



SHENYIN WANGUO SECURITIES (H.K.) LIMITED

TERMS AND CONDITIONS
for Share Margin Financing Facility
(Margin Account)

Shenyin Wanguo Securities (H.K.) Limited
Exchange Participant of The Stock Exchange of Hong Kong Limited and
a licensed corporation to carry on Type 1 (dealing in securities) regulated activity by the
Securities and Futures Commission
CE Number AAC927

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IMPORTANT INFORMATION

THERE ARE RISKS ASSOCIATED WITH MARGIN TRADING. YOU MAY SUSTAIN LOSSES IN EXCESS OF YOUR CASH AND ANY OTHER ASSETS DEPOSITED AS COLLATERAL. YOU SHOULD READ THIS DOCUMENT CAREFULLY BEFORE YOU DECIDE TO ACCEPT THE MARGIN FINANCING ARRANGEMENT. IF YOU ARE IN DOUBT ABOUT THIS DOCUMENT, YOU SHOULD CONSULT YOUR SOLICITOR OR OTHER PROFESSIONAL ADVISER.

Terms and Conditions for Share Margin Financing Facility (Margin Account)

1. Interpretation

1.1 In these terms and conditions, the following expressions shall have the following meanings unless the context requires otherwise:-

“Broker”	means Shenyin Wanguo Securities (H.K.) Limited;
“Broker’s Group Company”	means the ultimate holding company of the Broker and each and every subsidiary of such holding company including without limitation, Shenyin Wanguo Futures (H.K.) Limited and Shenyin Wanguo Nominees (H.K.) Limited;
“Broker’s Charge”	shall bear the meaning ascribed thereto in clause 8;
“Charged Property”	has the meaning defined in clause 8, including any part of the Charged Property;
“Client”	means the person who has applied to the Broker to provide credit facility in respect of transactions in Securities effected by the Broker on behalf of that person and for other purposes with the prior approval of the Broker and to open a Margin Account;
“Client Agreement”	means the Terms and Conditions relating to the sale and purchase of securities (Cash Account), the Circular to Clients relating to the Personal Data (Privacy) Ordinance issued by the Broker, and the Application Form to open a Dealing Account (Cash Account) duly signed by the Client which shall be read together as one document;
“Client Securities Rules”	means the Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong) made by the SFC under section 148 of the Securities and Futures Ordinance as amended from time to time;
“Client Securities Standing Authority”	means the standing authority granted by the Client to the Broker in the terms set out in clause 6 as amended from time to time;
“Event of Default”	shall bear the meaning ascribed thereto in clause 30;
“Facility”	means the loan facility provided or to be provided by the Broker to the Client pursuant to the Facility Letter and these Terms of Business;
“Facility Letter”	means the facility letter between the Broker and the Client entered or to be entered into in connection with these Terms of Business;
“HKSCC”	means the Hong Kong Securities Clearing Company Limited;
“Margin”	means deposits, collateral and margin (including, but without limitation to, initial margin and additional margin) being an amount equal to the applicable percentage (as notified by the Broker to the Client from time to time) of the current market value of the Client’s Securities held or purchased by the Broker on the Client’s behalf, as determined by the Broker from time to time;
“Margin Account”	shall mean the account(s) opened in the name of the Client with the Broker under these Terms of Business pursuant to clause 3 for the purpose of holding funds intended for the purchase of Securities, or funds derived from the sale of Securities and for the holding of Securities or otherwise relating to transactions pursuant to the Facility and these Terms of Business;
“Margin Account Application Form”	means the Application Form For Share Margin Financing Facility (incorporating Risk Disclosure Statements) duly signed by the Client as well as all those documents furnished by the Client in support of its application for opening a Margin Account with the Broker;

“Securities”	includes the meaning in Schedule 1 of the Securities and Futures Ordinance, but for the avoidance of doubt, shall also include warrants, B shares, unlisted securities (including mutual funds), securities to be listed on the Stock Exchange and securities listed and/or traded on any Exchange;
“Securities’ Value”	means, from time to time, the aggregate discounted value of the Securities deposited by the Client with the Broker under the Margin Account valued and discounted from time to time at such rate determined by the Broker in its sole and absolute discretion with reference to the last closing price of such Securities on the Exchange;
“SFC”	means the Securities and Futures Commission;
“Statement of Margin Account”	means any statement of the Margin Account provided to the Client by the Broker; and
“Terms of Business”	these terms and conditions are supplemental to the Client Agreement. These terms and conditions, the Margin Account Application Form duly signed by the Client and the Client Agreement which shall be read together as one document.

- 1.2 These Terms of Business shall apply whenever the Client has a Client Agreement with the Broker relating to the sale and purchase of Securities and where there is an agreement whereby the Client has a loan facility (provided for in the Facility Letter) with the Broker.
- 1.3 Where the context allows, references to terms defined in the Client Agreement shall have the same meaning when used in these Terms of Business but references to numbered clauses shall be to clauses of these Terms of Business.
- 1.4 In the event of inconsistency between the meaning of the terms defined in the Client Agreement and the terms defined in these Terms of Business, the meaning of the terms defined in these Terms of Business shall prevail.
- 1.5 The heading to the clauses are inserted for convenience only and do not affect their interpretation and construction.

