and no such person will be an "indirect Client".
- 3.4 The Company shall have no responsibility for compliance by the Client with any law or regulation governing the Client's conduct as a fiduciary, if applicable.
- 3.5 For the avoidance of doubt, in relation to Foreign Transactions, the Company will be maintaining an omnibus account with the Correspondent Agents.

#### 4 Compliance with laws, rules or Exchanges etc.

4.1 All Client Contracts and all Transactions shall be subject to this Agreement and, in respect of those Exchanges and/or Clearing House of which the Company is a Member/ Participant, the constitution, rules, regulations, bye-laws, customs and usages of the relevant Exchange and/or Clearing House (and, in particular, as regards Transactions effected on HKFE, the Rules) and all applicable laws, rules, regulations, bye-laws, customs and usages which the Client and/or the Company is/are subject to and so that:

- (i) in the event of any conflict between ( i ) this Agreement and ( ii ) any such applicable laws, constitution, rules, regulations, bye-laws, customs and usages, the latter shall prevail;
- (ii) the Company may take or omit to take any action it considers fit in order to ensure compliance with any such applicable laws, constitution, rules, regulations, bye-laws, customs and usages including, without limitation, adjusting any Account, disregarding any unexecuted orders or rescinding any executed Transactions, and the Company shall not be liable to the Client as a result of such action taken by or omission of the Company;
- (iii) such laws, constitution, rules, regulations, bye-laws, customs and usages as are so applicable and all such actions so taken shall be binding on the Client;
- (iv) the Client shall be responsible for obtaining in advance and maintaining any governmental or other consents required in connection with the Client entering into this Agreement or any Client Contract or the Company effecting any Transaction in connection with this Agreement;
- (v) before entering into any Contract, the Company shall provide to the Client contract specifications, a full explanation of margin procedures and the circumstances under which the Client's positions may be closed without the Client's consent;
- (vi) in the case of discretionary Account, the Client must, in addition to the appropriate attachments which form part of this Agreement, provide to the Company a signed copy of the power of attorney, trading authorization or other document by which the Client confers trading authority or control on the Company or other person who is entitled to operate the discretionary Account before the Company will execute any Transaction on the Account; and
- (vii) in the case of a Contract or Transaction entered into on an Exchange other than HKFE, such Contract or transaction will be subject to the rules, regulations, bye-laws, customs and usages of the relevant Exchange and the Client may have different types and levels of protection in relation to Transactions executed on different markets and Exchanges may be markedly different from the type and level of protection offered by the Rules.

4.2 If any provisions of this Agreement are or should become inconsistent with any present or future laws, rules, regulations, bye-laws, customs or usages of HKFE and/or any Exchange or any other relevant authority or body having jurisdiction over the subject matter of this Agreement, such provision shall be deemed to be rescinded or modified in accordance with any such laws, rules, regulations, bye-laws, customs or usages. In all other respects, this Agreement shall continue and remain in full force and effect.

4.3 No provisions of this Agreement shall operate to remove, exclude or restrict any rights of the Client or obligations of the Company under any applicable law from time to time in force in Hong Kong.

#### 5 Dealing and clearing

5.1 The Company shall be entitled but not bound to act on a request from the Client to carry out a Transaction (whether directly or through a Dealer). The Company may in its absolute discretion refuse any order or instruction of the Client and shall notify the Client accordingly provided always that the Company shall not in any circumstances whatsoever be liable for any loss of profit or gain, damage, liability, claim, cost or expense suffered or incurred by the Client as result thereof. Except as directed by the Client where the Client is not in default hereunder and no Event of Default (as defined in Clause 8.1) has occurred, the Company shall not be obliged to close out any Open Contract. The Company may at any time and from time to time impose any limits including position limits on any Contract, contracts of a particular type in aggregate and/or any Account and the Client agrees to do all necessary acts to ensure that such limits shall not be exceeded at any time. Except as directed by the Client in circumstance where the Client is not in default hereunder and no Event of Default has occurred, the Company shall have no obligation to close out any Contract or Client Contract. For the avoidance of doubt:

- (i) any order and instruction relating to any Transaction may be given by the Client or any of the Authorized Person and such order and instruction shall be absolutely and conclusively binding on the Client;

- (ii) the Company may but shall not be obliged to verify or enquire as to the identity of the person giving such order or instruction; and
  - (iii) the Company shall be entitled to act on the order or instruction and rely on the Company's belief that such order or instruction emanates from the Client or any of the Authorized Person (as the case may be).
- 5.2 Because of physical restraints on any Exchange and because of the very rapid changes in the price of Assets that frequently take place, there may, on occasions, be a delay in making prices or in dealing, The Company may not always be able to trade at the prices or rates quoted at any specific time or "at best" or "at market". The Company shall not be liable for any loss howsoever arising by reason of its failing, or being unable, to comply with the terms of any limit order undertaken on behalf of the Client. Where the company is for any reason whatsoever unable to perform the Client's order in full, it may, in its discretion, effect partial performance only. The Client shall in any event accept and be bound by the outcome when any request to execute orders is made.
- 5.3 The Company shall not be liable for any expense, loss or damage suffered by the Client or to account to the Client for any profit or gain accruing to the Company as a result of the Company.
- (i) trading or dealing in futures contracts or options Contracts or in any Asset underlying any Contract or Client Contract; and
  - (ii) dealing in respect of Contracts or Client Contracts with the Client.
- 5.4 The Client hereby agrees to indemnify the Company and its directors, employees, agents, representatives, Associate and correspondents and keep each of them fully indemnified against all expenses, liabilities, claims and demands arising out of anything lawfully done by the Company or such persons in connection with this Agreement.
- 5.5 The Company and any of its directors, employees or representatives may from time to time trade on its or their own account on any Exchange or with any Dealer and may, from time to time, act as Dealer in respect of any Contract or Client Contract.
- 5.6 Subject to the provisions of the SFO and any applicable law, the Company may take the opposite position to the Client's order in relation to any Exchange traded futures contracts and options contracts, whether on the Company's own account or on behalf of the Company's Associate or other clients of the Company provided that such trade is executed competitively on or through the facilities of HKFE in accordance with the Rules or the facilities of any other Exchange in accordance with the rules and regulations of such other Exchange.
- 5.7 The Client hereby acknowledges and agrees that the Clearing House may do all things necessary to transfer any Open Contract held by the Company on the Client's behalf and any money and securities standing to the credit of the Client's Account to another exchange participant of HKFE in the event that the rights of the Company as an exchange participant of HKFE is suspended or revoked.
- 5.8 The Client acknowledges:
- (i) that every Exchange Contract is subject to the charge of an Investor Compensation Fund levy and a levy pursuant to the SFO, the cost of both of which shall be borne by the Client;
  - (ii) that every Exchange Contract is subject to other levies HKFE may impose from time to time;
  - (iii) that, as regards HKFE, in the case of a default committed by the Company and the Client having suffered pecuniary loss thereby, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the SFO and will be subject to the monetary limits specified in the Securities and Futures ( Investor Compensation – Compensation limits ) Rules ( Cap. 571AC of the Laws of Hong Kong ) and accordingly, there is no assurance that any such loss sustained by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all; and
  - (iv) that in respect of any account of the Company maintained with a Clearing House, whether or not such account is maintained wholly or partly in respect of futures contracts or option contracts transacted on behalf of the Client and whether or not money or Approved Securities or approved Debt Securities paid or deposited by the Client has been paid to or deposited with the Clearing House, as between the Company and the Clearing House, the Company deals as principal and, accordingly, no such account is impressed with any trust or other equitable interest in favour of the Client and monies, Approved Securities and Approved Debt Securities paid to the Clearing House are thereby freed from the trust interest created by clause 5.17.

