

SINO-RICH futures account terms and conditions

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1. INTERPRETATION

*** Please note, Sino-Rich Securities & Futures Limited does not accept clients who are citizens or residents of the United States and we do not accept clients who are United States corporations, limited liability companies, trusts or partnerships.

- 1.1 In this Agreement:
- 1.1.1 **"Account"** means the commodities trading account(s) opened and maintained by SINO-RICH on behalf of Client pursuant to the Account Application and the terms of this Agreement;
- opening and 1.1.2 **"Account Application"** means the application submitted by Client to SINO-RICH in such form as required by SINO-RICH for the maintaining of a commodities trading account under the terms of this Agreement;
- 1.1.3 **"Confirmation"** means a written or typed record (including facsimile or other electronic means from which it is possible to produce a hard copy) (a) confirming and setting out the particulars of any transaction executed by SINO-RICH on any Account, or (b) recording any other event (including without limitation receipts or withdrawals of assets) in relation to the Account, and containing such information as SINO-RICH shall consider appropriate;
- 1.1.4 **"this Agreement"** means this Client Agreement and Schedules, the Account Application and any applicable schedule and/or other documents as specified in the Schedules or determined by SINO-RICH from time to time;
- 1.1.5 **"Authorised Person"** means each of those persons specified as such in the Account Application, or subsequently appointed as such where notice of such appointment has been given to SINO-RICH pursuant to the terms of this Agreement provided that such notice shall not take effect until 5 days after the actual receipt by SINO-RICH of it;
- such 1.1.6 **"Authorised Third Party"** means each of those persons, if any, specified as such in the Account Application, or subsequently appointed as such and notice of such appointment has been given to SINO-RICH pursuant to the terms of this Agreement provided that such notice shall not take effect until 5 days after the actual receipt by SINO-RICH of it;
- 1.1.7 **"Business Day"** means any day during which the relevant Exchange is open for trading the relevant F/O Contracts;
- 1.1.8 **"Client"** means the person(s) in whose name SINO-RICH has agreed to open and maintain the Account(s) in accordance with the terms of this Agreement and shall in the case where Client:
- (i) is/are individual(s) include Client and Client's respective executors and administrators; (ii) is a sole proprietorship firm include the sole proprietor and Client's executors, administrators and successors in the business; (iii) is a partnership firm include the partners who are the partners of the firm at the time when the Account(s) being maintained and Client's respective executors, administrators and any other person(s) or persons who shall at any time hereafter be or have been a partner of and in the firm and Client's respective executors, administrators and the successors to such partnership business; and (iv) is a company include such company and its successors;
- 1.1.9 **"Client Money Rules"** means the Securities and Futures (Client Money) Rules (Cap 571I of the Laws of Hong Kong) made by the SFC under section 149 of the Securities and Futures Ordinance as amended from time to time;
- 1.1.10 **"Closing Out"** means in relation to any or portion of any contract, the entering into of another contract of the same specification and for the same amount but of an opposite position in order to cancel the former contract and/or to crystallise the profit or loss on such former contract and the term "Close Out" shall be construed accordingly;
- 1.1.11 **"commodity" and "commodities"** each includes, without limitation, agricultural commodities, metals, currencies, shares, interest rates, indices (whether stock market or otherwise), or other financial contracts, energy, right or authority, and shall where the case requires include a Futures/Options Contract in respect of any of the above and in each case whether or not the item is capable of being delivered;
- 1.1.12 **"Event of Default"** means each of the events set out in Clause 13.1;
- 1.1.13 **"Exchange"** means Hong Kong Futures Exchange Limited and any other exchange, market or association of dealers in any part of the world on which F/O Contracts are bought and sold;
- 1.1.14 **"Futures Contract"** means a contract executed on any commodity, futures or options exchange, the effect of which is that:
- (a) one party agrees to deliver to the other party at an agreed future time an agreed commodity or quantity of a commodity at an agreed price; or (b) the parties will make an adjustment between them at an agreed future time according to whether the agreed commodity is worth more or less or, as the case may be, stands higher or lower at that time than a level agreed at the time of making the contract, the difference being determined in accordance with the rules of the commodity, futures or options exchange in which that contract is made;
- 1.1.15 **"Futures/Options Contract" or "F/O Contract"** means a Futures Contract and/or an Options Contract effected on an Exchange ;
- 1.1.16 **"SINO-RICH"** means Sino-Rich Securities & Futures Limited;
- 1.1.16 **"HK Exchange"** means Hong Kong Futures Exchange Limited;
- 1.1.18 **"Hong Kong"** means the Hong Kong Special Administrative Region of the People's Republic of China;
- 1.1.19 **"Laws"** means all laws, rules, regulations and regulatory requirements applying to SINO-RICH, and to other brokers and dealers instructed by SINO-RICH, including, where applicable, the rules of the relevant Exchange and its associated clearing house;
- 1.1.20 **"Option Contract" or "Option"** means a contract executed between one party (the "first party") and another party (the "second party") on any commodity, futures or options exchange under which : (a) the first party grants the second party the right, but not the obligation, to buy an agreed commodity, or quantity of a commodity, from the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to buy: (i) the first party is obliged to deliver the commodity at the agreed price; or (ii) the second party receives a

payment referable to the amount (if any) by which the commodity is at the time of the exercise worth more than the agreed price, such payment being determined in accordance with the rules of the commodity, futures or options exchange in which the contract is made; or (b) the first party grants to the second party the right, but not the obligation, to sell an agreed commodity, or quantity of a commodity, to the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to sell: (i) the first party is obliged to take delivery of the commodity at the agreed price; or (ii) the second party receives a payment referable to the amount (if any) by which the agreed price is worth more than the price of the commodity at the time of the exercise, such payment being determined in accordance with the rules of the commodity, futures or options exchange in which the contract is made; a contract falling within sub-paragraph (a) being a "Call Option" and a contract falling within sub-paragraph (b) being a "Put Option";

- 1.1.21 **"Potential Event of Default"** means any event, which (with the giving of notice, lapse of time or fulfillment of some other condition or any combination of these) would constitute an Event of Default;
- 1.1.22 **"Regulators"** means the SFC, the relevant Exchange, the relevant clearing house and any other regulator whether in Hong Kong or elsewhere;
- 1.1.23 **"Regulatory Rules"** means the rules of the Regulators or other laws, rules, codes, guidelines, circulars and regulatory directions issued by the Regulators from time to time;
- 1.1.24 **"Rules of the HK Exchange"** means the Rules, Regulations and Procedures of the Hong Kong Futures Exchange Limited (as amended from time to time);
- 1.1.25 **"Securities and Futures Ordinance"** means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
- 1.1.26 **"SFC"** means the Securities and Futures Commission of Hong Kong; and
- 1.1.27 **"subsidiary"** bears the same meaning given to it under the Companies Ordinance (Cap.32, of the Laws of Hong Kong) (as amended from time to time).

1.1A For the purposes of this Agreement, two companies shall be taken to be associated companies if one is a subsidiary of the other, or both are subsidiaries of a third company, and "associated company" shall be construed accordingly.

1.2 In this Agreement:

- 1.2.1 the singular shall be deemed to include the plural and vice versa;
- 1.2.2 words importing any gender include every gender and references to persons include companies and corporation;
- 1.2.3 where SINO-RICH is given a discretion, such discretion shall be absolute and if exercised, to the fullest extent permitted by applicable laws, SINO-RICH shall not incur any liability of whatsoever nature to Client or any other person and, unless otherwise stated, SINO-RICH shall not be required to give reasons for its action, inaction or decision;
- 1.2.4 the headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement;
- 1.2.5 references to any statute, statutory provision or Regulatory Rule shall include a reference to that statute, provision or Regulatory Rule as from time to time amended, replaced, modified, extended or re-enacted;
- 1.2.6 words not defined shall have the meanings ascribed to them in the Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited, the Securities and Futures Ordinance or the regulations made thereunder unless the context requires otherwise;
- 1.2.7 references in this Agreement to Clauses and Schedules are to clauses in and schedules to this Agreement;
- 1.2.8 if there is any inconsistency between the Chinese and English versions of this Agreement, the English version shall apply and prevail;
- 1.2.9 any reference in this Agreement to an ordinance or a provision of any Regulatory Rules shall be deemed to include such ordinance or provision as now or hereafter amended, replaced, modified, extended or re-enacted; and
- 1.2.10 in the event of any inconsistency between any provision of this Agreement and any Laws, the latter shall prevail and SINO-RICH

shall

be entitled in its discretion to take or refuse to take any action or to demand that the Client shall take or refrain from taking any action to ensure compliance with the same. All actions taken by SINO-RICH in accordance with the Laws shall be binding on the

Client.

1.3 Suitability Requirement

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

Note: "Financial product" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. Regarding "leveraged foreign exchange contracts", it is only applicable to those traded by persons licensed for Type 3 regulated activity

2. ACCOUNT OPENING

2.1 Client hereby instructs and authorises SINO-RICH to open and maintain commodities trading account(s) in the name of Client for purchasing, investing in, selling, exchanging or otherwise dealing in commodities in Hong Kong or elsewhere, on the terms set out in this Agreement.

2.2 All transactions shall be subject to the applicable Laws and Regulatory Rules, from time to time extant or in force. Transactions relating to Exchange Contracts (as defined in the Rules of the HK Exchange) on the markets established and operated by the HK Exchange shall be subject to the Rules of the HK Exchange. All transactions with respect to dealings in F/O Contracts made in markets other than those operated by the HK Exchange shall be subject to the Regulatory Rules of the market where the particular transaction is made and not the Rules of the HK Exchange and as a result Client may have a markedly different level and type of protection in relation to those transactions as compared to the level and type of protection afforded by the Rules of the HK Exchange.

2.3 To the extent that SINO-RICH enters into a transaction for F/O Contracts traded on a trading system operated by any Exchange other than

HK

Exchange for the account of Client:

- 2.3.1 such transactions will be subject to the rules of that Exchange; and
- 2.3.2 if Client is dealing in F/O Contracts for the benefit of another person, Client shall ensure that in its agreement with that other person there shall be a provision to the effect of Clauses 2.3.1 and 2.3.2.

3. SINO-RICH'S INFORMATION TO CLIENT

- 3.1 SINO-RICH may enter into commodity transactions as principal with Client and, at Client's request, agree to deal in commodities on Client's behalf. Client shall make its own judgments and decisions independently without reliance on SINO-RICH in its decisions in relation to dealing in commodities.
- 3.2 Subject to applicable Laws and Regulatory Rules, SINO-RICH shall provide to Client (i) upon request, Contract Specifications (as defined in the Rules of the HK Exchange) and any prospectus or other offering document covering the subject-matter of such Contract Specifications, and (ii) a full explanation of margin procedures and the circumstances under which Client's positions may be closed without Client's consent.

4. CLIENT'S INSTRUCTIONS AND STANDING AUTHORITY

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

4.7 Subject to section 5(1) of the Client Money Rules, the clients of SINO-RICH authorize SINO-RICH to combine or consolidate any or all segregated accounts maintained by SINO-RICH, and SINO-RICH may transfer any sum of monies to and between such segregated account(s) to satisfy the clients' obligations or liabilities to SINO-RICH, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, joint or several; and transfer any sum of monies interchangeably between any of the segregated accounts maintained at any time by SINO-RICH, and to effect transfer of client money from SINO-RICH's segregated accounts to both local and overseas execution brokers.