2. Facility

- 2.1 Subject only to clause 7.3, in the event of inconsistency between the terms of the Facility Letter and the terms of these Terms of Business and/or the terms of the Client Agreement, as between Broker and Client (but not otherwise), the provisions of the Facility Letter shall prevail.
- 2.2 The terms of the Client Agreement are incorporated in these Terms of Business and shall be deemed to form part of these Terms of Business and in consideration of the Facility being extended to the Client, the Broker and each Broker’s Group Company acquire rights against the Client under these Terms of Business. In the event of inconsistency or conflict between the terms of the Client Agreement and these Terms of Business, the provisions of these Terms of Business shall prevail.
- 2.3 The Broker and any Broker’s Group Company are authorised to draw on the Facility on behalf of the Client at any time without giving notice to the Client in order to pay any amounts due or falling due in respect of the purchase of any Securities, payment of any commission and/or other costs or expenses owing by the Client to the Broker or to any Broker’s Group Company.
- 2.4 Upon receipt of the Client’s request in writing for the use of the Facility for a purpose other than the purchase of Securities, then subject to acceptance by the Broker of such request at its absolute discretion without the need to give any reason therefor, the Broker shall draw on the Facility by debiting the Margin Account with the amount requested by the Client as aforesaid or such an amount as approved by the Broker and shall make payment by one of the following methods:
- (a) by sending a cheque made out to the Client for such amount approved by the Broker by mail at the risk of the Client to the Client’s last known address;
 - (b) by depositing a cheque into or transferring payment to a bank account of the Client and/or the payee specified in the Cash Account Application Form signed by the Client (subject to changes duly notified in writing to the

Broker);

- (c) by crediting any financial institution for the account of the Client; and/or
- (d) by making payment to any third party named by the Client and approved by the Broker, subject to the completion of documentation requirements of the Broker.

3. Margin Account

- 3.1 The Broker shall open a Margin Account for the Client.
- 3.2 If the Client has an Account with the Broker pursuant to the Client Agreement as at the date of these Terms of Business, then the Broker shall transfer all the Securities and cash balance of that Account to the Margin Account.
- 3.3 If the Client does not have an Account with the Broker pursuant to the Client Agreement as at the date of these Terms of Business, then the Client should complete a Cash Account Application Form and the Margin Account Application Form to open the Margin Account.
- 3.4 All references to the term "Account" in the Client Agreement shall, upon the opening of the Margin Account, and for the purposes of these Terms of Business and of the Client Agreement mean "Margin Account".
- 3.5 The terms of the Client Agreement shall continue to apply to the Margin Account and in particular (but not limited to) to the trading of Securities through the Margin Account.

4. Payment & Interest

- 4.1 Notwithstanding any other term whatsoever the money advanced and/or owing to the Broker under the Facility is repayable with accrued interest on first demand.
- 4.2 The Client shall pay interest to the Broker in respect of any amount owing to the Broker in respect of the Facility at such a rate as may be stipulated from time to time by the Broker.
- 4.3 Any variation of any rate of interest shall be effected by the service of a notice in writing on the Client by the Broker and such amended rate of interest shall be applicable as from the date specified in such notice, which notice may be retrospective in effect to the start of the month in which the said notice is given but no further.
- 4.4 If the Client fails to pay the Broker any sum or sums of money when due then (without the need for demand) the Client shall (to the maximum extent permitted by law) be charged and pay interest on such sum or sums from the due date to the date of actual payment at the rate of 5% per annum above the interest rate applicable under clause 4.2 or such other default rate as may be specified by the Broker from time to time under clause 4.3.
- 4.5 All payments to the Broker of whatever nature are to be made free of all deductions, set-offs, claims and/or cross claims and if the Client is compelled by law to make any payment subject to any deduction, then the Client shall gross up the payment so that the Broker receives the full amount due net of any deduction.
- 4.6 In determining the amount of Facility available to the Client at any time, the Broker shall have the right from time to time to set-off and apply the sale proceeds of Securities and other receivables or monies held in or for the Margin Account with the Broker against the outstanding balance of the Facility owed by the Client to the Broker from time to time.

5. Securities in the Margin Account(s)

- 5.1 The Client specifically authorizes the Broker, in respect of all securities deposited by the Client with the Broker or purchased or acquired by the Broker on behalf of the Client, and held by the Broker for safe keeping, to register the same in the name of Broker or an associated entity of the Broker or in the Client's name, or deposit in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by the Broker or an associated entity of the Broker with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 5.2 The Client specifically authorises the Broker, in respect of all securities collateral deposited with, or otherwise provided by or on behalf of the Client to the Broker, to:

- (a) deposit in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by the Broker or associated entities for the purpose of holding securities collateral of the Broker with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities;
 - (b) deposit in an account in the name of the Broker or associated entity (as the case may be) with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities; or
 - (c) register the Client's Securities in the name of the Client or the Broker or an associated entity of the Broker.
- 5.3 Any securities and securities collateral held by the Broker, any associated entity of the Broker, banker, institution, custodian or intermediary pursuant to clauses 5.1 and 5.2 shall be at the sole risk of the Client and the Broker and the relevant associated entity, banker, institution, custodian and intermediary shall be under no obligation to insure the Client against any kind of risk, which obligation shall be the sole responsibility of the Client.
- 5.4 If in relation to any securities deposited with the Broker which are not registered in the Client's name, any dividends or other distributions or benefits accrue in respect of such securities, the Margin Account shall be credited (or payment made to the Client as may be agreed) with the proportion of such benefit equal to the proportion of the securities held on behalf of the Client out of the total number or amount of such securities.
- 5.5 If in relation to any securities deposited with the Broker but which are not registered in the name of the Client, and loss is suffered by the Broker, the Margin Account shall be debited (or payment made by the Client as may be agree) with the proportion of such loss equal to the proportion of the securities held on behalf of the Client out of the total number or amount of such securities.
- 5.6 Under the Client Securities Rules, provided the Client has given its oral or written direction or standing authority, for the purpose of settling any liability owed by or on behalf of the Client to the Broker, the associated entity or a third person, the Broker shall: i) have the right to deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of the Client securities or securities collateral; and ii) have absolute discretion to determine which of the Client's securities or securities collateral are to be disposed of.
- 5.7 The Broker's obligations to deliver, to hold in safe custody or otherwise or to register in Client's name, securities purchased or acquired by the Broker on the Client's behalf shall be satisfied by the delivery, the holding or registration in the Client's name or the Client's nominee of securities of the same class, denomination and nominal amount as, and rank pari passu with, those originally deposited with, transferred to or acquired by the Broker on the Client's behalf (subject always to any capital reorganization which may have occurred in the meantime) and the Broker shall not be bound to deliver or return securities which are identical with such securities in terms of number, class denomination, nominal amount and rights attached hereto.