- 5.9 The Client acknowledges that the Company is bound by the Rules from time to time in force which Permit HKFE to take steps to limit the positions or require the closing out of contracts on behalf of such clients who in the opinion of HKFE are accumulating positions which are or may be detrimental to any particular market or markets from time to time established and operated by HKFE or which are or may be capable of adversely affecting the fair and orderly operation of any such market or markets (as the case may be).
- 5.10 All orders whether made by telex, cable, electronic mail, facsimile, mail or orally are accepted at the discretion of the Company and transmitted at the Client's risk. The Company shall not be responsible for the non-performance of its obligations hereunder by reasons of any cause beyond the Company's control, including, without limitation, transmission or computer delays, errors or omissions, strikes and similar industrial action or the failure of any Dealer, Exchange or Clearing House to perform its obligations.
- 5.11 The Client confirms that, whether any Account shall happen to be in credit or debit at the time of the Company's so acting, the Company is authorized to act on any instructions, whether written or oral and howsoever communicated purporting to be given by the Client or under the Client's authority or by any Authorized Person and the Client hereby confirms and agrees that it shall be responsible to the Company for all engagements, indebtedness and any other obligations made or entered into in the Client's name whether in writing or orally and howsoever communicated and purporting to be given as aforesaid.
- 5.12 The Client understands and confirms its agreement that the Company may tape record conversations with Clients whether conducted on the telephone or through any other media or otherwise in order to permit the Company to verify data concerning any matters.
- 5.13 All orders given hereunder which may be executed on more than one Exchange maybe executed on any Exchange or Dealer the Company selects.
- 5.14 The Company shall not be liable (in respect of matching Client Contracts or otherwise) if the relevant Exchange, Clearing House and/or Dealer has ceased for any reason (including setting off the Company's positions with it) to recognize the existence of any Contract or fails to perform or close out any Contract, but such cessation or failure shall not affect the Client's obligations and liabilities hereunder in respect of such Contracts which the Client has required the Company to open and which have not been closed out or other obligations or liabilities of the Client arising therefrom.
- 5.15 The Company may at any time without prior notice in its absolute discretion take such steps as it may consider necessary or desirable to comply with or perform, cancel or satisfy any obligations of the Company to the relevant Exchange, Clearing House and/or Dealer in respect of Contracts acquired on the instructions of the Client, including closing out and/or performing any and all such Open Contracts, and may for such purpose:
- (i) buy or sell (in any manner howsoever and including from itself) the Asset underlying any Open Contract; and/or
  - (ii) borrow, buy or sell any currency; and/or
  - (iii) apply any Margin or Charged Securities in each case so that all sums expended by the Company in excess of any sums held by the Company on the Client's behalf shall be paid to the Company forthwith on demand.
- 5.16 The Company's written confirmation of Contracts entered into and settlement statements and statements of open and/or closed positions in respect of the Client's Accounts shall be conclusive against the Client if not objected to in writing sent by registered mail to the Company's office within five business days after transmission of the information contained in such confirmations whether by telephone, mail, electronic mail, facsimile or otherwise to the Client. The records of the Company shall, in the absence of manifest error, be conclusive and binding on the Client as to the amount standing to the debit or credit of the Account.
- 5.17 All monies, Approved Securities, Approved Debt Securities and other property received by the Company from the Client or from any other person (including the Clearing House) for the account of the Client shall be held by the Company as trustee, segregated from the Company's own assets and paid into a Segregated Bank Account or a Segregated Securities Account or a Segregated Debt Securities Account as soon as practicable and in any event within the next bank trading day after receipt thereof, and all money, Approved Securities, Approved Debt Securities or other property so held by the Company shall not form part of the assets of the Company for insolvency or winding up purposes but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of the Company's business or assets. All monies, Approved securities or Approved Debt Securities received by the Company from the Client or from any other person (including the Clearing House)



shall be held in the manner specified under paragraphs 7 to 12 of Schedule 4 to the Code and the client hereby authorizes the Company to apply any such monies, Approved Debt Securities or Approved Securities in the manner set out in Clauses 7.4 to 7.6 below and also in or towards meeting the Company's obligations to any party insofar as such obligations arise in connection with or incidental to Contracts transacted on the Client's behalf.

5.18 Liquidating instructions on open futures positions maturing in a current month must be given to the Company prior to 4:00p.m. on the business day before the last trading day of the current month in the case of long positions and, in the case of short positions, prior to 4:00 p.m. on the business day before the last trading day of the current month. Alternatively, sufficient good funds to take delivery or the necessary deliver documents must be delivered to the Company within the same period described above. If neither instructions, nor good funds, nor documents are received by the Company, the Company may, without notice, either liquidate the Client's position, or make or receive delivery on behalf of the Client upon such terms and by such methods which the Company shall deem to be feasible.

5.19

- (i) Transactions related to Exchange Contracts shall be subjected to the rules, regulations and procedures from time to time in force of the relevant markets and Exchanges (and, in particular, as regards Transactions effected on HKFE, the Rules) on which the Company or any Associate enters into futures contracts and/or options contracts on behalf of the Client and such rules may contain provisions requiring the Company, upon the request of SFC or the relevant Exchange or other regulatory authority, disclose information relating to the Client and/or the Account (including without limitation, the name and the ultimate beneficial identity of the Client, and such other information concerning the Client) as the SFC, relevant Exchange or regulatory authority may require. The Client hereby agrees to provide promptly and in any event within 2 business days upon the Company's request such information concerning the Client as the Company or the relevant regulatory authority may require to the Company or directly to the relevant regulatory authority in order for the Company to comply with such rules and requirements and the Client irrevocably authorizes the Company and its associate, without further notice to or consent from the Client, to disclose to the relevant authorities all such information and to provide such authorities with all such documents (or copies thereof) in the Company's possession as may be required in order to comply with such rules and requirements, irrespective of whether the Agreement shall have been terminated at the time of disclosure of such information and documents by the Company and/or its Associate to the relevant authorities.
- (ii) The Client acknowledges that HKFE or the SFC may require the Company to disclose information relating to the Client referred to in Clause 5.19(a) above and further acknowledges that if the Company fails to comply with the disclosure requirement under the Rules, the chief executive of HKFE may require the closing out of the Company on behalf of the Client or impose such margin surcharge on any or all of its positions as the chief executive thinks fit.
- (iii) The Client shall not in any way hold the Company or its agents or Affiliates liable for any consequences arising out of the disclosure of any information concerning the Client and/or the Account pursuant to Clause 5.19 or the non-compliance of any requirements of the relevant Exchange or regulatory authority if such is due to the Client's failure to provide the relevant information to the Company. The Client shall reimburse the Company or its agents or Affiliates on demand on a full indemnity basis for all losses, damages, costs and expenses (including legal costs) incurred by each of them in complying with the relevant requirements.

5.20 The Client acknowledges that, pursuant to the requirements of the Rules 632A which impose a delta position limit for various futures contracts and options contracts, no person shall own or control positions in the Hang Seng Index ("HSI") Futures, HSI Options, Mini-HSI Futures and Mini-HSI Options Markets (or other products as prescribed by the HKFE from time to time) combined that exceed a specified position delta (as prescribed by the HKFE from time to time). The Client also acknowledges that the Chief Executive of the HKFE or his designee shall require and direct the Company carrying an account or aggregated accounts in excess of the delta position limit to liquidate positions necessary to bring the account or aggregated accounts into compliance with the position limit.

5.21 The Client acknowledges that, pursuant to the requirements of the Rules and the Securities and Futures (Contracts Limits and Reportable Positions) Rules ("Contract Limits Rules") and related guidance notes issued by the SFC, if the Client holding or controlling an amount of open position, as the case may be, equal to or more than the reportable level of each contract type ("Reportable Position") prescribed by the Contract Limits Rules, the Company and the Client have the responsibility to lodge a notice in writing of that Reportable Position in a prescribed form with the HKFE within one reporting day (as defined in the Contract Limits Rules) following the day on which the Client first holds or controls that Reportable Position and each succeeding day on which the Client continues to hold or control that Reportable Position. The Client also acknowledges that no person may hold or control futures and or options contracts in excess of the position limits ("Prescribed Limits") as prescribed by the Contract Limits Rules, unless the holding or controlling in excess of the Prescribed Limits is authorized under the Rules of the HKFE or by the SFC.

5.22 In relation to any Over-the-Counter ("OTC") transactions, including but not limited to the Foreign Transactions, entered or to be entered into by the Client, the Client acknowledges and agrees that:

- (i) subject to Clauses 3.1 and 5.6 above, the Company is acting as an agent for the Client and does not guarantee the settlement of such OTC transactions;
- (ii) the Client's orders may be partially executed or not executed at all;
- (iii) without prejudice to the above, the Client shall bear its own losses or expenses and shall be responsible to the Company for any losses and expenses resulting from its and/or its counterparty's settlement failures.

5.23 In relation to any trading in relation to Foreign Transactions, the Company shall inform the Client in writing about the trading time, method of orders and settlement from time to time. The Client agrees and confirms that such notice(s) shall be an agreement between the Company and the Client in relation to the relevant Foreign Transactions.

5.24 The Client understands and acknowledges that the Company may not execute the Foreign Transactions within the time(s) and at the price(s) as specified by the Client or execute the transactions at the best or market price of Foreign Securities. The Client agrees and confirms that the Company shall not be responsible for any loss and/or damage arising from such execution of transactions. The Company may at its absolute discretion execute only part of the orders placed by the Client for the Foreign Transactions and the Client agrees that such part of the placements and the transactions shall be binding on the Client.

5.25 The Client understands and acknowledges that in relation to the trading for the Foreign Transactions, the Client may not have any protection under the laws and regulations of the relevant jurisdiction. The Client further agrees that when in doubt, the Client shall consult with legal advisers of the relevant jurisdiction. The Client accepts that there may be taxes or charges payable to relevant authorities in respect of any instructions and that the Company shall not be liable for any of such cost.