5. SINO-RICH'S DISCRETION

- 5.1 SINO-RICH shall be entitled to rely on and to act as it thinks fit in accordance with any instruction given or purportedly given by or on behalf of Client which SINO-RICH believes in good faith to have been given by Client or its Authorised Person(s) or Authorised Third Party(ies). Notwithstanding the foregoing, SINO-RICH shall have discretion to reject such instruction. SINO-RICH shall be under no obligation either to act for the Client or upon any instruction, or execute any transaction with or for or on behalf of the Client if there are insufficient funds in the Account, or if SINO-RICH believes that the acting or the execution might result in either SINO-RICH or the Client contravening any Laws or Regulatory Rules or for any other reason. If SINO-RICH in its absolute discretion declines to act with or for the Client or act upon any instruction, or execute any transaction with or for or on behalf of the Client, SINO-RICH shall in its own discretion notify the Client accordingly, but SINO-RICH shall not in any circumstances whatsoever be liable in any way for any loss, damages, liability, cost, expense or whatsoever suffered or incurred by the Client arising in or in connection with the exercise of the above discretion by SINO-RICH.
- 5.2 Orders are to be received and executed with the understanding that Client will be required to take or make delivery of the commodities unless Client's initial position is liquidated. It is expressly understood that unless otherwise disclosed herein or to Client in writing, SINO-RICH is acting solely as broker as to any transactions made with SINO-RICH by Client. SINO-RICH shall have no obligation to provide Client with information with respect to any position of Client and (except as directed by Client) no obligation to (but shall have the right at the discretion of SINO-RICH to)

close

any position in any account SINO-RICH has entered or may carry on behalf of Client.

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

6. EXECUTION OF ORDERS

- 6.1 SINO-RICH may, in carrying out Client's instructions or dealing with Client as principal, contract or otherwise deal with or through any broker for the purchase or sale of commodities on any Exchange, or any person associated with SINO-RICH in any manner, on such terms as SINO-RICH may in its discretion determine.
- 6.2 Client hereby consents that, subject to the applicable Laws and Regulatory Rules, SINO-RICH may take an opposite position to an order given by Client to SINO-RICH for execution under this Agreement, whether on SINO-RICH's own account or other Clients of SINO-RICH, provided that the trading is executed competitively on or through the facilities of the Exchange in accordance with the Regulatory Rules.

7. CONFIRMATIONS

- 7.1 SINO-RICH may, and, if required by the Laws, shall, send to the address(es) (email address or otherwise) and/or other contact number(s) of Client on SINO-RICH's records a Confirmation after SINO-RICH has facilitated a transaction with or for the Account, or upon the occurrence of certain events of or movements in Client's Account, in accordance with the Laws in relation to the Confirmations.
- 7.1.1 Client agrees that it is its responsibility to ensure that it receives Confirmations in due time and to make enquiries with and obtain the same from SINO-RICH immediately if not duly received;
- 7.1.2 any purported discrepancy between the contents of any Confirmation and Client's instructions must be notified to SINO-RICH, orally or in writing in accordance with the notice provisions of this Agreement, within five (5) Business Days following the date of issue or re-issue of the Confirmation to Client; and
- 7.1.3 at the end of the expiration of five (5) Business Days, the contents of the Confirmation shall be conclusive evidence of the particulars set out therein without any further proof that the Confirmation and/or the transaction or event to which it relates are correct (subject to the right of SINO-RICH, which may be exercised by it at any time and from time to time, to adjust any entries in the Account and/or details in the Confirmation where they have been wrongly or mistakenly made by it), except for:
- 7.1.3.1 any alleged errors notified by Client to SINO-RICH in accordance with the notice provisions in this Agreement;
- 7.1.3.2 any payments made on forged or unauthorised endorsement;
- 7.1.3.3 any unauthorised transactions arising from forgery or fraud by any third party (including Client's employee, agent or servant) in relation to which SINO-RICH has failed to exercise reasonable care and skill;
- 7.1.3.4 any unauthorised transactions arising from forgery or fraud by any employee, agent or servant of SINO-RICH; and/or
- 7.1.3.5 any other unauthorised transaction arising from the default or gross negligence on the part of SINO-RICH or any of its employees, agents or servants.

8. SETTLEMENT

- 8.1 Client shall pay to SINO-RICH in cleared funds any money required for the purchase of commodities or shall deliver to SINO-RICH the certificates or documents of title or procure the transfer of commodities required for the sale of commodities (as the case may be), in each case at any time demanded by SINO-RICH (even if required to be paid and/or delivered earlier than the settlement date), and Client shall take all necessary actions to enable due settlement and/or delivery in respect of such purchase and sale in accordance with the Laws. Should Client fail to do so, SINO-RICH is authorised:
- 8.1.1 in the case of a purchase transaction, to transfer or sell any such purchased commodities to satisfy Client's obligations to SINO-RICH; or
- 8.1.2 in the case of a sale transaction, to borrow and/or purchase such sold commodities to satisfy Client's obligations to SINO-RICH.
- 8.2 If SINO-RICH has to obtain commodities which SINO-RICH has purchased on behalf of Client in the open market, following the failure of the selling broker to deliver on the settlement date, Client shall be responsible for any difference in prices and all incidental expenses in connection with such open market purchase.
- 8.3 In case of the sale of any commodity or other property by SINO-RICH at the direction of Client and the inability of SINO-RICH to deliver the same to the purchaser by reason of Client's failure to supply SINO-RICH therewith, Client shall be responsible for any loss which SINO-RICH may sustain thereby, any premiums which SINO-RICH may be required to pay, or for any loss which SINO-RICH may sustain by reason of the inability of SINO-RICH to borrow the security, commodity, or other property sold.
- 8.4 Clauses 8.1, 8.2 and 8.3 above are subject to Clause 20.12.3(iii).

9. COLLATERAL, MARGIN, ETC

9.1 Client agrees to maintain such collateral and/or margin as SINO-RICH may from time to time at the discretion of SINO-RICH require. Except as permitted by the Regulatory Rules or for the purpose of Closing Out the Client's open positions or as the Exchange may from time to time prescribe, generally or otherwise, SINO-RICH shall not transact for the Client until and unless SINO-RICH has received from the Client collateral adequate to cover the Client's expected trading liabilities, and margins. All margin requirements must be settled in cash except as otherwise agreed by SINO-RICH. The Client also agrees to pay immediately on demand any amount owing with respect to any of the Client's Accounts.

9.2 All margin calls and demands for variation adjustments must be met within one (1) Business Day from the placing of the same. Client understands that SINO-RICH may be required to report to Regulators particulars of open positions in respect of which two successive margin calls and demands for variation adjustments are not met within the period specified above and that SINO-RICH may require more margin or adjustments than that specified by an Exchange and/or its clearing house and may Close Out open positions in respect of which any margin calls and demands for variation adjustments are not met within the period specified by SINO-RICH or at the time of making such call(s) or demand(s).

10. FOREIGN CURRENCY TRANSACTIONS

10.1 In the event that Client directs SINO-RICH to enter into any transaction on an Exchange or other market on which such transactions are effected in a foreign currency:

10.1.1 any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for the account and risk of Client;

10.1.2 all initial and subsequent deposits for margin purposes shall be made in such currency in such amounts as SINO-RICH may, at the sole discretion of SINO-RICH, require from time to time; and

10.1.3 when such a contract is liquidated SINO-RICH shall debit or credit the Account of Client in the currency in which such Account is denominated, at a rate of exchange determined conclusively by SINO-RICH on the basis of the then prevailing money market rates of exchange between such currencies.

10.2 In the event that SINO-RICH exercises any of its rights under this Agreement, including without limitation the combination or consolidation of the Accounts or the transfer of client money and such combination, consolidation or transfer or exercise of any other right requiring the conversion of one currency into another, the conversion shall be calculated at the spot rate of exchange (as conclusively determined by SINO-RICH) prevailing in such foreign exchange market as determined by SINO-RICH to be relevant on the date of such combination, consolidation, transfer or exercise of that right.

11. CLIENT'S ACCOUNT(S) AND CLEARING HOUSE ACCOUNT

11.1 All monies, securities and other properties received by SINO-RICH from Client or from any other person (including an Exchange clearing house) for Client's account shall be held by SINO-RICH as trustee, segregated from SINO-RICH's own assets in the manner required by the Regulatory Rules and all monies, securities or other properties so held by SINO-RICH shall not form part of the assets of SINO-RICH for insolvency or winding up purposes but shall be returned to Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of SINO-RICH's business or assets. This Clause 11.1 does not apply to any money, securities or other property received by SINO-RICH from Client in connection with transactions where SINO-RICH deals with Client as principal.

11.2 Subject to Clause 11.1 and applicable Regulatory Rules, SINO-RICH shall be entitled to deposit or transfer any monies held in the Account(s) or received for or on the account of Client with or to or interchangeably between one or more segregated account(s) opened and maintained by SINO-RICH in Hong Kong or elsewhere each of which shall be designated as a trust account or client account, at one or more authorised financial institution(s) and/or any other person(s) approved by the SFC for the purposes of section 4 of the Securities and Futures (Client Money) Rules (Cap 571I of the Laws of Hong Kong) and/or any other person(s) overseas. Unless otherwise agreed between Client and SINO-RICH and to the extent permitted by the Laws, any interest accrued on such monies shall belong to SINO-RICH absolutely.

11.3 Client hereby confirms and authorises SINO-RICH that in the event that there is a credit balance accrued in the Account(s) which balance is in excess of the minimum margin requirements prescribed by an Exchange or any margin requirements as may from time to time be demanded by an Exchange (the "Margin Requirements"), SINO-RICH may at its sole discretion but is not obligated to (and always subject to the relevant rules and regulations of the Exchange) transfer from such Account(s) of Client the whole or part of any such amount in excess of the Margin Requirements into any account opened and maintained in a name referable to Client with such financial institution (whether in Hong Kong or elsewhere) as SINO-RICH may in its absolute discretion think fit from time to time but subject to compliance with applicable Regulatory Rules.

11.4 SINO-RICH is hereby authorised to apply, in the manner specified under the relevant Regulatory Rules, any monies, approved debt securities or approved securities which SINO-RICH may have received from Client or from any other person (including the clearing house of an Exchange) and which are held in the manner specified under the relevant Regulatory Rules. In particular, SINO-RICH may apply such monies, approved debt

securities or approved securities in or towards meeting SINO-RICH's obligations to any party insofar as such obligations arise in connection with or incidental to F/O Contracts transacted on Client's behalf.

11.5 Client acknowledges that in respect of any account which SINO-RICH maintains with a clearing house of an Exchange, whether or not such account is maintained wholly or partly in respect of F/O Contracts transacted on Client's behalf and whether or not monies, approved debt securities and approved securities paid by Client have been paid to or deposited with the said clearing house, as between SINO-RICH and the said clearing house, SINO-RICH deals as principal and accordingly no such account is impressed with any trust or other equitable interest in favour of Client and monies, approved debt securities and approved securities paid to the said clearing house are thereby freed from the trust referred to in Clause 11.2 above.

12. COMMISSIONS, FEES AND CHARGES, LIENS, SET-OFF AND CONSOLIDATION

12.1 In respect of every transaction, Client shall pay to SINO-RICH forthwith on demand the applicable interest, levy, charge, premium, brokerage, commission, fee, cost and expense for the Account under this Agreement as advised to Client from time to time. Client agrees that such advice posted on the web-site of SINO-RICH from time to time shall to the extent permitted by the Laws be sufficient advice for all purposes and fee intents. Subject to applicable Laws, SINO-RICH may, at any time and from time to time, in its absolute discretion, change any commission, and/or charge by notice to Client and subject to applicable Laws, the new commission, fee and/or charge shall be applicable on the effective date specified in such notice, whether the specified effective date is before or after the date of such notice.