6. Client Securities Standing Authority

- 6.1 The Client Securities Standing Authority is in respect of the treatment of the Client's securities or securities collateral as set out below in this clause 6.
- 6.2 The Client authorises the Broker to:
- (a) apply any of the Client's securities or securities collateral pursuant to a securities borrowing and lending agreement;
 - (b) deposit any of the Client's securities collateral with an authorised financial institution as collateral for financial accommodation provided to the Broker;
 - (c) dispose of any securities collateral in settlement of (i) the Client's obligation to maintain the agreed level of margin; and (ii) any other liability due, owing or incurred by the Client to the Broker;
 - (d) deposit any of the Client's securities collateral with any other recognized clearing house, or another intermediary licensed or registered for dealing in securities, as collateral for the discharge and satisfaction of the Broker's settlement obligations and liabilities ; and
 - (e) apply or deposit any of the Client's securities collateral in accordance with clauses 6.2(a), 6.2(b), 6.2(c) and/or 6.2(d) above if the Broker provides financial accommodation to the Client in the course of dealing in securities

and also provides financial accommodation to the Client in the course of any other regulated activity for which the Broker is licensed or registered.

- 6.3 The Client acknowledges and agrees that the Broker may do any of the things set out in clause 6.2 without giving the Client notice.
- 6.4 The Client also acknowledges that the Client Securities Standing Authority shall not affect the Broker's right to dispose or initiate a disposal by the Broker's associated entity of the Client's securities or securities collateral in settlement of any liability owed by or on behalf of the Client to the Broker, the associated entity or a third person.
- 6.5 The Client understands that a third party may have rights to the Client's securities, which the Broker must satisfy before the Client's securities can be returned to the Client.
- 6.6 The Client Securities Standing Authority is valid for a period of 12 months from the date of these Terms of Business, subject to renewal by the Client or deemed renewal under the Client Securities Rules referred to in clause in 6.8.
- 6.7 The Client Securities Standing Authority may be revoked by giving the Broker written notice addressed to the Documentation Control Department at the Broker's address specified in the Margin Account Application Form or such other address which the Broker may notify the Client in writing for this purpose. Such notice shall take effect upon the expiry of 14 days from the date of the Broker's actual receipt of such notice.
- 6.8 The Client understands that the Client Securities Standing Authority shall be deemed to be renewed on a continuing basis without the Client's written consent if the Broker issues the Client a written reminder at least 14 days prior to the expiry date of the relevant authority, and the Client does not object to such deemed renewal before such expiry date.

7. Securities' Value

- 7.1 The maximum amount of the Facility available to the Client shall from time to time either be the maximum amount stated in the Facility Letter or the Securities' Value whichever is lower and in the event that the Securities' Value is less than the outstanding balance of the Facility owed by the Client to the Broker, the Client undertakes to pay on first demand from the Broker immediately by cash deposit or providing such further security in form acceptable to the Broker in such amount so as to ensure that the Securities' Value is equal to or greater than the outstanding balance of the Facility owed by the Client to the Broker at all times.
- 7.2 The Client:
- (a) shall maintain and from time to time upon demand by the Broker forthwith deposit (or ensure that there is deposited) Securities or money with the Broker or to the Broker's order or credit, which shall be charged by the Client to the Broker pursuant to the terms of clause 8;
 - (b) irrevocably authorises and instructs the Broker from time to time to transfer or to arrange for the transfer of any Securities which are held on the Margin Account to the Broker, or to the Broker's order, which Securities will be charged by the Client to the Broker pursuant to clause 8; and
 - (c) shall ensure that all initial and subsequent deposits and payments for Margin are made in cleared funds and in such currency as the Broker may in its sole discretion require.
- 7.3 For the avoidance of any doubt and notwithstanding any other term or indication to the contrary (whether in these Terms of Business, or in the Facility Letter or otherwise howsoever):
- (a) the Broker shall have the right to review and vary from time to time the requirements as to the Securities' Value (including but not limited to amount and value of the Securities' Value required), such variations to be determined by the Broker in its sole discretion and made without the need to give any reason therefor. Any variation in the requirement for the Securities' Value (whether increase or decrease) will apply to existing positions of the Client as well as positions taken after the time of such variation;
 - (b) For the avoidance of doubt, failure by the Client to meet Margin calls made by the Broker by the time prescribed by the Broker shall give the Broker the right (without prejudice to other rights) to close the Margin Account without notice to the Client and to dispose of any or all securities held for or on behalf of the Client and to apply the proceeds and any cash deposit(s) to pay all outstanding balances owing to the Broker. Any monies remaining after that application shall be refunded to the Client; and

- (c) any failure at any time by the Client to meet any Securities' Value requirement shall be an Event of Default and the Broker may liquidate the Client's position if the Broker in its sole discretion so decides.