5.26 If Guoyuan solicit the sale of or recommend any financial product to the client, the financial product must be reasonably suitable for the client having regard to the client's financial situation, investment experience and investment objectives. No other provision of this agreement or any other document we may ask the client to sign and no statement we may ask the client to make derogates from this clause.

## 6 Delivery

The Client agrees and acknowledges that each Client Contract (and also other Transactions made for the Client's account) contemplates actual performance in accordance with its terms including delivery and receipt of any Assets and payment therefor.

## 7 Margins/payments

7.1 The Client shall at all times maintain with the Company, in such amount and such form as the Company may from time to time require, Margin in excess of the Client's indebtedness or obligations to the Company whether by way of trading or otherwise howsoever and the amount of which may be greater than any relevant Clearing House Margin, variation adjustments and/or interest rate cash adjustment set by the Exchange and/or the Clearing House and may be altered by the Company with immediate effect by notice to the Client. Should the margin requirement on deposit fall below the maintenance margin level, Exchange rules require that the Account be remargined back to the initial margin requirement level.

7.2 All amounts (including Margin, and variation adjustments) payable by the Client in connection with this Agreement shall be due on demand and in the currency of the Company's choice subject only to any restrictions which may be imposed, by the appropriate Exchange and/or relevant Clearing House, if any, upon which the Client Contract or the Contract concerned was executed on the Client's behalf. Demands for Margin and variation adjustments must be met within 24 hours or such shorter period as the Company may in its absolute discretion determine to be necessary and specify to the Client, the Company may be required to report to HKFE and SFC particulars of all open positions in respect of which two successive margin calls and/or demands for variation adjustment are not met within the period specified by the Company and supply such further information in respect of the Account, including the name and beneficial identity of the Client as the Exchange may from time to time require. The Company may require more margin or variation adjustments than that specified by the Exchange and/or the Clearing house and may, without the Client's consent, close out the Client's Open Contracts in respect of which any margin calls and demands for variation adjustment are not met within the period specified by the Company or at the time of making such call(s) or demand(s).

7.3 All amounts held by way of Margin shall be held on trust to apply the same for the following purposes:

- (i) to pay to the relevant Exchange and/or Clearing House all Clearing House Margin due from the Company to it, or to pay to any Dealer all margin demanded by it from the Company, in each case on such terms as the Company may think fit;
- (ii) to apply in or towards satisfaction, or in reimbursement of the Company, of all costs, damages, losses, liabilities and expenses incurred in respect of all Transactions and all liabilities and expenses incurred as a result of the performance by the Company of its duties or the exercise by the Company of its rights or powers hereunder; and
- (iii) subject to the Company being satisfied that all such costs, damages, losses, liabilities and expenses referred to in paragraph (b) above have been satisfied, discharged or otherwise released in full, to repay any surplus which is, in the absolute opinion of the Company, attributable to such Transaction to the Client.

7.4 All Approved Debt Securities shall be deposited in a Segregated Debt Securities Account on trust and the Client authorizes the Company to withdraw therefrom the following:

- (i) Approved Debt Securities required to meet obligations of the Company to the Clearing House or an executing agent arising in connection with futures contracts or options contracts transacted by the Company on the instructions of the Client provided that no withdrawal may be made which would have the effect that Clearing House margin, variation adjustment requirements or other trading related liabilities in respect of futures contracts or options contracts conducted on behalf of the Client are thereby financed by other clients' Approved Debt Securities held by the Company;
- (ii) Approved Debt Securities which are transferred to another Segregated Debt Securities Account; and
- (iii) Approved Debt Securities returned to or in accordance with the written directions or standing authority of the Client given pursuant to the Client Securities Rules, but in such a case notwithstanding the Client's directions or authorization, no Approved Debt Securities may be deposited into another account of the Company unless that account is a Segregated Debt Securities Account.

7.5 All Approved Securities shall be deposited in a Segregated Securities Account on trust and subject to the Company obtaining specific written authority and such other consents as may be required under applicable laws, rules and regulations from the Client, the Company may withdraw therefrom the following:

- (i) Approved Securities required to meet obligations of the Company to the Clearing House or an executing agent arising in connection with futures contracts or options contracts transacted by the Company on the instructions of the Client provided that no withdrawal may be made which would have the effect that Clearing House margin, variation adjustment requirements or other trading related liabilities in respect of futures contracts or options contracts conducted on behalf of the Client are thereby financed by other clients' Approved Securities held by the Company;
- (ii) Approved Securities which are transferred to another Segregated Securities Account; and
- (iii) Approved Securities returned to or in accordance with the written directions or standing authority of the Client given pursuant to the Client Securities Rules, but in such a case notwithstanding the Client's directions or authority, no Approved Securities may be deposited into another account of the Company unless that account is a Segregated Securities Account.

7.6 The Client agrees that the Company may dispose of or initiate a disposal by an Associate of any of the Approved Debt Securities and Approved Securities for the purpose of settling any liability owed by the Client or on its behalf to the Company, the Associate or a third person and hereby authorizes the Company to withdraw the Approved Debt Securities and Approved Securities from the Segregated Debt Securities Account and the Segregated Approved Securities Account respectively for such purposes.

7.7 The Company shall at its discretion as to the terms thereof and any rate of return earned thereon have power to invest, realize such investment and/or reinvest any amounts paid by way of Margin in any investment, security, currency or deposit it thinks fit; and whether or not by leaving the same on deposit with any Clearing House. The limitations on the type or method of investment contained in the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) shall not apply. The Company shall not be liable to account to the Client for any interest or other profit earned or derived from or accrued to any such sums.

- 7.8 All sums payable by the Client in connection with this Agreement shall be exclusive of all Taxation. If any Taxation is required by law to be withheld from such payments, the amount payable by the Client shall be increased to the extent necessary to ensure that, after the making of any withholding, the Company receives on the due date a net sum equal to what it would have received and retained had no deduction been made.
- 7.9 All monies paid to the Company whether on deposit or however described shall not be entitled to earn interest from the Company. The Company is entitled to retain for its own use and benefits any interest earned on the Client's money.
- 7.10 Any debit balance in the Client's Accounts with the Company shall be charged with interest at such rate as determined from time to time by the Company. Such interest shall accrue on a day to day basis from the date when the overdue amount becomes due until the date when such amount has been fully paid. Such interest shall be payable on the last business day of each calendar month or upon demand by the Company.
- 7.11 The Client acknowledges that the Company may receive from Agents rebates in respect of commission on Transactions and agrees that the Company shall be entitled to keep any such rebates and that the Client has no right to benefit from them in any way.
- 8 Default
- 8.1 The happening of any one of the following events shall constitute an Event of Default:
- (i) if, in respect of any Client Contract, the Client shall fail to:
    - (a) provide Margin when called upon to do so;
    - (b) make or take delivery of any Asset when required to do so under such contract;
    - (c) pay any purchase price or other payment thereunder when due.
  - (ii) a judicial declaration of incompetence is made in respect of the Client, or upon the death of the Client (being an individual);
  - (iii) the filing of a petition in bankruptcy or, as the case may be, winding up or the commencement of other similar proceedings, or the appointment of a receiver, in respect of the Client or any of the Client's assets;
  - (iv) any warrant or order of attachment or distress or equivalent order is issued against any Account, or a judgment is levied, enforced or executed against any Account;
  - (v) default by the Client in the due performance or observance of any of the terms and conditions of this Agreement;
  - (vi) any representation or warranty made in or in pursuance of this Agreement or in any certificate, statement or other document delivered to the Company being or becoming incorrect in any material respect;
  - (vii) any of the consents, authorizations, approvals, licences, or board resolutions required by the Client to enter into this Agreement being wholly or partly revoked, withdrawn, suspended or terminated or expiring and not being renewed or otherwise failing to remain in full force and effect, or any Client Contract being modified in a manner unacceptable to the Company;
  - (viii) the Client being in breach, voluntary or otherwise, of any of the conditions contained herein or any constitution, rules, regulations, bye-laws, customs and usages of any Exchange or Clearing House or relevant regulators;
  - (ix) the Client exceeding the trading limit prescribed by the Company from time to time;
  - (x) the Company in its sole opinion determines that the market on which the Assets are traded fluctuates in an unusual degree;
  - (xi) the Company in its sole opinion determines that there is a material adverse change in the business, assets or financial position of the Client; or
  - (xii) the occurrence of any event which, in the Company's opinion, puts doubt on the ability of the Client to meet its future obligations under this Agreement.