12.2 Client shall pay or reimburse SINO-RICH forthwith on demand an amount equal to all commissions, brokerages, levies, fees, duties and taxes and all other charges and expenses incurred by SINO-RICH arising out of or in connection with any transaction effected by SINO-RICH as agent on behalf of Client or as principal or otherwise arising out of or in connection with the performance of the duties of SINO-RICH under this Agreement.

12.3 Without prejudice to other provisions of this Clause 12, SINO-RICH may deduct any amount contemplated in Clauses 12.1 and 12.2 above from the Account.

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

12.5 Subject to applicable Laws, without limitation to and in addition to other rights and remedies of SINO-RICH, Client agrees that:

12.5.1 without prejudice to any other provisions in this Agreement, SINO-RICH shall have a general lien over all or any part of any money, commodities or other properties of Client held by, or in the possession or safe-keeping of SINO-RICH for the discharge of Client's obligations to SINO-RICH or a third person;

12.5.2 SINO-RICH may at any time and from time to time without prior notice combine or consolidate all or any of Client's accounts with, and/or apply Client's commodities and/or other properties in or towards satisfaction of any liabilities to SINO-RICH;

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

12.6 SINO-RICH may, in the course of dealing with or through any broker for any transactions, receive benefit which is incidental to such dealings, including brokerage commission rebates and/or commissions of any kind. Client hereby consents and agrees that SINO-RICH may receive and retain for itself any such benefit, without further notice to Client, to the extent permitted by the Laws.

12.7 Without prejudice to and in addition to other rights and remedies of SINO-RICH and without prejudice to the other provisions of this Agreement, SINO-RICH shall be entitled but not be obliged (and is hereby authorized by Client), at its discretion and without notice to Client, to dispose of Client's commodities and/or other properties for the purpose of settling any liability owed by Client to SINO-RICH for:

12.7.1 dealing in commodities which remains after SINO-RICH has disposed of all other assets designated as collateral for securing settlement of that liability; or

12.7.2 financial accommodation provided by SINO-RICH to Client which remains after SINO-RICH has disposed of all other assets designated as collateral for securing settlement of that liability.

12.8 Subject to applicable Laws and without prejudice to and in addition to any general lien and other rights and remedies entitled by SINO-RICH at any time when Client is indebted to SINO-RICH in any respect, SINO-RICH shall be entitled but not be obliged (and Client irrevocably and unconditionally authorises SINO-RICH), at its discretion and without prior notice to Client, at any time and from time to time:

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

12.8.2 to set-off or transfer any sum standing to the credit of any one or more of such accounts wherever they are situated, in order to satisfy Client's liabilities to SINO-RICH on any other account or other respect whatsoever.

12.9 SINO-RICH is authorised to do the above without notice and notwithstanding any settlement of account or other matter whatsoever. The liabilities referred to above include present or future, actual or contingent, primary or collateral, and several or joint. In addition, SINO-RICH

shall have the right to sell such commodities, investments and property and utilise the proceeds to offset and discharge all the obligations of Client without any prior notice to Client, whether as principal or as surety, to SINO-RICH regardless of:

- investments 12.9.1 whether any other person is interested in, or whether SINO-RICH has made advances in connection with, such commodities, or property; and
- 12.9.2 the number of accounts Client may carry with SINO-RICH.
- prejudice to SINO-RICH is authorised to do all things as necessary in connection with such sale without any liability for any resulting loss. Without the foregoing, Client shall not make any claim against SINO-RICH concerning the manner or timing of such sale.

- 12.10 Client agrees to pay interest on all overdue balances owing by Client to SINO-RICH (after as well as before any judgment), at such rate(s) from day to day as SINO-RICH shall in its absolute discretion determine with reference to the prevailing market rate(s) from the date(s) of default up to the date(s) of actual payment, such interest to be payable on the last day of each calendar month or such other date(s) as determined by SINO-RICH forthwith upon any demand being made by SINO-RICH. The aforesaid interest rate(s) may be changed by SINO-RICH in its absolute discretion, at any time and from time to time and without notice to and without consent from Client or any third party. If any interest rate calculated under this clause would exceed the maximum lawful rate under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong), then the maximum lawful interest rate under that Ordinance shall be applied instead. Client agrees that SINO-RICH shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with SINO-RICH with any interest due and payable by Client in accordance with this Clause 12.10 and Client undertakes to, immediately upon demand by SINO-RICH, do such act(s) and/or execute such document(s) as may be required by SINO-RICH at any time and from time to time in order to give full effect to each such debit.
- 12.11 Every Exchange Contract (as defined in the Rules of the HK Exchange) shall be subject to the charge of an Investor Compensation Fund levy and a levy pursuant to the Securities and Futures Ordinance, the cost of both of which shall be borne by Client.

13. DEFAULT

13.1 SINO-RICH shall be entitled to exercise their powers under Clause 13.2 upon or at any time after the occurrence of any of the following Events of

Default:-

- 13.1.1 **Non-payment:** Client defaults in paying, further securing or satisfying on demand any monies or liabilities under this Agreement or any agreement between Client;
- 13.1.2 **Breach of representation:** any statement, representation, warranty or undertaking made, repeated or deemed to have been repeated by Client in this Agreement or in any notice or other document delivered to SINO-RICH in connection with this Agreement that is or proves to have been incorrect or misleading when made, repeated or deemed to have been repeated;
- 13.1.3 **Breach of other obligations:** Client fails to perform or comply with any of its other obligations under this Agreement or any agreement between Client and, if that failure is capable of remedy, does not remedy such failure to the satisfaction of SINO-RICH immediately following the giving of notice by SINO-RICH requiring it to do so;
- 13.1.4 **Winding-up, etc.:** where Client is a corporation:
- 13.1.4.1 a petition is presented or an order is made or any effective resolution is passed or analogous proceedings are taken for the winding up of Client save for the purposes of an amalgamation, merger or reconstruction the terms whereof have previously been approved in writing by SINO-RICH; or
- 13.1.4.2 Client convenes a meeting for the purpose of making, or proposes and/or enters into, any arrangement or composition for the benefit of its creditors; or
- 13.1.4.3 an encumbrancer takes possession or a receiver or other similar officer is appointed of the whole or any part of the assets or the undertaking of Client, or a distress or execution is levied or enforced upon or sued out against any of the chattels or property of Client and is not discharged within thirty days of being levied; or
- 13.1.4.4 Client, without the consent in writing of SINO-RICH, stops payment to creditors generally or (if applicable) Client

(otherwise

than for the purpose of such an amalgamation, merger or reconstruction as is referred to in Clause 13.1.4.1 above) ceases or threatens to cease to carry on its business or any substantial part thereof or be deemed, for the purposes of Section 178 of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong), to be unable to pay its debts or disposes or threatens to dispose of the whole or a substantial part of its undertaking or assets;

- 13.1.5 **Bankruptcy, etc.:** Bankruptcy proceedings are commenced in respect of Client where Client is an individual, or a bankruptcy order is made against Client or Client makes any composition or arrangement with Client's creditors, dies, becomes of unsound mind and/or insane;
- 13.1.6 **Material adverse change in Client's financial condition, etc.:** there occurs a material adverse change in Client's business, assets or financial condition which would, in the opinion of SINO-RICH, prevent or hinder or tend to prevent or hinder Client performing in any material respect its obligations;
- 13.1.7 **Judgment or court order:** where Client is a partnership or a sole proprietorship, any of its partners or the sole proprietor shall have any judgment or order of Court made or any execution levied against his goods, chattels or property, dies, becomes of unsound mind and/or insane;
- 13.1.8 **Incompetence, etc.:** where the Client is an individual, a sole proprietor or a partnership, a judicial declaration of incompetence or mental incapacity is made in respect of the Client or any of the partners, or the Client or any of the partners dies;
- 13.1.9 **Unlawfulness:** where SINO-RICH in its sole opinion believes there may be a basis for suspicion that the Client has engaged or may be engaging in any market malpractice or any other activity which is prohibited by any Laws or Regulatory Rules or applicable

terms and conditions of whatsoever nature; or it shall become unlawful for the Client to maintain the Account or to perform any of the Client's obligations under this Agreement; or any authorisation, consent, approval or licence necessary for the Client to continue the Account or to perform any of its obligation under this Agreement is withdrawn, restricted, revoked or otherwise ceases to be in full force and effect;

- 13.1.10 **Fraud, etc:** Client is convicted of an offence involving fraud, deception or dishonesty or any other serious criminal offence (other than a road traffic offence where a non-custodial sentence is imposed);
- necessary 13.1.11 **Regulatory requirements:** in the discretion of SINO-RICH, the exercise by SINO-RICH of any powers conferred by Clause 13.2 is for compliance with any Regulatory Rules or Laws;
- 13.1.12 **Suspension of the Account:** the Account or the trading of any commodities or instruments in the Account is for whatsoever reason suspended;
- may 13.1.13 **Illiquidity:** in the absolute discretion of SINO-RICH, there occurs market conditions (for example, illiquidity) or a situation that make it difficult or impossible to effect relevant transactions or liquidate or offset relevant positions; and
- requirements 13.1.14 **Others:** in the sole discretion of SINO-RICH, when it regards it to be otherwise necessary or appropriate e.g. due to margin or otherwise.

13.2 Upon or at any time following any Event of Default, all amounts owing by the Client to SINO-RICH shall become immediately payable on demand and SINO-RICH, without notice to the Client, may do any or more or all of the following in its discretion:-

- 13.2.1 terminate all or any part of this Agreement and close the Account, or otherwise suspend operation of the Account;
- 13.2.2 immediately require Client to repay or discharge any facility, if any;
- 13.2.3 cancel any or all outstanding orders or any other commitments made on behalf of the Client;
- on 13.2.4 close any or all contracts between SINO-RICH and the Client, cover any short position of Client through the purchase of commodities the relevant Exchange(s) or, liquidate any long position of the Client through the sale of commodities on the relevant Exchange(s);
- 13.2.5 sell or otherwise dispose of commodities held for the Client to settle any liability owed by the Client to which remains after SINO-RICH has disposed of all client collateral for securing the settlement of that liability;
- 13.2.6 combine or consolidate any or all accounts of the Client and exercise right of set-off in accordance with this Agreement; and
- 13.2.7 Close Out, close, liquidate and/or give up any or all positions of Client in the Account.

13.3 In the event of any Closing Out sale pursuant to Clause 13.2:

endeavours 13.3.1 SINO-RICH shall not be responsible for any loss occasioned thereby howsoever arising if SINO-RICH has already used reasonable to sell or dispose of the commodities or any part thereof at the then available market price;

SINO-RICH 13.3.2 SINO-RICH shall be entitled to appropriate to itself or sell or dispose of the commodities or any part thereof at the current price to without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by SINO-RICH;

13.3.3 any debit balance or margin deficiency in the Account resulting from Closing Out (including but not limited to Closing Out pursuant to Clause 13.2) shall be charged with (Client shall pay) interest thereon (after as well as before any demand or judgment) at such rate as SINO-RICH shall in its absolute discretion determine with reference to the prevailing market rate, the aforesaid

interest rate may be changed by SINO-RICH in its absolute discretion, at any time and from time to time and without notice to and without consent from Client or any third party, the Client undertakes to pay to SINO-RICH any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by Client to SINO-RICH and Client agrees that SINO-RICH shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with SINO-RICH and/or any other account(s) of Client with any interest payable by Client in accordance with this Clause 13.3.3 and Client undertakes to, immediately upon demand by SINO-RICH, do such act(s) and/or execute such document(s) as may be required by SINO-RICH at any time and from time to time in order to give full effect to each such debit; and

13.3.4 it is understood that Client shall at all times be liable for the immediate payment of any debit balance owing in the Account howsoever caused and whether or not an Event of Default with respect to the Account has occurred and that Client shall be liable for the immediate payment of any deficiency remaining in the Account in the event the liquidation thereof in whole or in part by SINO-RICH or by Client. Any debit balance or deficiency in the Account shall be charged with (and Client shall pay) interest thereon (after as well as before any demand or judgment) at such rate as SINO-RICH shall in its absolute discretion determine with reference to the prevailing market rate. The aforesaid interest rate may be changed by SINO-RICH in its absolute discretion, at any time and from time to time and without notice to and without consent from Client or any third party. Client shall immediately settle, upon demand, all liabilities outstanding to SINO-RICH, together with all costs of collection (including, without limitation, reasonable fees) on a full indemnity basis. Client agrees that SINO-RICH shall be entitled (but not be obliged), at any time and from time to

time,

without prior notice, to debit any Account with SINO-RICH with any interest payable by Client in accordance with this Clause 13.3.4 and Client undertakes to, immediately upon demand by SINO-RICH, do such act(s) and/or execute such document(s) as may be required by SINO-RICH at any time and from time to time in order to give full effect to each such debit.