8. Charge of Margin Account and Securities

All sums standing to the credit of the Margin Account and all Securities and all the rights of the Client in respect of all Securities which are now (which for the avoidance of doubt, shall include sums standing to the credit of and all Securities and all the rights of the Client in respect of all Securities in the Margin Account before the date of these Terms of Business) or shall come into the possession, custody or control of the Broker or the Broker's agents or nominees from time to time for any purpose whatsoever (which shall include any additional or substituted Securities and all dividends or interest paid or payable, rights, interests, monies or property accruing or offered at any time by way of redemption, bonus, preference option or otherwise on or in respect of such Securities or additional or substituted Securities) ("Charged Property") shall be charged to the Broker by the Client as beneficial owner as continuing security (the "Broker's Charge") for the payment of all monies and liabilities whether actual or contingent which are now or at any time hereafter may be due, owing or incurred from or by the Client or any Client's Group Company to the Broker or any Broker's Group Company pursuant to the Facility or otherwise.

9. Enforcement of Charge

- 9.1 Upon the happening of any Event of Default (as defined in clause 30), the Broker's Charge shall be immediately enforceable and the Broker may without notice to the Client appropriate, transfer or set-off the whole or any part of any monies comprised in the Charged Property either by dealings through any broker (including the Broker) or by public or private sale or in such other manner and for such consideration (whether payable or deliverable immediately or by instalments) as the Broker may think fit without being in any way responsible for any loss occasioned thereby however arising.
- 9.2 Without prejudice to the generality of clause 9.1 above, the Broker shall be entitled to appropriate or to sell or dispose of any of the Securities constituted within the Charged Property at the current market price thereof to any Broker's Group Company without being in any way responsible for any loss occasioned thereby however arising and without being accountable for any profit made by the Broker and/or any other Broker's Group Company.
- 9.3 If in any sale pursuant to this clause 9, less than all of Securities constituted within the Charged Property are to be sold or disposed of, the Broker may in its absolute discretion select which of the Securities are to be sold or disposed of.
- 9.4 If there is any deficiency after the sale of Securities under this clause 9, the Client shall make good and pay on demand such deficiency to the Broker immediately.
- 9.5 Upon any sale of Securities by the Broker, a declaration made by an officer of the Broker that the power of sale has become exercisable shall be conclusive evidence of that fact in favour of any purchaser or other person deriving title to any Securities under the sale.

10. Title to Charged Securities

Unless otherwise specifically disclosed in writing to the Broker, the Client represents and warrants that the Client has and shall have full rights to deposit the Charged Property with the Broker, that the same is and will remain free from any lien, charge or encumbrance of any kind (save any security interest of the Broker) and are not nor shall they be, subject to any option and that any Securities comprised in the Charged Property are and will be fully paid up. These representations and warranties shall be deemed repeated by the Client on each occasion that the Broker receives any Securities from the Client and/or for the account of the Client.

11. Proceeds of Sale of Securities

- 11.1 The proceeds of sale of Securities made under clause 9 or on any sale of Securities as instructed by the Client from time to time shall be applied in the following order of priority and any residue shall be paid to the Client or to its order or otherwise credited to the Margin Account:-
- (a) payment of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly incurred by the Broker in transferring and selling all or any of the Charged Property or Securities, as the case may be, or in perfecting title thereto;

- (b) payment of interest for the time being due to the Broker under the Facility;
- (c) payment of all other monies and liabilities due, owing or incurred by the Client to the Broker under the Facility or to any Broker's Group Company; and
- (d) payment of the residue of the proceeds to the Client in accordance with clause 4.

11.2 Any dividends, interest or other payments which may be received or receivable by the Broker in respect of any of the Charged Property may be applied by the Broker as though they were proceeds of sale under these Terms of Business notwithstanding that the power of sale may not have arisen and notwithstanding that the Broker may have paid any of the said dividends, interest or other payments to the Client.

12. Exercise of Voting Right

Until and unless there shall occur an Event of Default, the Broker has full discretion (but without any obligation) to instruct any nominee holding the Charged Property (or any part thereof) to attend meetings and/or exercise the voting rights attaching to the Securities comprised within the Charged Property in accordance with the Client's Instructions (if any) but the Broker shall not be responsible nor in any way liable, for any default by the nominee(s) concerned, whether arising from failure to attend and/or vote and/or from failure to give notice of any meeting and/or otherwise howsoever. Further the Broker shall not be under any duty to investigate, vote or participate in such meetings (or take any action in connection therewith except upon receipt of the Client's written instructions 3 Business Days prior to the deadline imposed by the company or companies issuing the Charged Property and upon such conditions including the giving of any indemnity to the Broker as the Broker may require). At any time after an Event of Default, the Broker may instruct any nominee to attend meetings and/or exercise voting rights in such manner as the Broker shall in its absolute discretion determine.

13. Calls on Securities

The Client during the continuance of the Broker's Charge shall pay all calls or other payments due in respect of any of the Charged Property but the Broker may if it thinks fit make such payments on the Client's behalf. Any sums so paid by the Broker shall be repayable forthwith by the Client and pending such repayment, shall both carry interest at the applicable rate and be a charge on the Charged Property.

14. Additional Security

14.1 The Broker's Charge is in addition to and without prejudice to any collateral or other securities which the Broker may now or hereafter hold from or on account of the Client nor shall such collateral or other security or any lien to which the Broker may be otherwise entitled (including any security, charge or lien prior to these Terms of Business) or the liability of any person or persons not parties to these Terms of Business for all or any part of the monies and liabilities secured by these Terms of Business be in any way prejudiced or affected by the Broker's Charge. The Broker shall have full power at its discretion to deal with, exchange, release, modify or abstain from perfecting or enforcing any such securities or other guarantees or rights which the Broker may now or hereafter have from or against such person or persons or to give time for payment or any indulgence to any such other person or persons without discharging or in any way affecting the Client's liabilities or the security created under these Terms of Business. All monies received by the Broker from the Client or any person or persons liable to pay the same may be applied by the Broker to any account or any transactions to which the same may be applicable.