- 8.2 Without prejudice to any other right or remedy which the Company may have, if any Event of Default shall occur, subject to the provision of the SFO, the Company shall be entitled, but not obliged to, in its absolute discretion and without notice to the Client, to take one or more of the following actions:
- (i) satisfy any obligation or liability the Client may have to the Company out of any Charged Securities and any other collateral security deposited with the Company;
  - (ii) sell any or all Client Contracts or Assets held or carried as a long position for the Client or purchase any or all Client Contracts or Assets held or carried as a short position for the Client;
  - (iii) cancel any or all outstanding orders or contracts or any other commitments made on behalf of the Client;
  - (iv) call upon any security including but not limited to any guarantees and letters of credit which may have been issued to or in favour of the Company as security for the Account;
  - (v) combine, consolidate and sell all Accounts;
  - (vi) close out without recourse any or all Client Contracts and any corresponding Contracts;
  - (vii) borrow or buy in any property whatsoever found necessary by the Company or required to make delivery against any sale (including a short sale) effected for the Client;
  - (viii) exercise any rights granted under Clauses 9 or 10 below;
  - (ix) suspend the Account; and
  - (x) close the Account and terminate this Agreement forthwith;

Provided Always That a prior tender, demand for original or additional Margin or call of any kind from the Company, or prior or outstanding demand or call from the Company or notice of the time and place of a sale or purchase shall not be considered a waiver of any of the Company's rights or remedies granted by this Agreement.

- 8.3 After deducting all costs and expenses incurred in connection with taking any action referred to in Clause 8.2 above, the Company may apply any remaining proceeds to the payment of any liabilities owed by the Client to the Company; and in the event such proceeds are insufficient for the payment of such liabilities the Client shall promptly upon demand and notwithstanding that the time originally stipulated for settlement may not then have arrived pay to the Company and indemnify and hold the Company harmless against any differences or deficiencies arising therefrom or in any Account or Client Contract, together with interest thereon and all costs (including solicitor's and counsel's fees should the Company in its absolute discretion refer the matter to legal advisers) and/or expenses incurred by the Company on a full indemnity basis in connection with the enforcement of each Client Contract which shall be for the account of the Client and properly deductible by the Company from any funds of the Client in its possession.

## 9 Set off

- 9.1 In addition and without prejudice to any general lien or similar right which the Company may be entitled by law and subject to the provisions of the SFO, its subsidiary legislation and other applicable legislation, in the event that the Client has more than one account (of any nature whatsoever) with the Company or any of its Associates, the Company may at any time, and without notice to the Client, combine or consolidate all or any of such accounts and set-off or transfer any sum or sums standing to the credit of any one or more of such accounts in or towards the satisfaction of any liabilities of the Client to the Company or the Company's Associate on any account or in any other respect, including liabilities under facilities or accommodation for any unexpired fixed term or in respect of foreign exchange dealings or under guarantees or indemnities or any other instruments whatsoever given or assumed by the Company or the Company's Associate at the Client's request, whether such liabilities be present or future, actual or contingent and primary or collateral.
- 9.2 Where any such set-off or combination requires the conversion of one currency into another, such conversion shall be calculated at the rate of exchange (as determined by the Company and binding in all respects upon the Clients) utilized by the Company in the Company's normal course of business for such currencies at the time of the set-off or combination.

9.3 Without prejudice to the general right of set-off conferred upon the Company by the foregoing sub-paragraphs, the Client hereby expressly agrees that in any one or more of the following events, that is to say:

- (i) if any attempt shall be made by the Client, without the Company's express prior written consent and approval, to assign, and/or charge, and/or otherwise alienate all or any part of any sum or sums standing to the credit of any one or more of such Accounts as aforesaid; or
- (ii) any event shall occur which, in the Company's sole discretion, the Company feels shall or might put in jeopardy the Company's rights with respect to the credit balance in anyone or more of such accounts; or
- (iii) any event shall occur which, in the Company's sole opinion, puts doubt on the ability of the Client to meet its future obligations under this Agreement; or
- (iv) the commencement of the Client's bankruptcy/winding up or similar proceedings: or
- (v) an encumbrancer taking possession of, or a receiver being appointed over, the whole or any part of the Client's undertaking, property or assets.

then immediately and without demand or notice to the Client or upon the occurrence of any other Event of Default referred to in Clause 8 if the Company so determines and gives notice to the Client, all of the Client's then existing Accounts shall automatically and forthwith be deemed consolidated together as one and shall (together with all of the Client's liabilities above referred to) be deemed (if applicable) to mature and in all cases become due and payable, and all sums standing to the credit of any such Accounts shall automatically and forthwith on the occurrence of such event be set-off and shall be deemed to have been transferred by the Company to the satisfaction of all such of the Client's liabilities to the Company as aforesaid or in any other respect.

9.4 Nothing herein shall restrict the operation of any general lien or other rights or lien whatsoever which the Company may have, whether by law or otherwise, and the rights of set-off hereby conferred are in addition and without prejudice to any general right of set off arising by law or rights granted to the Company by Clauses 8 or 10 hereof or any lien, guarantee, bill, note, mortgage or other security now or hereafter held by the Company.

## 10 Security

- 10.1 The Client as beneficial owner and as continuing security for all its liabilities and obligations hereunder hereby charges all Charged Securities to the Company by way of first fixed legal charge free of all encumbrances and adverse interest whatsoever.
- 10.2 The Client shall, upon request by the Company, forthwith execute all such transfers and other documents as may be necessary to enable the Company or its nominee to be registered as the owner of, or otherwise obtain a legal title to, the Charged Securities.
- 10.3 The Client undertakes not to create or have outstanding any security interest whatsoever on or over any of the Charged Securities (except for the security created hereby).
- 10.4 The Company shall hold all Charged Securities for the purposes of this Agreement subject to Clause 5.17, and upon the occurrence of any Event of Default and subject to the provisions of the SFO, the Company may without prior notice:
- (i) register, sell or realize any or all Charged Securities upon such terms (including as to the consideration received therefor) as it may in its absolute discretion think fit (without being responsible for any loss or diminution in price) and any consideration received therefore shall be treated as Margin payable by the Client; and
  - (ii) where allowed under the SFO, deposit, charge or pledge any or all Charged Securities with or to the order of any Exchange, Clearing House or Dealer and on terms that such Exchange, Clearing House, or Dealer may enforce such deposit, charge or pledge in satisfaction of all or any obligations of the Company on account of the Client to such Exchange, Clearing House or Dealer.
- 10.5 If Charged Securities are denominated in a different currency from that in which any relevant cost, damages, loss, liability or expense is denominated, the Company may convert such amount at its current buying rate for such currency at the relevant time.

10.6 Pending the application of Charged Securities pursuant to Clause 10.4, the Company shall account to the Client for all amounts in respect of dividends, interest or other moneys in the nature of income received by the Company in respect of such Charged Securities net of any taxation payable or charge by the company (whether by withholding or otherwise) in respect of such income.

10.7 Subject to the Company being satisfied that all costs, damages, losses, liabilities and expenses (actual and contingent) payable by the Client in connection with this Agreement have been satisfied, discharged or otherwise released in full, the Company may re-transfer or, as the case may be, redeliver any certificates or documents of title relating to any relevant Charged Securities to the Client at any time and shall do so upon request.

## 11 No assignment, succession

11.1 The Client may not assign any rights or obligations under this Agreement or any Client Contract;

11.2 All the provisions of this Agreement shall survive any changes or successions in the Company's business and shall be binding, where the Client is a corporation, upon its successors, where the Client is a partnership upon the partners and their personal representatives and where the Client is an individual upon his personal representatives.

## 12 No waiver

The Client acknowledges that no act, omission to act or forbearance by the Company or any of its employees, servants, agents, representatives or Associate shall be, or be deemed to be, a waiver by the Company of any rights against the Client or against Margin, Charged Securities or any other assets of the Client on hand with the Company.

## 13 Charges, costs

13.1 Charges in respect of services performed in connection with this Agreement shall be set by the Company at such rates as it may from time to time have notified to the Client as being the rate or rates applicable. The Client shall pay to the Company the commission and exchange fees for futures contracts and options contracts as may be prescribed by the Company and the Exchange respectively from time to time and notified to the Client.

13.2 Without prejudice to the generality of Clause 13.1, the Client hereby agrees to the imposition upon its Account or Accounts from time to time as the Company may determine, of a minimum charge in respect of Accounts that maintain only average credit balances of less than such minimum amount as the Company may from time to time determine.

13.3 All bank and safe custody charges shall be for the Client's account.

## 14 Liabilities and indemnity

In the absence of bad faith or willful default of or by the Company:

- (i) The Client agrees and acknowledges that the Client shall, independently and without reliance on any information and/or advice as provided by the Company, make the Client's own judgments and decisions with respect to each Transaction dealing with futures;
- (ii) the Client agrees to indemnify the Company and the Company's directors, employees, agents, representatives and Associate against and hold them blameless from all expenses, liabilities, claims and demands, arising out of anything done (whether acting pursuant to the instructions of the Client or any of the Authorized Person, or otherwise) by the Company or any such person in connection with this Agreement, or by the Client or any of the Authorized Person (whether with or without the authority of the Client).