13.4 Any proceeds of sale hereunder shall be applied in the following order of priority:

13.4.1 in satisfaction of all costs, levies, charges, expenses and payments (including, without limitation, legal or other professional fees, stamp duty, commission and brokerage) incurred by SINO-RICH on a full indemnity basis;

13.4.2 in or towards the satisfaction of the amount secured by this Agreement whether principal or interest or otherwise in such order as SINO-RICH may in its discretion decide;

13.4.3 in or towards the satisfaction of any other amount owing to SINO-RICH, and the surplus if any shall be paid to Client or to its order. If there is any deficiency after the sale, Client shall pay such deficiency to SINO-RICH without the need for any demand.

13.5 A declaration, determination or decision by SINO-RICH that the power of sale has become exercisable under this Clause 13 shall be conclusive evidence of that fact in favour of any purchaser or other person deriving title under the sale.

13.6 Without prejudice to any other provision of this Agreement, when SINO-RICH exercises any of SINO-RICH's rights:

13.6.1 by closing or giving-up all or any positions in the Account; or

13.6.2 by closing-out all or any positions or sale or purchase of commodities in any accounts which SINO-RICH may carry on Client's behalf or maintain with Client,

and such closing or giving-up or closing out or sale or purchase (in this Clause 13.6 referred to as "the transactions") may be made on an Exchange or market where the transactions are usually transacted or in such manner as shall be decided by SINO-RICH.

shall Client agrees that in respect of the transactions, SINO-RICH shall not be liable for any resulting loss. Without prejudice to the foregoing, Client

SINO-RICH has the not make any claim against SINO-RICH concerning the manner or timing of the transactions. Client understands that in all cases, right to exercise closing out or giving up without demand or notice. A prior demand or call or notice of such closing out or giving up shall not be considered as a waiver of SINO-RICH's above-mentioned rights.

14. LIABILITY AND INDEMNITY

14.1 Client agrees that SINO-RICH or any of their respective officers, employees or agents shall not have any liability whatsoever (other than those resulting from fraud or wilful default on SINO-RICH's part) for any loss, expense or damage which Client may incur as a result of the performance or failure to perform this Agreement or as a result of any act or omission of any third party (whether or not appointed by SINO-RICH) or howsoever arising out of any cause beyond the control of SINO-RICH. Further, SINO-RICH or any of its respective officers, employees or agents accept no liability as a result of compliance with any applicable Regulatory Rules.

14.2 Client undertakes to indemnify and to keep indemnified SINO-RICH and its officers, employees and agents on a full indemnity basis from and against all losses, damages, interest costs, actions, demands, claims, proceedings, expenses, costs and liabilities of any nature whatsoever (other than those resulting from fraud or wilful default on SINO-RICH's part) incurred, suffered or sustained by or made or brought against or threatened to be made or brought against each or any of them directly or indirectly arising out of or in connection with the performance of any act or exercise of any right or discretion or any inaction taken or chosen by or for SINO-RICH pursuant to this Agreement, or arising directly or indirectly from an Event of Default, or any act or omission by Client whether or not constituting a breach of any of its obligations under this Agreement or directly or indirectly as a consequence of reliance on by SINO-RICH or any of its officers, employees or agents any representation stated in this Agreement or any information provided by or for Client or directly or indirectly as a result of acting on by SINO-RICH or any of its officers, employees or agents any instruction, signature, instrument, notice, resolution, request, certificate, report or other document believed to be signed or given by the proper party(ies), whether the same is given verbally or in written form and whether the same is an original, facsimiled or electronic copy.

14.3 If any claim is made against SINO-RICH or Client in connection with this Agreement, SINO-RICH may, without prejudice to Clause 14.1 above, take any such steps at its sole discretion, including the withholding of payment or delivery to Client of any money or commodities.

14.4 Client acknowledges that discretionary handling of clients' accounts by SINO-RICH's representatives is generally not permitted by SINO-RICH policy (and that if exception is granted it must be properly documented in a further SINO-RICH discretionary account agreement with a power of attorney) and that Client shall not hold SINO-RICH responsible in any way, and shall indemnify SINO-RICH, for all and any loss, damage, interest cost, action, demand, claim, liability, expense or proceeding of any nature whatsoever relating to or resulting from the Client's instruction, permission, acquiescence or approval to, or arrangement or understanding with, any SINO-RICH representative (whether explicit or tacit) to conduct discretionary trading on the Account or otherwise in respect to any of the Client's money.

15. DISCLOSURE OF INFORMATION

15.1 Client warrants and undertakes to SINO-RICH that all information provided by Client from time to time in, under or pursuant to this Agreement

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

15.2 SINO-RICH shall notify Client of any material change to the information relating to SINO-RICH provided in, under or pursuant to this Agreement.

15.3 Client shall immediately on demand by SINO-RICH at any time and from time to time supply to SINO-RICH such financial and/or other information in connection with the subject matter of this Agreement as SINO-RICH may reasonably require. Client agrees that SINO-RICH may conduct a credit enquiry or check on Client for the purpose of ascertaining the financial situation of Client.

15.4 SINO-RICH may provide any information relating to Client and/or any contract and/or any transaction and/or the Account to any Regulator or other person to comply with the lawful requirements or requests (whether such requirements and requests are mandatory or otherwise) or otherwise where in SINO-RICH's sole discretion, it deems it appropriate in the circumstances.

15.5 If Client shall at any time open one or more accounts with members of the HK Exchange other than SINO-RICH for the purpose of carrying out transactions relating to F/O Contracts, and Client's number of open F/O Contracts in aggregate amounts to a "Large Open Position", as determined by the board of the HK Exchange ("Board"), Client shall report to SINO-RICH immediately of such "Large Open Position" and provide SINO-RICH with such information as SINO-RICH may require in connection therewith, Client hereby confirms and acknowledges that SINO-RICH is obliged to report information relating to Client's "Large Open Position" to the HK Exchange as required by Rule 628 of the Rules of the HK Exchange and Client hereby consents to the release of such information by SINO-RICH to the HK Exchange.

15.6 SINO-RICH is subject to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) which regulates the use of personal data concerning individuals. SINO-RICH's policies and practices relating to the use of personal data are set out in Second Schedule to this Agreement.

15.7 Client acknowledges that any failure, delay or refusal to provide relevant information to SINO-RICH would constitute a breach, and that in accordance with Clause 14, the Client will fully indemnify SINO-RICH for such breach.

15.8 Client represents and warrants to SINO-RICH that Client has taken all action necessary to authorize the disclosure to SINO-RICH and other persons permitted hereunder of all information (including, without limitation, personal data as defined in the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) from time to time provided to SINO-RICH by or for Client in, under or pursuant to this Agreement and the use of such information for the purpose of this Agreement and/or any contract(s) and/or transaction(s) contemplated hereunder and/or the Account. This representation and warranty are taken to be also made by Client on each date that any information is provided to SINO-RICH.

16. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

16.1 Client represents, warrants and undertakes to SINO-RICH (in this Clause 16, referred to as the "**Warranties**") that:

16.1.1 where Client is a corporation, it has been duly incorporated or established in accordance with all applicable laws and regulations and has the corporate power to enter into and perform this Agreement and has taken all necessary corporate and other action to authorise this Agreement upon these terms and conditions;

16.1.2 no consent or authority of any person (except, in the case of a corporate client, as already obtained as contemplated in Clause 16.1.1) is required for Client to enter into this Agreement including without limitation the power of borrowing and giving security over its assets, or as the case may be, Client has obtained all such necessary consent or authority (including without limitation, consent from its employer where applicable);

16.1.3 the entering into by Client of this Agreement or any trading or borrowing activity in connection with this Agreement will not place Client in breach of the terms of any other arrangement or document (including any constitutional documents such as Client's memorandum and articles of association if Client is a corporation and/or deed of trust if Client is a trustee or trust corporation), any staff dealing policies or rules of its employer (if any) or of any obligations under general law or imposed by Regulatory Rules; and Client undertakes to fully comply all relevant Laws, Regulatory Rules, terms, policies and rules;

16.1.4 no Event of Default or Potential Event of Default has occurred and is continuing;

16.1.5 no money, securities or other property received by SINO-RICH from Client in connection with this Agreement is subject to any restrictions on transfer or assignment, any lien, claim, charge or encumbrance or any other interest of any third party (other than a lien routinely imposed on all securities in a relevant clearance system);

16.1.6 Client has not taken any action nor has any step been taken or legal proceeding been started or threatened for the bankruptcy or liquidation of the Client. Nor has the Client entered into a compromise or scheme of arrangement with its creditors;

16.1.7 Client acknowledges that it is Client's duty to ascertain Client's nationality, citizenship, domicile or similar status. Client undertakes not to deal in, purchase or subscribe for any F/O Contracts, commodities or investments which by virtue of the Client's status or other characteristics Client is prohibited to deal in, purchase or subscribe. Client has taken all necessary professional advice including legal, accounting, estate planning or tax advice relating to its tax or other liability under any relevant jurisdiction and Client has not relied in any way on SINO-RICH relating to any of Client's instructions or orders in respect of dealing in, purchase of or subscription in any F/O Contracts, commodities or investments; and

open
shall
16.1.8 Client warrants and undertakes to SINO-RICH that if Client is not a member of the HK Exchange and the account which Client with SINO-RICH is to be operated for a client or a number of clients of Client and not Client itself ("**Omnibus Accounts**"), Client notify SINO-RICH of the same and shall at all times:

16.1.8.1 in Client's dealings with the person(s) from whom Client receives instructions with respect to the Omnibus Account, comply with and enforce the margin and variation adjustment requirements and procedures as stipulated in the Rules of the HK Exchange and the rules of the clearing house of the HK Exchange as though Client were a member of the HK Exchange and as though the person(s) for whose account or benefit such instructions are given were the "Clients" as defined in the Rules of the HK Exchange;

16.1.8.2 cause Exchange Contracts (as defined in the Rules of the HK Exchange) to be entered into in fulfillment of such instructions so that there shall in no circumstances be any dealing with the instructions in a manner which constitutes unlawful dealing in differences in market quotations of commodities or in a manner which constitutes or involves betting, wagering, gaming or gambling with respect to such items; and

16.1.8.3 impose the requirements of Clauses 16.1.8.1, 16.1.8.2 and 16.1.8.3 upon, and ensure that they are complied with by, the person(s) from whom Client receives instructions.