14.2 At the request of the Broker, the Client shall itself, or procure that such persons as are acceptable to the Broker shall, deposit and grant further security (including, without limitation, cash or Securities) in terms satisfactory to the Broker in respect of any of the obligations of the Client owed to the Broker howsoever arising.

15. Continuing Security

The Broker's Charge shall be a continuing security notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of any sum of money owing by the Client to the Broker and notwithstanding the closing of any of the Client's accounts with the Broker and which are subsequently reopened or the subsequent opening of any account by the Client either alone or jointly with others and shall extend to cover all or any sum of money which shall for the time being constitute the balance due from the Client to the Broker on any account or otherwise as hereinbefore mentioned.

16. Continuing Validity

- 16.1 The Broker's Charge shall not be affected by any failure by the Broker to take any security or by any invalidity of any security taken or by any existing or future agreement by the Broker as to the application of any advances made or to be made to the Client.
- 16.2 No change in the constitution of the Client nor of the persons, firms or companies or other entity for whose liabilities the Broker's Charge may at any time stand as security, shall affect the validity of or discharge the Broker's Charge. If the Client is a firm, in the event of the dissolution of the firm the Broker's Charge shall apply to all the indebtedness and liabilities incurred by the firm or in the firm's name until receipt by the Broker of actual notice of dissolution. If, however, the dissolution is by reason only of the introduction of a partner or a further partner or partners into the firm the Broker's Charge shall continue and in addition to the debts and liabilities of the old firm shall apply to all monies and liabilities due or incurred from or by the new firm or firms thereby constituted as though there had been no change in the firm as previously constituted to the intent that the new partners of the firm will be liable for the debts and liabilities of the old firm.
- 16.3 The provisions of these Terms of Business shall remain binding notwithstanding any amalgamation that may be effected by the Broker with any other company or companies and notwithstanding any reconstructions by the Broker involving the formation of and transfer of all or any of the Broker's assets to a new company and notwithstanding the sale of all or any part of the Broker's undertaking and assets to another company to the intent that the undertakings and agreements contained in these Terms of Business and/or under any Facility Letter shall remain valid and effectual in all respects and the benefit and all rights conferred upon the Broker may be assigned to and enforced by any such company or companies as if such company or companies had been named instead of the Broker and this security shall extend to all the Broker facility and other accommodation by any amalgamated company as aforesaid or the Broker as reconstructed or any company to which the Broker shall have sold all of the Broker's undertaking and assets in like manner as if the Broker as reconstructed or such company were named instead of the Broker.
- 16.4 All rights and powers of the Broker under these Terms of Business shall remain in full force and effect notwithstanding any neglect or delay in the enforcement thereof or of any indulgence or forbearance given or continued to be given to the Client.

17. Addition to the Margin Account

Any monies received under these Terms of Business shall be placed and kept to the credit of a segregated account pursuant to clause 7 of the Terms and Conditions relating to the sale and purchase of securities (Cash Account) without any obligation on the part of the Broker in the meantime to apply the same or any part thereof or towards discharge of any monies or liabilities due or incurred by the Client to the Broker. Notwithstanding any such payment, in the event of any proceedings in or analogous to bankruptcy, winding-up, liquidation, any composition or arrangement the Broker may prove for and agree to accept any dividend or composition in respect of the whole or any part of such monies and liabilities in the same manner as if the Broker's Charge had not been created.

18. Loss or Damage to Securities

The Broker shall not be answerable or responsible for the loss of and/or damage to and/or diminution in value of any of the Charged Property however arising, unless that loss, damage and/or diminution:

- (a) occurs whilst the property concerned is in the possession, custody or control of the Broker itself; and
- (b) is proved beyond all reasonable doubt to have been caused by the personal act of the Broker done either with intent to cause the loss, damage or diminution concerned and/or recklessly, and in either case with knowledge on the Broker's personal part that the actual loss, damage and/or diminution concerned would result.

19. Indemnity for claims, etc.

- 19.1 If any action or proceeding is commenced or claim or demand made by any person against the Client and/or the Broker in connection with the Facility or the Charged Property, the Client will indemnify the Broker against any loss, costs or expenses including all legal or other professional fees which may be incurred by the Broker in connection therewith.
- 19.2 In the circumstances of clause 19.1, the Broker shall be entitled to take such steps as it may deem necessary including the withholding of payment or delivery to the Client of the Charged Property or any part thereof.

19.3 Nothing in this clause shall be construed as an obligation on the part of the Broker to take any steps in connection with any action, proceeding, claim or demand.

20. Statements of Margin Account

The Client will check all statements of Margin Account thoroughly and if the Client does not notify the Broker of any discrepancy in writing within two weeks from the date of the statement, in the absence of manifest error, the Client accepts that such statements are to be conclusive as to the correctness of the matters stated therein. The Client will also promptly notify a responsible officer of the Broker in writing if the Client does not receive a Statement of Margin Account each month.

21. Liability and Indemnity

21.1 In the absence of bad faith or wilful default of or by the Broker, the Broker shall not under any circumstances whatsoever be liable to the Client in respect of any loss, damage, injury sustained or liability incurred by the Client by reason of any act, advice, statement (express or implied), default or omission of the Broker or its directors, employees, agents or representatives, whether such loss, damage, injury or liability is caused by breach or otherwise by the Broker or its directors, employees, agents or representatives or howsoever caused.