## 15 Warranties and undertakings

15.1 The Client hereby represents and warrants that:

- (i) where the Client or anyone of them is a body corporate (in respect of such person):
  - (a) it is a corporation duly organized and is validly existing under the laws of the country of its incorporation and in every other country where it is carrying on business;
  - (b) this Agreement has been validly authorized by the appropriate corporate action of the Client and when executed and delivered will constitute valid and binding obligations of the Client in accordance with the

terms herein;

- (c) the certified true copies of the Client's certificate of incorporation or registration, charter, statute or memorandum and articles or other instrument constituting or defining its constitution and the board resolutions of the Client delivered to the Company are true and accurate and still in force;
  - (d) no steps have been taken or are being taken to appoint a receiver and/or manager or liquidator over the assets of, or to wind up, the Client; and
  - (e) unless otherwise disclosed to the Company in writing, the Client is trading on its own account and does not do so as nominee or trustee for any other person and there exists no arrangements whereby any person other than the Client has or will have any interest in this Agreement or any Contract or Client Contract made pursuant hereto.
- (ii) where the Client or anyone of them is an individual:
- (a) the Client is legally capable of validly entering into and performing this Agreement and that he or she has attained the age of 18 years and is of sound mind and legal competence and is not a bankrupt; and
  - (b) the Client is trading on his/her own account and does not do so as nominee or trustee for any other person and there exist no arrangements whereby any other person has or will have any beneficial interest in this Agreement or any Contract or Client Contract made pursuant hereto.
- (iii) where there are two or more persons included in the expression "the Client":
- (a) the liability of each such person hereunder shall be joint and several;
  - (b) unless the Company shall have received written instructions from the Client directing otherwise, anyone of them shall have full authority to give any instructions with respect to any Account or any Client Contract including but not limited to instructions with respect to buying or selling or withdrawals of excess funds; to receive demands, notices, confirmations, reports, statements and other communications of any kind it being understood and agreed that such demands, notices, confirmations, reports, statements and other communications if addressed to the Client shall be binding on each of them notwithstanding that they have not been sent to or received by every one of them; generally to deal with the Company in connection herewith as fully and completely as if the other joint account holder or holders has no interest herein;
  - (c) the Company shall be under no duty or obligation to inquire into the purpose or propriety of any instruction given and shall be under no obligation to see to the application of any fund delivered by the Client in respect of any Account;
  - (d) notwithstanding any other arrangements which may have been made between them the rule of survivorship shall apply to the joint account hereunder and on the death of any one of them the moneys, securities and other property whatsoever for the time being standing to the credit of the joint account and anything held by the Company whether by way of security or for sale, custody or collection or any other purpose whatsoever shall be held to the order of the survivor(s) of them; and
  - (e) unless otherwise disclosed to the Company in writing, the Client is trading on its own account and does not do so as nominee or trustee for any other person and there exist no arrangements whereby any person other than the persons signing this Agreement as the Client has or will have any beneficial interest in this Agreement or any Contract or Client Contract made pursuant hereto.
- (iv) where the Client is a partnership and business is carried on under a firm's name:
- (a) this Agreement shall continue to be valid and binding for all purposes notwithstanding any change in the partnership or constitution of the firm by the introduction of a new partner or by the death, insanity or bankruptcy or a retirement of any partner for the time being carrying on the business of or constituting the firm or otherwise; and



- (b) unless otherwise disclosed to the Company in writing, the Client is trading on its own account and does not do so as nominee or trustee for any other person and there exist no arrangements whereby any person other than the partners for the time being of the Client has or will have any beneficial interest in this Agreement or any Contract or Client Contract made pursuant hereto.
- (v) as regards all Clients:
  - (a) the information given by the Client, or on the Client's behalf, to the Company in connection with the opening of any Account with the Company (including, without limitation, the information contained in the Client Information Statement) is true and complete and the Company shall be entitled to rely on such information until the Company receives written notice from the Client of any changes thereto;
  - (b) it has the authority and capacity to enter into and execute this Agreement and any Client Contract and that no one except the Client has an interest in the Account or Accounts;
  - (c) the contents of this Agreement have been fully explained to the Client in a language the Client understands and the Client agrees with them;
  - (d) unless otherwise disclosed to the Company in writing, it is trading on its own account;
  - (e) where the Client is not a principal and is acting as a nominee or trustee for any other person, it has disclosed fully and accurately such information as well as the identity of the principal to the Company and shall immediately notify the Company in writing of the identity of all persons ultimately beneficially interested in the Account and any changes to such information;
  - (f) that the Account is not an Omnibus Account (as such term is defined by the rules of HKFE); and
  - (g) the Risk Disclosure And Disclaimer Statements, have been fully explained to such Client in a language he understands and the Client declares that he understands the same.

15.2 The Client agrees and undertakes promptly to:

- (i) notify the Company if there is any material change in the information supplied in this Agreement and/or the Account Application Form and/or the Declaration as to Persons Authorized to Give Instructions (if applicable), copies of which are annexed to this Agreement;
- (ii) notify the Company of any material changes to its financial position;
- (iii) furnish information and documents in relation to its financial position as requested by the Company;
- (iv) furnish such other information concerning the Client as the Company may reasonably request;
- (v) notify the Company in writing if any of the representations contained in this Agreement cease to be true and correct in all material respects; and
- (vi) notify the Company of the occurrence of any Event of Default upon its occurrence.

15.3 The Company undertakes to advise the Client promptly of any material changes in the following:

- (i) the name and address of the registered office of the Company;
- (ii) the Company's licencing or registration status with the SFC and the CE number of the Company;
- (iii) the nature of services to be provided to or made available by the Company to the Client;
- (iv) the rates of fees, charges and interest to be charged by the Company; and
- (v) the Margin requirements, the circumstances under which Margin call shall be made, and the circumstances under which the Client's positions shall be closed without the Client's consent.

15.4 Upon request of the Client, the Company shall provide product specifications and any prospectus or other offering document covering the products offered by the Company to the Client.

## 16 Currency transactions

In the event that the Client directs the Company to enter into any contract on an Exchange on which Transactions are effected in a foreign currency:

- (i) any profit or loss arising as a result of a fluctuation in the exchange rate effecting such currency will be entirely for the Client's account and risk;
- (ii) Margin shall be recorded in such currency or currencies, in such amounts as the Company may in the Company's sole discretion elect; and
- (iii) the Company is authorized to convert funds in any Account into and from such foreign currency at a rate of exchange determined by the Company in the Company's sole discretion on the basis of then prevailing money market rates.

## 17 The Foreign Account Tax Compliance Act

### 17.1 General Disclosure on Foreign Account Tax Compliance Act

- (i) Under the U.S. Foreign Account Tax Compliance Act, or FATCA, all non-U.S. entities in a broadly defined class of financial institutions (FIs), are required to comply with an expansive documentation and reporting regime, or, beginning from July 1, 2014, be subject to a 30% United States withholding tax on certain U.S. payments constituting "FATCA withholdable payments" (beginning in 2017, a 30% withholding tax applies to gross proceeds from the sale of assets which could produce withholdable payments and possibly foreign passthrough payments). Certain passive non-U.S. entities which are not FIs are required to either certify they have no substantial or controlling U.S. beneficial owners or report certain information with respect to their substantial or controlling U.S. beneficial owners, or, beginning from July 1, 2014, become subject to the same 30% U.S. withholding tax as described above. The reporting obligations imposed under FATCA generally require FIs to obtain and disclose information about certain Customers to the United States Internal Revenue Service (IRS).
- (ii) The impact of FATCA on FIs in a specific country may be modified by an intergovernmental agreement (IGA) between the United States and that country. The United States has entered into an IGA with Hong Kong (Hong Kong IGA).
- (iii) A Hong Kong IGA should apply to us as we are residents in Hong Kong. Under the Hong Kong IGA, the Company is obligated to apply prescribed due diligence procedures, and report "U.S. Account(s)", "Non-consenting U.S. Account(s)" and certain account information with respect to "Nonparticipating Financial Institutions" to the IRS.
- (iv) Client may be requested to provide a self-certification and/or other documentation to the Company in order to establish your FATCA statuses/classifications. Furthermore, if there is any change in circumstances that would affect your FATCA statuses/classifications or if there is reason for the Company to know that the self-certification and/or other documentation is incorrect or unreliable, a new self-certification and/or additional documentation may be required from Client.

### 17.2 Client's Responsibilities and Consent

- (i) In order for the Company to comply with FATCA and/or any local or foreign law, legislation or regulation, Client consent to and authorize that we may gather, store, use, process, disclose and report any Information related to you that are provided to the Company to:
  - (a) Any of the Company's branches, representative office, related affiliates/subsidiaries, wherever situated and which may be within or outside of Hong Kong; and
  - (b) Any local or foreign legal, regulatory, governmental, tax law enforcement or other authorities, or self-regulatory or industry bodies or association of financial services providers, including any settlement and clearing agency.
- (ii) The Company reserves the right to request and Client has the obligation to provide to us additional documentary evidence timely to validate the U.S. or non-U.S. status, which may be required during Client's account opening application and when potential U.S. indicia (as defined under FATCA) or change in circumstances is noted by us during the course of relationship.