16.2 Client further warrants and represents to SINO-RICH that each of the Warranties is true, accurate and not misleading.

are
16.3 Client acknowledges that SINO-RICH has entered into this Agreement on the basis of, and in reliance on, the Warranties. The Warranties are deemed to be repeated on each day up to and including the termination of this Agreement.

17. NOMINEE ARRANGEMENTS

and
17.1 Subject to Clauses 11.1 and 11.2 above and applicable Regulatory Rules, SINO-RICH shall be entitled (and is hereby authorised), at any time

from time to time, to deposit or transfer any property (including, without limitation, any F/O Contract) of Client ("Property" for the purposes of this Clause 17 only) with or to or interchangeably between any banker(s), institution(s), custodian(s), clearing house(s), intermediary(ies) and/or other person(s) (whether any such banker, institution, custodian, clearing house intermediary or other person is in Hong Kong or elsewhere) and/or register or re-register any Property in the name of SINO-RICH or any nominee appointed or agreed by SINO-RICH (whether such nominee is a person in Hong Kong or elsewhere) and/or cancel any such registration.

17.2 If any Property is registered in the name of a nominee for Client ("Nominee"), whether or not such Nominee is a member of SINO-RICH, Client agrees as follows:

17.2.1 that the Nominee shall have no liability (in negligence or otherwise howsoever) for failure to forward to Client any notice, information or other communication in respect of such Property;

17.2.2 that the Nominee shall have full liberty to exercise or refrain from exercising any rights or to satisfy or refrain from satisfying any liabilities arising from or in connection with the holding of such Property without the need to consult or notify Client beforehand and without being in any way liable therefor and Client shall indemnify the Nominee for all losses, costs, claims, liabilities and expenses incurred by the Nominee and arising directly or indirectly from any action taken or not taken by the Nominee in good faith;

in any
17.2.3 to pay such fees, expenses and charges as the Nominee may from time to time prescribe in consideration of the nominee services, such fees, expenses and charges to be deducted as SINO-RICH sees fit from any monies standing to Client's credit account with SINO-RICH and until payment the Property held by the Nominee is subject to a lien in favour of the Nominee for the amount(s) concerned and such lien shall be in addition and without prejudice to other rights of the Nominee; and

17.2.4 that the Nominee may act on the instructions of any one Authorised Person or Authorised Third Party.

18. GOVERNING LAW AND DISPUTE RESOLUTION

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

of
SINO-RICH, may at
such
awarded
arbitration
18.2 Any unresolved dispute between SINO-RICH and Client shall be settled by arbitration in accordance with the provisions of the arbitration rules the board of arbitration (if any) of the organised market or board of trade or exchange upon which the transaction giving rise to such dispute was effected or (without limitation to the foregoing) in any other arbitral forum, provided that SINO-RICH only, in the sole discretion or any time before the hearing of the arbitration give notice to Client in writing that SINO-RICH veto either the arbitral forum or the arbitration of dispute. The sole obligation of either SINO-RICH or Client under any claim in court of law by the other shall be to pay such sum as may be under arbitration pursuant to this clause, except where SINO-RICH shall have vetoed such arbitration. Any award resulting from such shall be final, and a judgment upon the award rendered may be entered in any court having jurisdiction.

19. SINO-RICH'S ROLE, MATERIAL INTERESTS AND CONFLICTS OF INTERESTS

19.1 SINO-RICH's role

SINO-RICH may act as principal or as agent in relation to any transaction undertaken by SINO-RICH pursuant to this Agreement.

Client is fully aware and hereby agrees that SINO-RICH may, subject to the applicable Laws and Regulatory Rules, contract as a principal

in any

transaction entered into between SINO-RICH and Client under this Agreement.

19.2 Material interests and conflicts of interest

Circumstances may arise in which SINO-RICH or one of their respective officers, employees or agents (each, a "Relevant Party") has a material interest in a transaction with or for Client or where a conflict of interest arises between Client's interests and those of other clients or counterparties or of itself. However, if SINO-RICH acts in circumstances where it has a material interest or conflict of interest, SINO-RICH will take reasonable steps to ensure Client is treated fairly. SINO-RICH may, in its discretion, without giving any reason therefor, without notice and without incurring any liability of any nature to Client or any third party, decline to act for Client in such circumstances. Material interests and conflicts of interest that may arise include, without limitation, the matters described in the following Clauses 19.2.1 to 19.2.6.

for the

19.2.1 SINO-RICH may make recommendations with respect to, effect or arrange a transaction with Client or on Client's behalf or

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

- 19.2.1.1 deal with Client as principal for its own account;
- 19.2.1.2 deal with Client as agent for both Client and for any other person;
- 19.2.1.3 match any order by Client with the order of any other person, receiving, in some cases, a fee or commission from that other person;
- 19.2.1.4 otherwise make a profit in respect of a transaction pursuant to this Agreement; and
- 19.2.1.5 recommend that Client buy or sell an investment in which the Relevant Party has a long or short position.

19.2.2 In addition, a Relevant Party may also:

- 19.2.2.1 have interests or act as an adviser to clients in investment banking, financial advisory, underwriting, asset management and other capacities;
- 19.2.2.2 issue, underwrite or act in a proprietary capacity, as a market maker (or "principal trader") or liquidity provider, or for other clients in relation to investments of all types including those in which the Account or Client may invest or deal;
- 19.2.2.3 give advice to, and take action in relation to, any of its clients, companies or proprietary accounts that differs from advice given to Client, or involves different timing or actions taken;
- 19.2.2.4 make a market in and have a position in an investment held, purchased or sold for the Account; and
- 19.2.2.5 have an interest in, or serve as a director of, any company in which the Account or Client may invest or deal.

take

19.2.3 SINO-RICH may use any information Client provides in relation to an instruction or transaction to facilitate its execution and can

account of it in managing its market making positions or otherwise limiting the risks to which it is exposed in the course of its market making activities. In particular, where that information relates to a proposed transaction for which Client has asked

SINO-RICH

to quote terms, and in which SINO-RICH would commit its capital, SINO-RICH may also use that information to enter into

transactions for the

purpose of executing the proposed transaction (or facilitating such execution) on terms that are competitive in the market at that time. Such transactions could be at a different price from the price at which SINO-RICH executes Client's transaction or

instruction,

which could result in SINO-RICH making a profit or loss. The effect of these and other trading activities of SINO-RICH may be to

increase the

market price of investments Client is buying or decrease the market price of investments Client is selling.

19.2.4 Subject to applicable Laws, SINO-RICH is not under any obligation to:

- 19.2.4.1 disclose that any Relevant Party has a material interest in a particular transaction with or for Client or that a conflict of interest or a conflict of duty has arisen or may arise, although SINO-RICH will generally manage such conflicts to
with reasonable confidence, that risks of damage to Client's interests will be prevented; or
- 19.2.4.2 account to Client for any profit, commission or remuneration made or received in connection with transactions or circumstances in which a Relevant Party has a material interest, where a conflict of interest or a conflict of duty arises, or otherwise.

ensure,

19.2.5 Client agrees and acknowledges that SINO-RICH may receive from, pay to or share with third parties fees, commissions or other benefits. The amount or basis of any such fee, commission or other benefit will be disclosed to Client to the extent required by applicable Laws, and such disclosure may be in summary form only.

19.2.6 SINO-RICH may recommend to Client the services of (and may introduce Client to) any person (which may include a Relevant Party). These persons may not be regulated or subject to applicable Laws or Regulatory Rules for the protection of investors, including such rules and regulations in respect of clients' money held or received for clients by such persons, and accordingly such money may not be protected as effectively as if such rules and regulations applied.

19.3 No fiduciary relationship

Client and SINO-RICH acknowledge that neither:

- 19.3.1 the relationship between SINO-RICH and Client;
- 19.3.2 the services to be provided under this Agreement; nor
- 19.3.3 any other matter,

SINO-RICH (or gives rise to any fiduciary or equitable duties on SINO-RICH's part in favour of Client. In particular, there are no duties which would oblige any other Relevant Party) to accept responsibilities more extensive than those set out in the Agreement or which would prevent or hinder SINO-RICH (or any other Relevant Party) in carrying out any of the activities contemplated by this Agreement.

20. MISCELLANEOUS

20.1 Enforceability

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

20.2 SINO-RICH's right to report

Without prejudice to any right or obligation that SINO-RICH may have under the Laws, Client acknowledges SINO-RICH's unfettered discretion to report all and any suspicious trading conduct or account irregularity or other relevant matter to any Regulator(s), authority(ies) or the issuer of the financial product concerned. Client shall not challenge any decision to make such report, or attempt to hold SINO-RICH responsible for resulting action against or loss incurred by Client. Client undertakes to provide SINO-RICH with such information as lawfully requested by SINO-RICH within (1) Business Day of such request. Further, SINO-RICH may in its sole discretion suspend the operation of the Account or decline to act on any instruction without incurring any liability whatsoever to Client or any other person for any claim, loss, proceeding or expense howsoever related to SINO-RICH's suspension of the Account or its delay or refusal to act upon any instruction relating to the Account.

20.3 Client's obligation

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

20.3.2 If Client suspects that a fraud or an irregularity may have occurred with respect to the Account, it shall notify SINO-RICH of the same immediately by calling SINO-RICH's **Anti-Fraud Unit at (852) 3101 0908** or such other telephone number as subsequently notified to Client by SINO-RICH in writing from time to time.

20.4 Joint account

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

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

20.5 Telephone recording

All telephone conversations between SINO-RICH and Client made in the course of business will be recorded on a centralized tape recording system operated by SINO-RICH and the contents of any such recording shall be final and conclusive evidence of the conversation concerned and its content.

20.6

Client's representation

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

20.7 Client declares that Client has read and understood the contents of the Option Information Statement, Disclaimer in Relation to Trading of Stock Index Futures Contracts, Disclaimer in Relation to Trading of Stock Index Option Contracts and the HK Exchange Disclaimer, which have been fully explained to him in a language he understands.

Waiver

Save as expressly provided in this Agreement, no failure to exercise, or delay in exercising, on the part of any party hereto any right, power

or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. No waiver by SINO-RICH shall be effective unless it is in writing. The rights and remedies of SINO-RICH are cumulative and not exclusive of any rights or remedies provided by the Laws.

Assignment

- 20.8.1 Client shall not assign, delegate, sub-contract, transfer or otherwise dispose of any rights or obligations under this Agreement to any person without SINO-RICH's previous written consent. Subject to the Laws, SINO-RICH may assign, sub-contract, delegate, transfer or otherwise dispose of any of its rights and obligations under this Agreement as SINO-RICH may see fit.
- 20.8.2 In the event that SINO-RICH consolidates, amalgamates, reorganises or transfers its business to another entity, SINO-RICH may assign any of the rights and obligations under this Agreement to such entity. SINO-RICH shall give Client notice which will specify a date upon which the assignment will become effective. This date will be at least ten (10) days after the date of the notice. Such assignment will have the effect of creating a novated agreement between Client and the entity to which such rights or obligations are assigned. Therefore, in such event, Client hereby consents for any future assignment of this Agreement by SINO-RICH.

20.9 Force majeure

In the event of war, terrorism, revolution, insurrection, restraint of rulers, military disturbances, riot, civil commotion, civil disobedience or other similar action involving any country, strike or lockout or stoppage or restraint of labour, seizure or confiscation of assets or other governmental action having a similar effect, any imposition of currency exchange control or restraint of capital movement or transmission by any government, any "Act of God", epidemic, pandemic, vandalism, disruption of the operation of any Exchange, breakdown of computer systems and/or communication facilities, or any other similar event outside the control of SINO-RICH which hinders or prevents the performance by SINO-RICH of its obligations under this Agreement (an "event of force majeure"), then SINO-RICH may, as an alternative to any performance otherwise required, at its absolute discretion either (a) postpone its performance until the event of force majeure no longer has such effect or (b) where any delivery or payment is required, provide or require a cash settlement based upon the prevailing price of the commodity or instrument relevant to such settlement on the second business day prior to the occurrence of the event of force majeure; such prevailing price being conclusively determined by SINO-RICH. SINO-RICH shall not be responsible or held liable for any loss suffered by Client arising out of or in connection with an event of force majeure. Client agrees to bear solely the risk of such event of force majeure.