21.2 The Broker and its directors, employees or agents shall not under any circumstances whatsoever be liable (whether in negligence or otherwise) for any loss, expense or damage suffered by the Client as a result of:

- (a) the Broker acting or relying on any Instruction given by the Client whether or not such Instruction was given following any recommendation, advice or opinion whether expressed or implied by the Broker or its directors, employees or agents; or
- (b) The Broker and any of Broker's Group Companies shall not be responsible for any consequences whether resulting directly or indirectly from any uncontrollable events including without limitation to government restrictions, imposition of emergency procedures, Exchange rulings, third party conducts, suspension of trading, breakdown or collapse of communication facilities, war, strike, market conditions, civil disorder, acts or threatened acts of terrorism, natural disasters, or any other circumstances beyond Broker's control whatsoever, including any error, deficiencies associated with data, computations, output, operations and other functions of equipments and related software of the Broker and/or its agents, suppliers, vendors or counterparts.

21.3 Without limiting the generality of clauses 21.1 and 21.2, neither the Broker nor any of its directors, employees, agents or representatives shall have any liability whatsoever (whether in negligence or otherwise) for any loss, expense or damage suffered by the Client arising out of or alleged to arise out or in connection with any inconvenience, delay, malfunction or loss of use of the Online Trading Services or any delay or alleged delay in acting on or any failure to execute any Instruction.

21.4 The Client undertakes to indemnify and keep the Broker indemnified in respect of any costs, claims, demands, damages and expenses whatsoever which may be reasonably suffered or incurred by the Broker directly or indirectly arising out of or in connection with any transaction entered into by the Broker as agent on behalf of the Client or otherwise arising out of anything done or omitted to be done by the Broker in accordance with the Terms of Business or pursuant to any Client's Instruction or communication. The Client also agrees to pay promptly to the Broker, on demand, all damages, cost and expenses (including legal expenses on a full indemnity basis) reasonably and properly incurred by the Broker in the enforcement of any of the provisions of these Terms of Business.

21.5 The Client agrees to indemnify the Broker and the Broker's directors, employees, agents and representatives against and hold them harmless from all damages, costs, expenses, liabilities, claims and demands arising out of or in connection with any breach or default by the Client of its obligations under these Terms of Business, including any legal costs and collection agency fees on a full indemnity basis and any other costs incurred by the Broker in enforcing its rights and recovering any debts due to the Broker in connection with the Account .

21.6 The Client will be charged and will indemnify the Broker (without the need for demand) for all broker's commission, payments for rights and benefits, calls, fees, commissions, stamp duty, share splitting expenses and any other reasonable costs and expenses incurred in connection with any default of the Client including but not limited to any failure by the Client to provide monies, Securities and/or other assets to maintain Securities' Value requirements from time to time applicable.

21.7 The Client unconditionally and irrevocably waives any right to obstruct the Broker in enforcing the Broker's rights over the Charged Property and agrees to indemnify the Broker, its officers, employees, agents or assignees against all expenses, costs, liabilities, claims and demands arising out of the holding of the Charged Property including crediting the Charged Property to any account maintained by it with HKSCC and other similar clearing system or anything lawfully done by the Broker, its officers, employees, agents or assignees in relation to or in connection with the Facility.

21.8 If for any reason the Broker's costs of funds is increased and/or net return on the Facility is reduced subsequent to the date of the Facility Letter, the Client will on demand either indemnify the Broker for the additional cost or reduction in return as certified to be correct by the Broker or repay all money due from the Client to the Broker within 24 hours of the said demand.

22. Mortgage Over Securities Comprised within the Charged Property

The Client acknowledges that it is a condition of the continued availability of the Facility that the Client shall authorise (and continue to authorise) the Broker to mortgage, charge, pledge or create any security interest in or over the Charged Property in favour of any third party in accordance with all applicable laws, rules and regulations, as security for the Broker's obligations to the third party.

23. Discharge of the Charge

Subject to the payment and discharge of all amounts secured by the Broker's Charge, the Broker shall upon request of the Client and at the cost of the Client, discharge the Broker's Charge PROVIDED ALWAYS that upon such discharge the Broker shall not be bound to return to the Client Securities identical with those deposited or transferred to the Broker so long as the Securities returned to the Client are of the same class, denomination and nominal amount and rank *pari passu* with those originally deposited with or transferred to the Broker (subject always to any capital re-organisation which may have occurred in the meantime).

24. Error in Calculation

If a mistake or an error is made in the Client's favour (howsoever such mistake or error arises) in calculating the amount due to the Broker or in respect of Securities returned then any discharge of the Broker's Charge and return of Securities shall have no effect and the Broker's Charge shall remain in full force and effect to the extent that such mistake or error shall not affect the Client's continuing obligations under the Facility or otherwise. Any monies and/or Securities released by mistake or error shall be held by the Client as trustee for the Broker pending the return of the said monies, Securities and/or their value.

25. Related Margin Client

The Client represents to the Broker that, unless otherwise disclosed to the Broker in writing:-

- (a) *where the Client is a non-corporate entity*: no account holder of the Margin Account (i) has a spouse who is a margin client of the Broker; or (ii) controls (either alone or with his/her spouse) 35% or more of the voting rights of any margin client of the Broker; or
- (b) *where the Client is a corporate entity*: the Client does not belong to any group of companies having one or more member(s) which is/are margin client(s) of the Broker.