- (iii) Within 30 days, Client fail to provide the Company with any of the necessary Information, we shall be entitled to reach whatever conclusions we consider to be appropriate and we reserve the right to terminate or freeze Client's Account or classify Client's Account as "non-consenting US account(s)" or "non-participating FFI" or execute withholding and reporting under FATCA regulations.

## 18 Time of essence

18.1 Time shall in all respects be of the essence of the performance of all the Client's obligations under or in connection with this Agreement.

18.2 In the event that any document sent or dispatched by the Client to the Company in connection with the Account or any order made by the Client or any Client Contract or Contract made on the Client's account is for any reason undated, the time and date as shown on the Company's time-chop as imprinted on such document at the time of its receipt by the Company shall be conclusive evidence of the time and date of the said document and the Company is hereby empowered on the Client's behalf to insert such time or date on such document accordingly.

## 19 Entire agreement

The Risk Disclosure and Disclaimer Statements as set out in the Standard Terms and Conditions of the Company (as amended from time to time) shall form an integral part of this Agreement. This Agreement represents the entire agreement and understanding between the parties with respect to the Account and supersedes all previous agreements or understandings between the Company and the Client.

## 20 Amendments, variations and additions

20.1 The Company reserves the right at any time by notice in writing to the Client to amend, vary or add to the terms of this Agreement including, without limitation, those relating to the rates of any charges or commission or fees of the Company and method of payment from time to time, taking effect on a date stipulated by the Company.

20.2 The Company may notify the Client of any variation of the terms of this Agreement in accordance with Clause 22 or in such other manner as the Company may determine.

## 21 Closure of Account

Any Account may be closed by the Client by giving not less than 14 days' notice in writing to the Company and any Account may be closed by the Company at any time by giving notice in writing to the Client. The Company shall not be obliged to provide the Client with the reason for closing the Client's Account.

## 22 Notices

22.1 In event of the Company being required to give any notice to, or make any demand or request of the Client or otherwise being obliged to contact the Client in connection with this Agreement, notice (including any demand for Margin) may be personally delivered, transmitted by post, electronic mail, telex or facsimile or by telephone in each case to the address, electronic mail address or telex, facsimile or telephone numbers set out in this Agreement or otherwise as notified to the Company in writing from time to time.

22.2 Notices to be delivered by the Client to the Company may be personally delivered, transmitted by post, telex or facsimile or by telephone to the address or telex, facsimile or telephone numbers set out in this Agreement or otherwise as notified by the Company from time to time.

22.3 All notices and other communications shall be deemed to be duly given to the Client (a) if delivered personally or by telephone, when actually delivered to the Client; (b) if sent by post, two days after the date of posting; and (c) if given or made by telex or facsimile or electronic mail, when the same is sent in its entirety to the telex or fax number or electronic mail address of the Client; provided that any notice or other communication to be given by the Client to the Company shall be effective only when actually received by the Company.

22.4 Notwithstanding anything contained in this Clause 22, a demand for payment of Margin, variation adjustment and interest rate cash adjustment attempted to be given by the Company to the Client orally shall be deemed to have been duly given if the Company has used all practicable endeavours to communicate with the Client by telephone or other means of oral communication but the Client remains uncontactable.

23 Cumulative remedies

Except as provided in this Agreement, the rights, powers, remedies and privileges in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

24 Severability

Each of the provisions in this Agreement is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

25 Force Majeure

Neither of the parties to this Agreement shall be liable for any loss sustained by the other, directly or indirectly, if either party is prevented from acting as a direct or indirect result of government restrictions, the imposition of emergency procedures or suspension of trading of any relevant Exchange, Clearing House or other market, civil disorder, acts or threatened acts of terrorism, natural disasters, war, strikes or other circumstances beyond that party's control.

26 Language of the Agreement

If there is a discrepancy between the English and Chinese versions of this Agreement, the English version shall prevail.

27 Payment to Client

Except where the Company is given express written instructions to the contrary, in accordance with the terms of this Agreement, it may make payment of any amounts owing to the Client by crediting the same to the Account. Payment to such Account shall constitute payment to the Client for all purposes.

28 Governing law and jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong Special Administrative Region and the parties hereby irrevocably submit themselves to the exclusive jurisdiction of the Courts of the Hong Kong Special Administrative Region.

## RISK DISCLOSURE AND DISCLAIMER STATEMENT

The Client acknowledges the following risk factors in trading futures:

### A RISK OF TRADING FUTURES AND OPTIONS

The Client acknowledges that 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 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 position may be liquidated. The Client will remain liable for any resulting deficit in the Client account. The Client should therefore study and understand futures contracts and options before the Client trades and carefully consider whether such trading is suitable in the light of the Client's own financial position and investment objectives. If the Client trades options the Client should inform the Client of exercise and expiration procedures and the Client rights and obligations upon exercise or expiry.

### B ADDITIONAL RISK DISCLOSURE FOR FUTURES AND OPTIONS TRADING

The Client acknowledges that 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 understands the nature of the contracts (and contractual relationships) into which the Client is entering and the extent of the Client 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 experience, objectives, financial resources and other relevant circumstances.

#### FUTURES

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

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

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

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

#### OPTIONS

##### 3 Variable degree of risk

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

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

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably.

The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

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

## ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS

### 4 Terms and conditions of contracts

The Client should ask the firm with which the Client deals about the terms and conditions of the specific futures or options which the Client is 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.

### 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 has sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not.

The absence of an underlying reference price may make it difficult to judge "fair value".

### 6 Deposited cash and property

The Client should familiarise oneself 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 money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as the Client own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

### 7 Commission and other charges

Before the Client begins 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 net profit (if any) or increase the Client loss.

### 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 trades 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 transactions have been effected. The Client should ask the firm with which the Client deals for details about the types of redress available in both the Client's home jurisdiction and other relevant jurisdictions before the Client starts to trade.

## 9 Currency risks

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

## 10 Trading facilities

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

## 11 Electronic trading

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

## 12 Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which the Client deals 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 undertakes such transactions, the Client should familiarise with applicable rules and attendant risks.

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

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

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

If the Client provides the licensed or registered person 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 contract notes 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.

## E DISCLAIMER

### 1 HKFE disclaimer

Stock indices and other proprietary products upon which contracts are traded on HKFE may, from time to time be developed by the HKFE. The HKFE Taiwan Index is the first of such stock indices developed by the HKFE. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the HKFE ("Exchange Indices") are the property of HKFE. The process of compilation and computation of the Exchange Indices is and will be the exclusive property of and proprietary to the HKFE. The process and basis of the compilation and computation of the Exchange Indices may at any time be changed or altered by the HKFE without notice and the HKFE may at any time require that trading in and settlement of such futures or options contracts based on any of the Exchange Indices as the HKFE may designate be conducted by reference to an alternative index to be calculated. The HKFE does not warrant or represent or guarantee to any member of the HKFE or any third party the accuracy or completeness of any of the Exchange Indices or their compilation or computation or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to any of the Exchange Indices is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the HKFE in respect of the use of any of the Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, changes or failures (including but not limited to those resulting from negligence) of the HKFE or any other person or persons appointed by the HKFE to compile and compute any of the Exchange Indices in the compilation and computation of

any of the Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any member of the HKFE or any third party dealing with futures or options contracts based on any of the Exchange Indices. No claims, actions or legal proceedings may be brought by any member of the HKFE or any third party against the HKFE in connection with or arising out of matters referred to in this disclaimer. Any member of the HKFE or any third party engages in transactions in futures and options contracts based on any of the Exchange Indices in full knowledge of this disclaimer and can place no reliance on the HKFE in respect of such Transactions.

## 2 Stock index futures and options

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



## TERMS AND CONDITIONS OF INTERNET TRADING

This Terms and Conditions of Internet Trading is supplemental to the Client's Agreement. The Client hereby acknowledges and agrees that This Terms and Conditions of Internet Trading forms an integral part of the Agreement and are bound by it.

### 1 Interpretation

1.1 Terms defined in this Terms and Conditions of Internet Trading Internet have the same meanings as in the Client's Agreement unless stated otherwise.

1.2 The following expressions shall, unless the context requires otherwise, have the following meanings:

"Client ID" means the Client's identification, used in conjunction with the Password, to gain access to the Internet Futures Trading Service;

"Information" means any transaction or market data, bid and ask quotations, news reports, third party analysts' reports, research and other information relating to futures and the futures markets;

"Internet Futures Trading Service" means the company provide to client which enables the Client to give Internet Futures Trading Instructions and to obtain quotations and other information via computer or telephonic transmission for use on compatible personal, home or small business computers, including internet appliance with modems, terminals or network computers that can connect to a telecommunication network;

"Password" means the Client's password, used in conjunction with the Client ID, to gain access to the Internet Futures Trading Service.