20.10 Trading by SINO-RICH

- 20.10.1 The Client acknowledges that SINO-RICH, its directors and/or employees may trade on its/their own account or on the account of SINO-RICH subject to any applicable Laws and Regulatory Rules.
- 20.10.2 The Client consents that, without prior notice from SINO-RICH, when SINO-RICH executes sell or buy orders on behalf of the Client on the Exchange, SINO-RICH, its directors, officers, employees, agents, and/or any floor broker may buy or sell for an account in which any such person has a direct or indirect interest, subject to any applicable Laws and Regulatory Rules.

20.11 Open Positions

- 20.11.1 Client acknowledges that the clearing house of the HK Exchange may do all things necessary to transfer any open positions held by SINO-RICH on behalf of Client and any money and security standing to the credit of Client's account with SINO-RICH to another exchange participant of the HK Exchange in the event the rights of SINO-RICH as an exchange participant of the HK Exchange are suspended or revoked.
- 20.11.2 Client acknowledges that SINO-RICH is bound by the Rules of the HK Exchange which permits the HK Exchange or the Chief Executive of the HK Exchange to take steps to limit the positions or require the closing out of contracts on behalf of Client who in its or his opinion are accumulating positions which are or may be detrimental to any particular market or markets established and operated by the HK Exchange or which are or may be capable of adversely affecting the fair and orderly operation of any such market or markets as the case may be.
- 20.11.3 (i) Liquidation instructions for open futures positions maturing in the current month must be given to SINO-RICH prior to the first notice day in the case of long positions and, in the case of short positions, prior to the last trading day. (ii) Alternately, subject to Clause 20.11.3(iii) below, in respect of open futures positions maturing in the current month, sufficient clear funds to take delivery or the necessary delivery documents must be delivered to SINO-RICH at least five (5) Business Days prior to the first notice day in the case of long positions and, in the case of short positions, at least five (5) Business Days prior to the last trading day. (iii) Notwithstanding Clauses 20.11.3(ii) and 20.11.3(iv) or anything to the contrary which may be contained in this Agreement or other document, SINO-RICH shall be entitled, at any time and from time to time, without assigning any reason therefor and without any liability to Client or any third party, at its absolute discretion, to refuse to make or receive physical delivery of the underlying assets in relation to any transaction or contract contemplated hereunder or refuse to deliver or receive any certificate or document of title in respect of such underlying assets or refuse to procure the transfer or receipt of such underlying assets or of any certificate or document in title in respect of such underlying assets. (iv) Subject to Clause 20.11.3(iii) above, if neither the aforesaid liquidation instructions, nor the aforesaid clear funds, nor the aforesaid documents are received by SINO-RICH within the relative time period required under this Clause 20.11.3, SINO-RICH may without notice, either

liquidate Client's position(s), or make or receive delivery, on behalf of Client upon such terms and by such methods which SINO-RICH shall in its absolute discretion deem appropriate.

20.12 Notice

20.12.1 Any Confirmation, report, notice or communication to be made or given to Client shall be in writing and may be sent by ordinary post to its address stated in the Account Application, or by facsimile transmission or electronic means (including through the E-Service, as defined in Fifth Schedule) to the fax number or e-mail address stated in the Account Application (or to such other address, fax number, or e-mail address as subsequently notified by Client in writing in accordance with this Clause 20.13). Any notification so given shall be deemed to have been received forty-eight (48) hours after dispatch if sent by post or at the time of transmission if given by facsimile or electronic means.

number
instantaneously

20.12.2 SINO-RICH may also give notice to Client by telephone on the telephone number given in the Account Application or on such other as Client shall notify SINO-RICH in writing. All notifications so given to Client shall be deemed to have been received if given by telephone.

have

20.12.3 In all cases if any notice or communication of whatsoever nature is given or delivered to SINO-RICH, it shall only be deemed to have been given or delivered to SINO-RICH on the day of actual receipt by it.

20.13 Amendment and termination

20.13.1 SINO-RICH may, at its absolute discretion and without giving reasons, suspend or terminate the Account and at any time cease to act on Client's behalf. Upon termination or suspension of the Account, all monies owing from Client to SINO-RICH shall immediately become due and payable and Client shall immediately repay such monies to SINO-RICH.

writing
date

20.13.2 Client agrees that the terms of this Agreement may be amended by SINO-RICH from time to time, at its discretion, by notice in from SINO-RICH to Client, in which event such terms and conditions as so amended shall apply with effect from the effective specified in such notice, whether the specified effective date is before or after the date of such notice but subject to applicable Laws. Such amendments shall be deemed incorporated into and form part of this Agreement.

comply
transactions

20.13.3 Client agrees that this Agreement may be amended by SINO-RICH from time to time without prior notice to Client in order to with the Laws and/or Regulatory Rules then in force which are applicable to SINO-RICH, this Agreement and/or the contemplated under it. Such amendments shall be deemed incorporated into and form part of this Agreement.

20.13.4 Either party may terminate this Agreement at any time by notice to the other provided that such termination shall not affect:

20.13.4.1 the rights or liabilities of either party arising prior to such termination;

20.13.4.2 the warranties, representations, undertakings and indemnities given by Client under this Agreement, all of which shall survive termination; and

20.13.4.3 any of the Client's obligations to SINO-RICH pursuant to this Agreement.

20.13.5 Termination of this Agreement shall not affect any action by SINO-RICH, or any of its agents or any third party permitted under this Agreement initiated prior to the date of termination or any indemnity or warranty given by Client under this Agreement.

20.14 Investor Protection

20.14.1 Every HK Exchange contract shall be subject to the charge of a compensation fund levy and a levy pursuant to the Securities and Futures Ordinance, the cost of both of which shall be borne by the Client.

valid

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

20.15 Time

Time is of the essence as regards every obligation of Client but no delay or omission by SINO-RICH or any of its respective officers, employees or agents (a "Relevant Party") to exercise an right, power or remedy shall impair such right, power or remedy, or be constructed as a waiver, or as an acquiescence in, any default. If SINO-RICH or any Relevant Party 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 SINO-RICH or any Relevant Party of any provision of this Agreement and any consent or approval given by SINO-RICH or any Relevant Party 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. In the event that any document sent or dispatched by Client to SINO-RICH or any Relevant Party in connection with the Account(s) or any order made by Client or any contract made on the Account(s) is for any reason undated the time and date as shown on SINO-RICH's or any Relevant Party's time-chop as imprinted on such document at the time of its receipt by SINO-RICH or any Relevant Party shall be conclusive evidence of the time and date of the said documents and SINO-RICH or any Relevant Party is empowered on the client's behalf to insert such time or date on such document accordingly.

20.16 Others

employee and
time and

SINO-RICH shall designate an employee to be primarily responsible for Client's affairs. Client shall be notified of the name of that such particulars of the licence of that employee as required by the applicable Laws. SINO-RICH may, in its absolute discretion, at any from time to time, designate another employee of its to replace the first-mentioned employee and such replacement will be effective on such date as conclusively determined by SINO-RICH. Any information provided pursuant to this Clause 20.17 shall form part of this

Agreement.

20.17 **Entire agreement**

This Agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

FIRST SCHEDULE

CLIENT IDENTIFICATION

1. INTERPRETATION

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

2. Client shall immediately upon SINO-RICH's request and within two (2) days (or such other time period as may be specified by SINO-RICH) provide to

SINO-RICH and/or a Regulator information (including, without limitation, details of identity, address, occupation, contact details and/or in the case of a corporate entity, nature and scope of business activities, source of funds, business structure, shareholdings and other information) relating to the ultimate beneficial owner(s) of the Account and/or the person(s) ultimately responsible for the giving of instructions in relation to any transaction or in relation to any dealings with any F/O Contracts or investments in the Account.

3. Where Client is not trading on Client's own account in any transaction, it shall prior to the placing of any orders with SINO-RICH inform SINO-RICH of the same and provide SINO-RICH with such information regarding the ultimate beneficiary(ies) as SINO-RICH may request within two (2) days (or such other time period as may be specified by SINO-RICH) of such request. Client hereby acknowledges and agrees that such information may be supplied by SINO-RICH to the Regulators in compliance with the applicable Regulatory Rules.

4. In the event that SINO-RICH fails to comply with the disclosure requirements under Rules 606(a) or 613(a) of the Rules of HK Exchange, the

Chief Executive of HK Exchange and/or any designated staff of Hong Kong Exchanges and Clearing Limited may require the Closing Out of positions on behalf of Client or the imposition of a margin surcharge on the positions of Client.

5. If Client operates the Account or effects any transaction for a collective investment scheme, discretionary account or trust, Client shall:

5.1 immediately upon SINO-RICH's request and within two (2) days (or such other time period as may be specified by SINO-RICH) provide to SINO-RICH and/or a

Regulator the name, address and contact details of such scheme, account or trust and, if applicable, the identity, address, occupation or business structure and contact details of the person who, on behalf of such scheme, account or trust, ultimately originated the instruction to Client to operate the Account and/or effect the transaction; and

5.2 as soon as practicable, inform SINO-RICH when Client's discretion or power to operate the Account or to invest on behalf of such scheme, account or trust has been overridden, revoked or terminated. In such case, Client shall, immediately upon SINO-RICH's request and within the time specified by SINO-RICH, provide to SINO-RICH and/or a Regulator the identity, address, occupation and contact details of the person who has given such overriding instruction or notice of revocation or termination.

6. If Client does not know the information referred to in Clauses 2, 3 and 5 above, Client must confirm that:

6.1 Client has arrangements in place which would entitle Client to obtain and provide to SINO-RICH and/or a Regulator upon its request all such information or to procure that such information be so obtained within two (2) days;

6.2 Client shall, upon SINO-RICH's request, immediately obtain all such information from any relevant third party, and provide that information to SINO-RICH and/or a Regulator within two (2) days or such other time period as may be specified by SINO-RICH and/or the Regulators; and

6.3 SINO-RICH may, pending receipt by it and/or by a Regulator of such information, or if such information is not received within two (2) days or such other time period as may be specified by SINO-RICH and/or the Regulators, decide in its absolute discretion and at any time, not to act (even if such declining may result in any loss) or not to give effect to any of Client's instructions and/or to suspend or terminate the effecting of any transaction or the operation of the Account.

7. Client confirms that Client is not subject to any Regulatory Rules, or any law of any relevant jurisdiction, which prohibits Client's performance of the obligation under this First Schedule or, if Client is subject to such Regulatory Rules and/or such laws, that Client or Client's own clients, as the case may be, has or have waived the benefit of such Regulatory Rules and/or such laws or consented in writing to the performance by Client of the obligations under this First Schedule. Client confirms that such waivers are valid and binding under the laws of all relevant jurisdictions.

8. The Client's obligation to provide information under this First Schedule shall continue in full force and effect notwithstanding the termination of this Agreement.

SECOND SCHEDULE

PERSONAL DATA

1. INTERPRETATION

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

2. From time to time, it shall be necessary for Client to supply SINO-RICH with data (including personal data as defined in the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) as amended from time to time) in connection with the establishment or continuation of accounts or the provision of services by SINO-RICH and generally Client's relationship with SINO-RICH in Hong Kong. Failure to supply, or to allow SINO-RICH to use or disclose, such data may result in SINO-RICH being unable to provide, or continue to provide any of the above facilities or services to or for Client in Hong Kong or elsewhere.