26. Withdrawals from the Margin Account

The Client shall give 2 Business Days' prior written notice to the Broker if the Client wishes to make a withdrawal of Securities and/or cash from the Margin Account but such withdrawal will only be allowed with the consent of the Broker, which consent may be given subject to terms as the Broker may decide unless all amounts and obligations owed by the Client to the Broker and/or to any Broker's Group Company have been fully and finally discharged.

27. General Lien

Without prejudice and in addition to any general lien, rights to set-off or other similar rights which the Broker may be entitled to exercise over the Securities, receivables or monies held in the Margin Account, all Securities, receivables or monies shall be subject to a general lien for the discharge of all obligations due by the Client to the Broker and/or any Broker's Group Company.

28. Negative Pledge

Without the Broker's prior written consent, the Client will not, and will not purport to, sell, grant an option over or otherwise deal in any way with or create or allow to subsist a charge, pledge or other encumbrance over the Margin Account or anything in it other than pursuant to the terms of the Facility Letter.

29. Suspension, Termination & Review

- 29.1 The Broker may, without compensation, suspend operation of the Facility and all the Client's rights and powers in connection therewith if as a result of force majeure (being anything beyond the actual and reasonable control of the Broker) or severally any adverse weather conditions, hostilities, industrial actions, computer breakdown, sabotage or if any trading or account records are not available or access to such records or accounts is hindered.
- 29.2 The Broker may suspend and/or terminate the Facility by notice, including for this purpose oral notice, to the Client and shall not be bound to disclose any reason therefor.
- 29.3 The Broker may review the Facility granted to the Client at any time at its sole discretion and the Client will whenever the Broker so demands, make payment of all sums owing from the Client to the Broker and/or comply with any revised terms as to Facility requirements as the case may be.

30. Default

- 30.1 "Event of Default" shall have the meaning in the Client Agreement but shall also include any of the following:
- (a) the Client's failure to pay and/or provide when due any payment, security or value whatsoever to the Broker;
 - (b) the death or insanity (in the case of an individual) and/or the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against the Client and/or any person who is a guarantor of the Client's obligations to the Broker or a Broker's Group Company;
 - (c) the levying of any attachment or enforcement against any of the Charged Property;
 - (d) default by the Client in the due performance or observance of any terms of the Facility Letter, the Client Agreement or these Terms of Business;
 - (e) any consent, authorisation, approval, licence or board resolution required for or in connection with the Facility or these Terms of Business being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
 - (f) the Client owes more than the amount allowed under the Facility, whether in dollar terms or in relation to the applicable Securities' Value;
 - (g) any representation or warranty made in these Terms of Business or in any document delivered to the Broker pursuant to these Terms of Business being or becoming untrue; and/or
 - (h) the occurrence of any event which, in the sole opinion of the Broker might jeopardise any of its rights under the Facility and/or otherwise.
- 30.2 If an Event of Default occurs:
- (a) the Broker may at its sole discretion (but without obligation so to do):-
 - (i) immediately close the Account(s);
 - (ii) cancel any or all outstanding orders or any other commitments made on behalf of the Client; and
 - (iii) close and/or cancel any or all contracts between the Broker and the Client, cover any short position through the purchase of Securities on any Exchange and/or liquidate any long position through the sale of Securities on any Exchange.
 - (b) without prejudice to other rights which the Broker may have by law or otherwise, the Broker shall also be

entitled to:-

- (i) receive (without the need for a demand) immediate payment from the Client of all sums outstanding to it pursuant to the terms of these Terms of Business;
- (ii) enforce (by sale or otherwise) any of the security conferred on it pursuant to the terms of these Terms of Business;
- (iii) exercise its rights of set-off conferred by these Terms of Business; and/or
- (iv) immediately terminate the Facility.

31. Representations and Warranties

31.1 The Client represents to, warrants and undertakes with the Broker that:

- (a) all information given by or on behalf of the Client to the Broker and/or to any Broker's Group Company is true, accurate and complete and the Broker is entitled to rely on such information until the Broker has received written notice from the Client of any changes in the information or answer supplied. The Client undertakes to notify the Broker and/or any Broker's Group Company concerned immediately of any changes in such information and/or of the occurrence of an Event of Default;
- (b) unless disclosed in writing by the Client to the Broker, the Client is trading on its own account and that no one other than the Client has any interest in Securities in the Margin Account and/or in accounts held in the Client's name with any Broker's Group Company;
- (c) all necessary consents and authorisation which may be required for the execution of the Margin Account Application Form, Facility Letter and ancillary documents have been obtained and are in full force and effect; and
- (d) the Client has the authority and power and legal capacity to enter into and perform the obligations under these Terms of Business.

31.2 The Broker and the Client undertake to inform each other of any material change to the information provided in these Terms of Business.

32. Further Assurance

The Client undertakes with the Broker to do and execute any act, deed, document or thing which the Broker may require the Client to do in connection with the implementation, execution and enforcement of any of the terms and any rights conferred by these Terms of Business and/or the Facility Letter and/or to secure the Broker further. The Client irrevocably authorises the Broker to do and execute all such acts, deeds, documents or things on behalf of the Client as the Broker considers necessary or desirable in connection with such implementation, execution and enforcement and agrees to ratify or confirm all such acts, deeds, documents or things so done by the Broker acting lawfully and in good faith.

33. Currency of Facility

The Facility is to be maintained in dollars. If any transaction or payment results in a payment or settlement in a currency other than in dollars then the Broker may convert such fund into dollars at such rate of exchange as the Broker shall in its sole discretion determine (in the absence of manifest error) as being a fair rate applicable on the conversion date. Any profits or loss arising as a result of a fluctuation in the exchange rate between such currency and dollars will be entirely for the account of the Client. The Broker shall be entitled in addition to charge the Client a conversion charge of up to 1% of the amount converted.