1.3 References to "Instructions" in the Client's Agreement are deemed to include Internet Futures Trading instructions given by means of Internet Futures Trading Service.

### 2 Using Internet Futures Trading Service

2.1 On the issuance by the Company to the Client of its Client ID and Password, the Internet Futures Trading Service shall be activated and the Company shall notify the Client.

2.2 The Company is entitled to require the Client to place a cash and/or Securities deposit prior to execution of any Instructions as will be informed by the Company from time to time.

2.3 The Client hereby agrees that:

- (i) the Client shall use the Internet Futures Trading Service only in accordance with this Terms and Conditions of Internet Trading, the Client's Agreement and the instructions and procedures as set out in the Company's Instruction Manual which is supplied to the Client from time to time;
- (ii) the Client shall be the only authorized user of the Internet Futures Trading Service;
- (iii) the Client shall be responsible for the confidentiality and use of its Client ID and Password;
- (iv) the Client shall be solely responsible for all Instructions entered through the Internet Futures Trading Service using its Client ID and Password and any Instructions so received by the Company shall be deemed to be made by the Client at the time received by the Company and in the form received;
- (v) the Client shall immediately inform the Company if it becomes aware of any loss, theft or unauthorized use of its Client ID or Password, or the Internet Futures Service or any Information;
- (vi) the Client shall immediately inform the Company if it becomes aware of any failure by the Client to receive a message that an order initiated by the Client through Internet Futures Trading Service has been received and executed through the Internet Futures Trading Service;
- (vii) the Client shall provide the Company with the Client's e-mail address, and promptly provide the Company with any changes to the Client's e-mail address, and to accept Internet Futures Trading communications from the Company at the e-mail address as the Client has specified;

- (viii) the Company may in its absolute discretion impose restrictions on the types of orders, and the range of prices for orders which can be placed through the Internet Futures Trading Service;
- (ix) the Client agrees to pay all subscription, Service and user fees, if any, that the Company charges for the Internet Futures Trading Service and authorizes the Company to debit the Client's Account with the same;
- (x) that the Client shall be bound by any consent the Client gives through the Internet Futures Trading Service for the Company to provide any notices, statements, trade confirmations and other communications to the Client solely through Internet Futures Trading Service;
- (xi) that the Client shall logoff the Internet Futures Trading Service immediately following the completion of each Internet Futures Trading Service session;
- (xii) that the Client shall not use or permit the use of the Information or any part thereof for any illegal purpose;
- (xiii) that the Client shall not disseminate the Information to third parties, and shall solely use the Information or any part thereof for its own use or in the ordinary course of its own business.

2.4 After the giving of an Instruction via the Internet Futures Trading Service, the Client shall check via the Internet Futures Trading Service that its Instruction has been correctly acknowledged by the Company.

2.5 Without limiting the generality of the foregoing, the Client acknowledges and agrees that it may not be possible to amend or cancel an Instruction after it has been given through the Internet Futures Trading Service and that an Instruction may only be amended or cancelled if it has not been executed by the Company. In such circumstances the Company will use its best efforts to amend or cancel the Instruction but, notwithstanding an acknowledgement by the Company in relation to the amendment or cancellation, there is no guarantee that the amendment or cancellation will occur. If the amendment or cancellation does not occur, the Client shall remain liable for the original Instruction.

2.6 In the case the Internet Futures Trading Service is not available, the Client shall place its Instructions in accordance with the Clause 5.1 of the Client's Agreement.

2.7 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 firm with which the Client deals for details in this respect.

### 3 Provision of Information

3.1 The Company may convey Information to the Client by Internet Futures Trading Service. The Client may be charged a fee for Information the Company provides that has been obtained from Exchanges, markets and from other third-parties that transmit Information (collectively referred to as the "Information Providers").

3.2 The Information is the property of the Company, the Information Providers or others and is protected by copyright. The Client shall:

- (i) not upload, post, reproduce or distribute any Information, software or other material protected by copyright or other intellectual property right (as well as rights of publicity and privacy) without first obtaining the permission of the owner of such rights; and
- (ii) not use the Information or any part thereof other than for its own use or in the ordinary course of its own business.

3.3 The Client agrees not to:

- (i) reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit the Information in any manner without the express written consent of the Company and the relevant Information Provider(s);
- (ii) use the Information for any unlawful purpose;
- (iii) use the Information or any part thereof to establish, maintain or provide or to assist in establishing, maintaining or providing a trading floor or dealing service for trading in futures listed on the Exchange.

- 3.4 The Client agrees to comply with reasonable written requests by the Company to protect the Information Providers' and the Company's respective rights in the Information and the Internet Futures Trading Service.
- 3.5 The Clients shall comply with such reasonable directions as the Company may give from time to time concerning permitted use of the Information.
- 3.6 The Client authorizes the Company to provide information on the Internet Futures Trading Service supplied to the Client hereunder to the Information/Service Provider to enable the Company to comply with the licence agreement between the Information/Service Provider and the Company relating to market datafeeds.

#### 4 Intellectual Property Rights

- 4.1 The Client acknowledges that the Internet Futures Trading Service, and any software comprised in it, is proprietary to the Company.
- 4.2 The Client warrants and undertakes that it shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer or otherwise after in any way, and shall not attempt to gain unauthorized access to, any part of the Internet Futures Trading Service or any of the software comprised in it. The Client agrees that the Company shall be entitled to terminate this Client's Agreement if at any time the Client breaches, or if the Company at any time reasonably suspects that the Client has breached, this warranty and undertaking.
- 4.3 The Client undertakes to notify the Company immediately if the Client becomes aware that any of the action described in Clause 4.2 hereinabove is being perpetrated by any other person.

#### 5 Limitation of Liability and Indemnification

- 5.1 The Clients agrees, understands and acknowledges that the Company shall not be liable to the Client if the Client is not able to access its account information or request a transaction through the Internet Futures Trading Service.
- 5.2 The Company, its Associates, its Correspondent Agents and the Information Providers shall not be responsible for any losses, costs, expenses or liabilities suffered by the Client resulting from circumstances beyond their reasonable control including, without limitation:
  - (i) delays, failure or inaccuracies in transmission of communications to or from the Company through telephone, Internet Futures Trading or other systems that are not under their control;
  - (ii) delays, inaccuracies or omissions in or unavailability of research, analysis, market data and other Information prepared by Information Providers;
  - (iii) unauthorized access to communications systems, including unauthorized use of the Client access number(s), password(s), and/or account numbers; and
  - (iv) war or military action, government restrictions, labour disputes or closure of or disruption to orderly trading on any market or exchange, severe weather conditions and acts of god.
- 5.3 The Client agrees to defend, indemnify and hold the Company, its Associates, its Correspondent Agents and the Information Providers harmless from and against any and all claims, losses, liability costs and expenses (including but not limited to attorney's fees) arising from the Client's violation of the Client's Agreement and this Terms and Conditions of Internet Trading, applicable futures laws or regulations, or any third party's rights, including but not limited to infringement of any copyright, violation of any proprietary right and invasion of any privacy rights. This obligation will survive the termination of this Client's Agreement .
- 5.4 The Client accepts that while the Company endeavors to ensure the accuracy and reliability of the Information provided, the Company does not guarantee its accuracy or reliability and accepts no liability (whether in tort, contract or otherwise) for any loss or damage from any inaccuracies or omissions.

## 6 Laws and rules

If the Client places any orders to the Company outside Hong Kong, the Client agrees to ensure and represents that such orders will have been given in compliance with any and all applicable law of the relevant jurisdiction from which the Client's orders are given. The Client further agrees that when in doubt, the Client shall consult with legal advisers of the relevant jurisdiction. The Client accepts that there may be taxes or charges payable to relevant authorities in respect of any instructions and that the Company shall not be liable for any of such cost.

## 7 Termination of Internet Futures Trading Service

- 7.1 The Company reserves the right to terminate the Client's access to the Internet Futures Trading Service or any portion of them in its sole discretion, without notice and without limitation for any reason whatsoever, including but not limited to the unauthorized use of the Client's Client ID(s), Password(s) and/or account number(s), breach of this Terms and Conditions of Internet Trading or the Client's Agreement, discontinuance of the Company's access to any Information from any Information Provider or termination of one or more agreements between the company and Information Providers.
- 7.2 In the event of termination by the Company, the Information Providers, and the Company shall have no liability to the Client, provided, however, that if the termination is without cause the Company will refund the pro rata portion of any fee that may have been paid by the Client for the portion of the Internet Futures Trading Service not furnished to the Client as of the date of such termination.