3. The purposes for which data may be collected, used and/or disclosed by SINO-RICH (whether before or after the termination of Client's relationship with

SINO-RICH) are set out as follows:

- 3.1 the processing of applications for, and daily operation of services provided to Client or to other persons for whom Client acts as guarantor or for whom Client provides third-party security;
- 3.2 conducting credit checks, matching procedures, data verification, due diligence and risk management;
- 3.3 assisting other financial institutions to conduct credit checks and collect debts;
- 3.4 ensuring Client's or any surety's ongoing creditworthiness;
- 3.5 maintaining Client's or any surety's credit history for present and future reference;
- 3.6 designing financial services or related products for Client's use (including, where appropriate, providing Client with financial advice);
- 3.7 marketing financial services or related products (unless Client instructs SINO-RICH otherwise);
- 3.8 determining the amount of indebtedness owed to or by Client or any surety;
- 3.9 collecting of amounts outstanding from Client or any surety;
- 3.10 meeting any requests or requirements to make disclosure under the Laws;
- 3.11 enabling an actual or proposed assignee of SINO-RICH in connection with merger, amalgamation, reconstruction or otherwise to evaluate the transaction intended to be the subject of the assignment;
- 3.12 any purpose permitted by the Laws;
- 3.13 commencing, defending or otherwise participating in any legal or administrative proceedings or inquiry before any court or competent authority;
- 3.14 satisfying any requirements under the Codes on Takeovers and Mergers and Share Repurchases issued by the SFC (as amended from time to time) and/or any other applicable Laws and/or Regulatory Rules in relation to takeovers in Hong Kong and/or any part of the world; and
- 3.15 any purpose relating to any of the above.

4. Data held by SINO-RICH relating to Client, any surety and/or the Account shall be kept confidential but SINO-RICH may, at its sole discretion, provide such information to:

- 4.1 any agent, contractor or third party service provider (whether in Hong Kong or elsewhere) who provides administrative, telecommunications, computer, payment, debt collection or securities clearing or other services to SINO-RICH in connection with the operation of its business;
- 4.2 any branch or office of SINO-RICH or any member of the Group, whether in Hong Kong or elsewhere;
- 4.3 any person acting or proposing to act as surety;
- 4.4 any person under a duty of confidentiality to SINO-RICH (or any member of the Group) or who has undertaken to keep such information confidential;
- 4.5 any financial institution with which Client has or proposes to have dealings;
- 4.6 credit reference agencies and, in the event of default, to debt collection agencies;
- 4.7 the drawee bank providing a copy of a paid cheque (which may contain information about the payee) to the drawer;

- 4.8 any actual or proposed assignee or transferee of SINO-RICH;
- 4.9 any person or entity who has established or proposes to establish any business relationship with SINO-RICH or the recipient of the data; and
- 4.10 any person in accordance with the Laws including, governmental, regulatory or other bodies or institutions, whether as required by law, regulations applicable to any member of the Group, or otherwise, or any company issuing a notice under section 329 of the Securities and Futures Ordinance.
- 4.11 comply with the obligations, requirements or arrangements, whether voluntary or mandatory, for disclosing and using data, including notification requirements that apply to SRSF according to any law binding or applying to them within or outside Hong Kong or pursuant to any treaty or undertaking between any governmental, regulatory, tax, law enforcement or other authorities within or outside Hong Kong, and in particular the reporting and exchange of information requirements pursuant to the United States Foreign Account Tax Compliance Act ("FATCA") and the OECD's standard for Automatic Exchange of Financial Account Information ("AEOI")

The disclosure on Common Reporting Standard ("CRS") is promulgated by the Organization for Economic Co-operation and Development ("OECD") to facilitate the exchange of financial account information between relevant jurisdictions around the globe in an international and standardized manner. As part of different countries' commitment in the global AEOI efforts in enhancing tax transparency and combatting cross-border tax evasion, governments worldwide have enacted local legislations to implement CRS through their respective local laws.

CRS regulations requires financial institutions to perform due diligence on the account holders, obtain certain information from the account holders (including, but not limited to, tax residency and tax identification number etc.) and report information on any reportable accounts to the applicable tax authorities. They will then exchange the information collected with jurisdictions that have a Competent Authority Agreement ("CAA") with the local jurisdictions on an annual basis, to support tax compliance of partner jurisdictions and assist tax authorities of partner jurisdictions identify and take follow-up action against taxpayers who have not properly disclosed their offshore financial assets / income in their local jurisdictions.

Under CRS regulations, all financial institutions (except those exempted) in Hong Kong are required by law to perform due diligence on account holders and to obtain self-certifications and/or further information, if needed, from account holders in order to document the tax status of the account holders.

Client hereby agrees that it is reasonable and appropriate for SRSF to collect, gather, store, use, process, disclose and report the client information. Client agree to the sharing of the client information, together with any other information collected by SRSF in respect of this Form, with the relevant government/tax authorities, service providers or counterparties, based on the relevant tax/legal requirements and subject to all applicable laws and regulations. The process together with the related data processes may involve a transfer of information outside the Hong Kong Special Administrative Region and may also involve the transfer of data through intermediaries, service providers, counterparties or government bodies/ authorities. If a payee or any third party information is involved in any of the transfer, Client agrees that Client has obtained all necessary consent from all such relevant parties in providing the above.

5. Client agrees that data may be transferred overseas pursuant to the provisions of this Second Schedule.
6. Client acknowledges and accepts the risks that the information disclosed pursuant to this Second Schedule may be subject to further disclosure by the recipient to other parties in accordance with the laws of the country in which the recipient is located. Such laws may be wider in scope and implemented under less restrictive terms than would otherwise be the case in Hong Kong due to difference in applicable laws and regulations.
7. Client agrees to allow SINO-RICH to disclose Client's data for the purposes and to those persons as set out in this Second Schedule and to use such data pursuant to this Second Schedule.
8. Where Client supplies SINO-RICH with any data (including personal data), Client represents and warrants to SINO-RICH that Client has taken all action necessary to authorise the disclosure of such data to SINO-RICH and the use by SINO-RICH of such data pursuant to this Agreement.
9. Client may request to ascertain whether SINO-RICH holds Client's personal data and SINO-RICH's policies and practices in relation to personal data. Further, Client may request access to and correction of Client's Personal Data. Client also has the right to be informed about the kind of personal data held by SINO-RICH and which items of data SINO-RICH routinely discloses to credit reference agencies, and to be provided with further information to enable the making of a data access and correction request to the relevant credit reference agency. Any requests should be made in writing with fourteen (14)-day advance notice to the Data Privacy Officer, Sino-Rich Securities & Futures Limited, Unit 02B 37/F Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong or such other address as SINO-RICH may subsequently notify from time to time. SINO-RICH may charge a reasonable fee for processing any data access request.
10. Where SINO-RICH grants any credit facilities to Client or to another person for whom Client acts as guarantor, in the event that Client or the borrower defaults in repayment for a period exceeding sixty (60) days or such other period as prescribed by the Laws or the relevant Regulators from time to time, data (which has been provided by SINO-RICH to the relevant credit reference agency) may be retained by that credit reference agency until the earlier of the expiry of five (5) years from the date of final settlement of the amount in default and five (5) years from the date of Client's discharge from bankruptcy as notified to that credit reference agency. In the event of termination of the relevant account by full repayment and on condition that there has not been, within five (5) years immediately before account termination, any material default on that account, Client may instruct SINO-RICH to make a request to the relevant credit reference agency to delete from its database any account data relating to the terminated account but such instruction should be given within five (5) years after account termination.
11. Without limiting the other provisions of this Second Schedule where Client applies for credit (including any loan, overdraft facility or any other kind of credit) to be granted to Client or to another person for whom Client acts as guarantor, the data which Client provides to SINO-RICH may be passed on to a credit reference agency or, in the event of a default, to a debt collection agency in accordance with the provisions of the Code of Practice on Consumer Credit Data approved and issued under the Personal Data (Privacy) Ordinance as amended from time to time.
12. For the purposes of this Second Schedule, if applicable, account data may include account general data (i.e. general particulars of the relevant account such as account opening date, repayment terms, whether Client as a borrower or guarantor, approved loan amount, repayment terms)

and account repayment data (such as the amount repaid, outstanding balance of the loan, default data including the amount and number of days overdue).

13. Client agrees and consents that SINO-RICH may send by mail to Client from time to time direct marketing materials or messages relating to services or products which, in the opinion of SINO-RICH, Client may be interested. Client agrees that to the extent permitted by the laws the consent herein shall constitute specific opt-in for the purpose of any applicable privacy rules or regulations. Notwithstanding this, Client may at any time request not to receive such direct marketing materials or messages from SINO-RICH if Client so requests in writing to SINO-RICH. Unless and until Client has so requested in writing, Client shall be deemed to be willing to receive any such information.
14. Client expressly consents that SINO-RICH may at any time and from time to time send to it by telephone, e-mail or other electronic means any messages relating to services or products which, in the opinion of SINO-RICH, Client may be interested. Notwithstanding the foregoing, Client may at any time request not to receive such messages from SINO-RICH by sending an "unsubscribe" request to the unsubscribe facility specified in such messages or by written notice to SINO-RICH at the address stated in clause 9 of this Second Schedule or such other address as SINO-RICH may subsequently notify from time to time.

THIRD SCHEDULE

The E-SERVICE

1. INTERPRETATION

- 1.1 In this Third Schedule, unless the context otherwise requires, the following words and expressions have the meanings set out below:
- 1.1.1 "Access Codes" means together any Key File (if applicable), Password and the Login ID;
- 1.1.2 "E-Service" means the Internet or other facility provided by, and/or on behalf of, SINO-RICH which enables Client to give electronic instructions for the execution of transactions in accordance with the terms of this Agreement, whether in Hong Kong or elsewhere, and to receive information and related services;
- 1.1.3 "Key File" means a computer file, disk or other device which contains a file code which may be used in conjunction with the

Login ID and the Password to gain access to the E-Service;

1.1.4 "Login ID" means personal identification used in conjunction with other Access Codes to gain access to the E-Service; and

1.1.5 "Password" means Client's personal password, used in conjunction with other Access Codes to gain access to the E-Service.

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

1.3 In the event of any inconsistency between the provisions of this Agreement and this Third Schedule, the provisions of this Third Schedule shall prevail.

2. SINO-RICH may at its discretion provide Client with the E-Service on the terms of this Agreement, and the provisions of this Third Schedule apply if SINO-RICH provides Client with the E-Service.

3. Client acknowledges receipt of the Access Codes and agrees to be the sole user of the Access Codes and not to disclose the Access Codes to any other person; and to be solely responsible for the use and protection of the Access Codes and all instructions entered through the E-Service using the Access Codes.

4. SINO-RICH may at any time block Client's access to the use of the E-Service without prior notice.

5. Client shall forthwith notify SINO-RICH if:

5.1 An instruction has been placed through the E-Service and Client has not received an accurate acknowledgment receipt of the instruction or its execution (whether by hard copy, electronic or verbal means) within one working day of the instruction;

5.2 Client has received notification (whether by hard copy, electronic or verbal means) of a transaction which Client did not instruct;

5.3 Client becomes aware of any apparent unauthorised use of any of Client's Access Codes; or

5.4 Client experiences any problems in accessing its Account through the E-Service; or

5.5 Client loses, fails or is otherwise unable to adequately protect confidentiality of the Access Codes.

6. Any risk, including (without limitation) the risk of transmission error and unauthorised access, arising from or related to the use of the E-Service by Client and/or any software or equipment for accessing and/or using the E-Service (whether provided by SINO-RICH or otherwise), is at the risk of Client.