34. More than One Client

Irrespective of which individual Client gives instructions, where the Client consists of more than one person:

- (a) the liabilities and obligations of each of them shall be joint and several and references to the Client shall be construed, as the context requires, to any or each of them;

- (b) each of them shall be bound even though any other such person is not for whatever reason, so bound; and
- (c) the Broker shall be entitled to deal separately with each such person on any matter including the discharge of any liability to any extent without affecting the liability of any other such person.

35. Assignability

The provisions of these Terms of Business and of the Facility Letter shall be binding on and enure to the benefit of the successors, assigns and personal representatives (where applicable) of each party to these Terms of Business provided that the Client may not assign, transfer, charge or otherwise dispose of its rights or obligations under these Terms of Business and/or the Facility Letter without the prior written consent of the Broker. The Broker however may assign or transfer all or a part only of its rights and obligations under these Terms of Business and/or the Facility Letter to any person without the prior consent or approval of the Client.

36. Severability

Each of the provisions of these Terms of Business and the Facility Letter is severable and distinct from the others and, if one or more of such provisions is or becomes illegal, invalid or unenforceable, the remaining provisions shall not be affected in any manner adverse to the Broker.

37. Translation

These Terms of Business may be translated into any other languages but, in the event of any conflict, the English version shall apply and prevail.

38. Compliance with Laws

The Client shall not instruct the Broker to do anything which is a breach of, or would or is likely to involve a breach of, the Securities and Futures Ordinance, the Rules of the Stock Exchange, the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, the Rules of HKSCC or any law, rule or regulation in force and/or applicable or to do any act which, in the sole opinion of the Broker, might prejudice the Broker's position.

39. Communications

39.1 All notices, demands, Statements of Margin Account and any other communications and documents (collectively "Communication") required or permitted to be given to the Client may be sent by hand, post, facsimile, telephone or electronic mail to the address, facsimile and telephone numbers or electronic mail address for communications specified in the Cash Account Application Form or as notified to the Broker from time to time. All Communication shall be deemed to have been received by the Client (i) 48 hours after posting if sent by post (save that any Statement of Margin Account shall be deemed to have been provided to the Client at the time of posting); and (ii) at the time of transmission from the Broker if delivered by facsimile, telephone or electronic mail and no such Communication needs to be signed on behalf of the Broker.

39.2 The Broker shall be entitled to assume, without further investigation or enquiry, that any Communication which on the face of it appears to have been forwarded by either the Client or its agent, has in fact been sent by either the Client or its agent, as the case may be. The facsimile copy of any Communication shall have the same force as the original.

40. Governing Law, Jurisdiction and Service of Legal Documents

40.1 These Terms of Business and the Facility Letter and all rights, obligations and liabilities arising therefrom shall be governed by and construed in accordance with the laws of Hong Kong.

40.2 The Client submits to the non-exclusive jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with these Terms of Business and/or the Facility.

40.3 Without prejudice to clause 40.2, if any dispute of any kind whatsoever shall arise between the Client and the Broker, the Broker may, instead of court proceedings, require such dispute to be referred to arbitration in Hong Kong in accordance with the provisions of the Arbitration Ordinance (Chapter 341 of the Laws of Hong Kong) or any statutory modifications thereof then in force.

40.4 Without prejudice to clause 39, any documents (including but not limited to writs, summonses, orders, pleadings, petitions and demands) may be served on the Client by leaving at or posting such documents to, the last known address of the Client - such service is agreed to be valid service on the Client, whether or not the document(s) concerned is (are) actually received by the Client or comes to the Client's notice, and the time of service will be the time at which the document(s) is (are) left at the said address or in the case of service by post, 48 hours after posting to that address irrespective of whether the Client's address is in Hong Kong or not.

41. Miscellaneous

41.1 The Client authorises the Broker to contact the bankers of the Client from time to time and authorises such bankers to release information to the Broker as requested by the Broker. The Client waives all rights as to confidentiality between itself and the bankers concerned PROVIDED that the Broker undertakes not to knowingly and wilfully divulge any confidential information received by the Broker solely under this authority, except as may be required by law or any regulatory body or as may be necessary or desirable to protect and enforce the rights of any Broker's Group Company, including the Broker, against the Client.

41.2 These terms and conditions may be amended, supplemented or revised by the service of a notice in writing on the Client by the Broker and such amendment, supplement or revision shall be applicable as from the date specified in such notice.

41.3 The Broker shall not be liable in any way for any loss whatsoever incurred by the Client as a result of any act or omission of it or any Broker's Group Company arising out of or in connection with the operation of the Facility except where such loss is proved beyond all reasonable doubt to have been caused by the personal act of the Broker done either with intent to cause the loss concerned and/or recklessly, and in either case with knowledge that the actual loss concerned would result.

41.4 In addition to any other of its rights, the Broker may combine or consolidate all other accounts and liabilities whether actual or contingent, primary or collateral, several or joint that the Client has, now or in future, with the Broker and use whatever sums of money there may be in such accounts to offset the money that is owed to the Broker.

41.5 Time is of the essence as regards every obligation of the Client but no delay or omission by the Broker to exercise any right, power or remedy shall impair such right, power or remedy, or be construed as a waiver of, or as an acquiescence in, any default. If the Broker on any occasion agrees to waive any such right, power or remedy, such waiver shall not in any way preclude any further exercise thereof or the exercise of any other right, power or remedy. Any waiver by the Broker of any provision of these Terms of Business and any consent or approval given by the Broker, shall only be effective if given in writing, specifically refers to this clause and even then only for the purpose and upon the terms for which expressly specified.

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