## 8 Risk Disclosure

8.1 The Client hereby understands and acknowledges that:

- (i) Due to unpredictable traffic congestion of the Internet, an inherently unreliable medium of communication and that such unreliability is beyond the Company's control, there is a risk that communication over the Internet may be interrupted, delayed or accessed by unauthorized parties. Notwithstanding measures taken by the Company to minimize this risk, the Company accepts no responsibility for any loss which may be incurred by the Client as a result of interruptions or delays or unauthorized access. The Client should not place any instruction with the Company over the Internet if the Client is not prepared to accept such risk;
- (ii) Trading on an Internet Futures Trading system may differ from trading on other Trading systems. If the Client undertakes transactions on an Internet Futures 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;
- (iii) While the Company, the Exchange, the Clearing House and all related parties endeavour to ensure the accuracy and reliability of the information provided through the system, there is no guarantee that such information is accurate and reliable and that the Company, the Exchange, the Clearing House and related parties do not accept and liability (whether in text or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions.

## 9 General

- 9.1 Where any conflict arises between the Client's Agreement and the provisions of this Terms and Conditions of Internet Trading, the provisions of the latter shall prevail.
- 9.2 In the event of any dispute between the parties, the Client agrees that the records of the Company (including Internet Futures Trading records) shall prevail.
- 9.3 The Company may change the terms in this Terms and Conditions of Internet Trading from time to time by giving the Client reasonable notice in writing or via Internet Futures Trading Service.
- 9.4 Clauses headings are inserted in this Terms and Conditions of Internet Trading for convenience of reference only and shall not affect construction and interpretation of this Terms and Conditions of Internet Trading. In this Terms and Conditions of Internet Trading, unless the context otherwise requires:
- (i) words denoting the singular include the plural and vice versa; and
  - (ii) words importing one gender include every gender.

9.5 If there is a discrepancy between the English and Chinese versions of this Terms and Conditions of Internet Trading, the English version shall prevail.

10 Governing law and jurisdiction

This Terms and Conditions of Internet Trading shall be governed by and construed in accordance with the laws of Hong Kong Special Administrative Region and the parties hereby irrevocably submit themselves to the exclusive jurisdiction of the Courts of the Hong Kong Special Administrative Region.

## Personal Information Statement of Guoyuan Securities (Hong Kong) Limited

This Statement is all references to “Guoyuan (Hong Kong)” refer to Guoyuan Securities (Hong Kong) Limited, Guoyuan Securities Brokerage (Hong Kong) Limited, Guoyuan Futures (Hong Kong) Limited, Guoyuan Asset Management (Hong Kong) Limited, Guoyuan Capital (Hong Kong) Limited, Guoyuan Finance (Hong Kong) Limited and Guoyuan Securities Investment (Hong Kong) Limited, made by Guoyuan (Hong Kong) in accordance with the Personal Data (Privacy) Ordinance (Cap. 486) of the Hong Kong Special Administrative Region ('the Ordinance'). The Statement is intended to notify customers 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 customers to supply Guoyuan (Hong Kong) 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 Guoyuan (Hong Kong) 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 customers in the ordinary course of the continuation of the business relationship between customers and Guoyuan (Hong Kong)
4. The purposes for which data relating to customers may be used (whether within or outside Hong Kong) are as follows :
  - (i) the daily operation of the services and facilities provided to customers ;
  - (ii) conducting credit checks ;
  - (iii) assisting other financial institutions to conduct credit checks ;
  - (iv) ensuring ongoing credit worthiness of customers ;
  - (v) designing the services, products or facilities mentioned in clause 1 above for customers' use ;
  - (vi) marketing the services, products and facilities mentioned in clause 1 above (details of the use or provision of personal data by Guoyuan (Hong Kong) for direct marketing purposes are set out in clause 6 below) ;
  - (vii) determining the amount of indebtedness owed to or by customers ;
  - (viii) collection of amounts outstanding from customers and those providing guarantee or security for customers' obligations ;
  - (ix) meeting the requirements to make disclosure under the requirements of any legal and/or regulatory requirements or court orders binding on Guoyuan (Hong Kong) (whether within or outside Hong Kong) ;
  - (x) enabling Guoyuan (Hong Kong) to comply with any applicable industry practices ; and
  - (xi) purposes relating to any of the above.

Guoyuan (Hong Kong) may from time to time transfer customers' data outside of Hong Kong for any of the above purposes.

5. Data held by Guoyuan (Hong Kong) relating to a customer will be kept confidential but Guoyuan (Hong Kong) may provide such data to the following parties (whether within or outside Hong Kong) :
  - (i) 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 Guoyuan (Hong Kong) in connection with the operation of its business ;
  - (ii) any other person under a duty of confidentiality to Guoyuan (Hong Kong) including but not limited to any member of the Guoyuan (Hong Kong) Group which has undertaken to keep such information confidential ;
  - (iii) any financial institution or dealer with which the customer has or proposes to have dealings ;
  - (iv) any credit reference agency and in the event of default, any debt collection agency ;
  - (v) any actual or proposed assignee of Guoyuan (Hong Kong) or participant or sub-participant or transferee of Guoyuan (Hong Kong) rights in respect of the customers ;
  - (vi) any person providing or proposing to provide guarantee or security for customers' obligations ; and
  - (vii) 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 Guoyuan (Hong Kong) is subject. In such cases, Guoyuan (Hong Kong) is usually under a duty of secrecy and will not be able to notify a customer or seek his/her consent in relation to such release of information

## 6. USE OF DATA IN DIRECT MARKETING

Guoyuan (Hong Kong) may use a customer's personal data in direct marketing with the customer's consent (which includes an indication of no objection) for that purpose. In this connection, please note that :

- (i) the customer's personal data such as the customer'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 Guoyuan (Hong Kong) in direct marketing ;
- (ii) the following classes of services, products, facilities and marketing subjects may be marketed :
  - (1) financial, securities, commodities, derivatives, investment, financing, wealth management, investor education and related services, products and facilities ;
  - (2) reward, loyalty or privileges programmes and related services, products and facilities ;
- (iii) the above services, products, facilities and marketing subjects may be provided or (in the case of donations and contributions) solicited by Guoyuan (Hong Kong) and/or any of the following persons :
  - (1) any member of Guoyuan (Hong Kong) ;
- (iv) Guoyuan (Hong Kong) may, with the customer's written consent (which includes an indication of no objection), also provide the personal data described in clause 6(i) above to any of the persons referred to in clause 6(iii) above for use by any of them in direct marketing of the services, products, facilities and marketing subjects referred to in clause 6(ii) above. Guoyuan (Hong Kong) may so provide the personal data to such persons for direct marketing purposes for gain.

If a customer wishes Guoyuan (Hong Kong) to cease to use and provide his/her personal data to other persons for use in direct marketing, the customer may notify the Compliance Supervisor of Guoyuan (Hong Kong) in writing by mailing or faxing the written notification to the postal address or fax number provided in clause 10 below. Guoyuan (Hong Kong) shall then cease to use and provide his/her personal data for direct marketing purposes without any charge.

7. There may be instances where customers elect to provide personal information to Guoyuan (Hong Kong) through electronic means (such as Internet or voice recording system). Whilst Guoyuan (Hong Kong) 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. Customers 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, an individual has the right to :
  - (i) check whether Guoyuan (Hong Kong) holds data about him/her and the right of access to such data ;
  - (ii) require Guoyuan (Hong Kong) to correct any data relating to him/her which is inaccurate ; and
  - (iii) ascertain Guoyuan (Hong Kong) policies and practices in relation to data and to be informed of the kind of personal data held by Guoyuan (Hong Kong).
9. In accordance with the terms of the Ordinance, Guoyuan (Hong Kong) has 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 :

Compliance Supervisor  
Guoyuan Securities (Hong Kong) Limited  
22/F, CCB Tower,  
3 Connaught Road Central  
Central, Hong Kong

Phone : (852) 3769-6820  
Facsimile : (852) 3769-6999  
Email : [compliance@gyzq.com.hk](mailto:compliance@gyzq.com.hk)

11. This Statement may be revised, amended or supplemented from time to time by Guoyuan (Hong Kong). The most up-to-date statement can be found in Guoyuan (Hong Kong) website at [www.gyzq.com.hk](http://www.gyzq.com.hk) or available from Guoyuan (Hong Kong) upon written request

12. In this Statement, all references to “Guoyuan (Hong Kong)” refer to Guoyuan Securities (Hong Kong) Limited, Guoyuan Securities Brokerage (Hong Kong) Limited, Guoyuan Futures (Hong Kong) Limited, Guoyuan Asset Management (Hong Kong) Limited, Guoyuan Capital (Hong Kong) Limited, Guoyuan Finance (Hong Kong) Limited and Guoyuan Securities Investment (Hong Kong) Limited, collectively or individually and all references to Guoyuan (Hong Kong) together with their respective holding companies, subsidiary companies, associated companies and affiliated companies collectively or individually. All references to "customers" include prospective and existing customers, visitors to Guoyuan (Hong Kong) website and individuals who participate in promotion, contest or game.
13. In case of discrepancies between the English and Chinese versions, the English version shall prevail.