Client shall provide and maintain, at Client's own risk and cost, the connection equipment (including personal computers, mobile trading devices and modems) and services for accessing and using the E-Service. Further, Client acknowledges that E-Service or internet is an inherently unreliable medium of communication and that such unreliability is beyond SINO-RICH's control. Client agrees that SINO-RICH shall not be responsible for any loss, damage, cost, expenses, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with such unreliability.

7. Client shall use materials available through the E-Service for its own needs and shall not resell or otherwise allow or permit access to any such materials or otherwise deal with them in any way.

8. The E-Service, SINO-RICH's websites, whether maintained or provided by or on behalf of SINO-RICH, and the software comprised in them are proprietary to SINO-RICH

and/or its agents, partners or contractors. Client undertakes not to tamper with, modify, de-compile, reverse-engineer or otherwise alter in any way, and shall not attempt to gain unauthorised access to any part of, the E-Service or SINO-RICH's websites or any of the software comprised in them. Client

undertakes to notify SINO-RICH immediately if Client becomes aware that any such action is being perpetrated or attempted by another person.

9. Client acknowledges that in providing the E-Service, SINO-RICH may use such authentication technologies as it deems appropriate. Client acknowledges

that no authentication, verification or computer security technology is completely secure or safe and Client agrees to bear all risks of unauthorised access, hacking or identity theft.

10. Client understands that the Internet Trading Policy prepared by SINO-RICH setting out the operation policy and procedures of the E-Service applicable at

any time shall be available at the E-Service web site the terms of which shall be binding on Client in respect of Client's use of the E-Service. Such Internet Trading Policy is subject to changes by SINO-RICH from time to time. In the event of inconsistencies between the terms of this Fourth Schedule

and the Internet Trading Policy, the terms of this Agreement shall prevail.

11. Client acknowledges that the price quotation service available at the E-Service web site is provided by a third party provider appointed by SINO-RICH from

time to time. Client acknowledges and agrees that SINO-RICH shall not be responsible to Client for any losses, costs, expenses, damages or claims which

Client may suffer as a result of or in connection with any aspect of the quote service including Client's reliance on such service.

12. Client understands that the E-Service may provide, for informational purpose only, data regarding futures published by third parties. Owing to market volatility and possible delay in the data-transmission process, the data may not be real-time market quotes for the relevant futures or investment. Client understands that whilst SINO-RICH believes such data to be reliable, there is no independent basis for SINO-RICH to verify or contradict the accuracy or

completeness of the information provided. Client understands that no recommendation or endorsement from SINO-RICH shall be inferred from the data provided with respect to any futures or investment.

13. Client understands that information provided in the E-Service is provided on an "as is", "as available" basis and Sino-Rich does not guarantee the sequence, accuracy, adequacy or completeness of such information. SINO-RICH gives no express or implied warranties (including but not limited to

warranties of merchantability or fitness for a particular use) with respect to such information.

14. Client understands that each association asserts a proprietary interest in all of the market data it furnishes to the parties who disseminate such data. Client also understands that no party guarantees the timeliness, sequence, accuracy, adequacy or completeness of market data or any other market information. Neither SINO-RICH nor any disseminating party shall be liable in any way for any loss or damage arising from or caused by any inaccuracy,

error or delay in or omission from any such data, information or message, or the transmission or delivery of the same, non-performance or interruption

of any such data, message or information due to any negligent act of SINO-RICH or any disseminating party, or to any force majeure event, or any other cause beyond SINO-RICH's control or the reasonable control of any disseminating party. Client shall use stock quotation for Client's individual use only and shall not furnish such data to any other person or entity for any reason.

15. If Client gives any instruction to SINO-RICH outside Hong Kong, Client agrees to ensure and represent that such instruction will have been given in compliance with any applicable law of the relevant jurisdiction from which Client's instruction is given, and Client further agrees that Client shall, when in doubt, consult legal advisers and other professionals of the relevant jurisdiction. Client accepts that there may be taxes or charges payable to relevant authorities in respect to any instruction given outside Hong Kong, and Client agrees to pay such taxes or charges as applicable.

16. Client agrees that notwithstanding anything to the contrary contained herein or in any other document, should there be any inconsistency between the information (including any document but not any Advice) available from or via the E-Service, SINO-RICH's aforesaid websites, the Internet or other electronic medium (whether or not the same being available in accordance with this Agreement) and the information on SINO-RICH's records, the information on SINO-RICH's records shall prevail save for any manifest error and that SINO-RICH shall accept no liability as a result of the unreliable nature of the Internet or other electronic medium (including E-Service or SINO-RICH's aforesaid websites) or other reason beyond the control of SINO-RICH.

17. Client consents that any document (including, without limitation, any Advice), information, notice or communication may be given or presented to or exchanged with Client electronically on, via or over the Internet, the E-Service and/or any part of SINO-RICH's aforesaid websites. Any document (including, without limitation, any Advice), information, notice or communication so given or presented to or exchanged with Client as aforesaid shall be deemed to have received by it immediately upon despatch. However, all notices and communications given or delivered to SINO-RICH electronically on, via or over the Internet, the E-Service and/or any part of SINO-RICH's aforesaid websites shall be deemed to have been given or delivered to SINO-RICH on the day of actual receipt by it.

FOURTH SCHEDULE FORM OF OPTIONS INFORMATION STATEMENT

Please note that this form of Options Information Statement only contains the categories of information that may be supplied to Client with respect to transactions in options.

- (a) Contract information:-
strike price; expiry day; underlying commodity; option type; buy or sell order; opening or closing trade; current quoted price; and order type.
- (b) Underlying commodity:-
method of delivery or settlement; contract size; calculation of settlement prices.
- (c) Exercise procedures:-
American or European style exercise.
- (d) Premium:-
calculation of contract value; settlement of premium.
- (e) Margin:-
approximate margin requirements; variation adjustment payments; collateral that may be lodged as margin; payment details.
- (f) Transaction costs:-
minimum commissions; exchange and clearing house fees; exercise fees; and applicable levies.

FIFTH SCHEDULE

INTERPRETATION

Terms and expressions defined in this Agreement shall have the same meaning in this Fifth Schedule unless the context otherwise requires. In the event of any inconsistency between the provisions of this Agreement and this Fifth Schedule, the provisions of this Fifth Schedule shall prevail.

The following disclaimers are furnished to Client pursuant to the Regulations for Trading Stock Index Futures and the Regulations for Trading Stock Index Options, both of which are included in the Rules of the HK Exchange and Client is requested to note the contents of the same.

Disclaimer in Relation to Trading of Stock Index Futures Contracts

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

Disclaimer in Relation to Trading of Stock Index Option Contracts

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

HK EXCHANGE DISCLAIMER

Stock indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited (the "Exchange") may be based may from time to time be developed by the Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Exchange. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the Exchange (the "Exchange Indices") are the property of the Exchange. The process of compilation and computation of each of the Exchange Indices is and will be the exclusive property of and proprietary to the Exchange. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by the Exchange without notice and the Exchange may at any time require that trading in and settlement of such futures or options contracts based on any of the Exchange Indices as the Exchange may designate be conducted by reference to an alternative index to be calculated. The Exchange does not warrant or represent or guarantee to any member of the Exchange or any third party the accuracy or completeness of any of the Exchange Indices or their compilation and computation or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to any of the Exchange Indices is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange in respect of the use of any of the Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, changes or failures (including but not limited to those resulting from negligence) of the Exchange or any other person or persons appointed by the Exchange to compile and compute any of the Exchange Indices in the compilation and computation of any of the Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any member of the Exchange or any third party dealing with futures or options contracts based on any of the Exchange Indices. No claims, actions or legal proceedings may be brought by any member of the Exchange or any third party against the Exchange in connection with or arising out of matters referred to in this disclaimer. Any member of the Exchange or any third party engages in transactions in futures

and options contracts based on any of the Exchange Indices in full knowledge of this disclaimer and can place no reliance on the Exchange in respect of such transactions.

RISK DISCLOSURE STATEMENTS

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

RISKS OF SECURITIES TRADING

1. The prices of securities fluctuate, sometimes dramatically, and that the price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.
2. Any representation of past performance is not necessarily a guide to future performance.
3. Where investments involve exposure to foreign currencies, changes in rates of exchange may cause the value of the investments to fluctuate up or down.
4. SINO-RICH is entitled to act upon your instructions and you cannot assume that SINO-RICH will warn you if your instructions are ill-timed or inadvisable for any reason or if the instructions are likely to cause you loss.
5. Before you make any investment, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

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

You should not enter into a derivative transaction unless you fully understand:

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

RISKS OF TRADING IN FUTURES AND OPTIONS

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

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

1. Futures

(a) Effect of "Leverage" or "Gearing"

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared." A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with SINO-RICH to maintain your position. If the market moves against your position or margin levels are increased,

you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

(b) Risk-reducing orders or strategies

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

2. Options

Variable degree of risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. Some options may only be exercised on an expiry day (European-Style Exercise)

and other options may be exercised at any time before expiration (American-Style Exercise).

You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

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

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

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

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

3. Additional risks common to futures and options

(a) Terms and conditions of contracts

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

(b) Suspension or restriction of trading and pricing relationships

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

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

(c) Deposited cash and property

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

(d) Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss. By commencing any trading activities with SINO-RICH, you acknowledge that you have been so informed by SINO-RICH.

(e) Trading facilities

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

(f) Electronic trading

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

(g) Transactions in other jurisdictions

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

(h) Currency risks

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

(i) Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which

you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should become familiarized with applicable rules and attendant risks. (Please also see the section on "Generic Risks Associated with OTC Derivative Transactions" below.)

RISKS IN RELATION TO THE USE OF THE INTERNET OR OTHER ELECTRONIC MEDIUM

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

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

RISKS OF PROVIDING AN AUTHORITY TO REPLEDGE YOUR SECURITIES COLLATERAL ETC.

There is risk if you provide SINO-RICH with an authority that allows it to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.

If your securities or securities collateral are received or held by SINO-RICH in Hong Kong, the above arrangement is allowed only if you consent in writing.

Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.

Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if SINO-RICH issues you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority.

You are not required by any law to sign these authorities. But an authority may be required by SINO-RICH, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. SINO-RICH should explain to you the purposes for which one of these authorities is to be used.

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

A cash account not involving securities borrowing and lending is available from SINO-RICH. If you do not require margin facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

RISK OF MARGIN TRADING

The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with SINO-RICH. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. You may be called

upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.

RISK IN RELATION TO AUTHORIZED THIRD PARTY

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

RISKS OF PROVIDING AN AUTHORITY TO HOLD MAIL OR TO DIRECT MAIL TO THIRD PARTIES

If you provide SINO-RICH with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of your account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

RISKS IN LEAVING MONEY OR OTHER PROPERTY IN THE CUSTODY OF SINO-RICH OR ITS NOMINEES OR AGENTS

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

RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client assets received or held by SINO-RICH or SINO-RICH's nominee 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 of the Laws of Hong Kong) 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.

GENERIC RISKS ASSOCIATED WITH OTC DERIVATIVE TRANSACTIONS

OTC derivative transactions, like other financial transactions, involve a variety of significant risks. The specific risks presented by a particular OTC derivative transaction necessarily depend upon the terms of the transaction and your circumstances. In general, however, all OTC derivative transactions involve some combination of market risk, credit risk, funding risk and operational risk.

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

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

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

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

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

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

