
**Funderstone Securities Limited
Funderstone Futures Limited
Funderstone Asset Management (HK) Limited**

Terms and Conditions for Trading Account

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Funderstone Securities Limited (CE No. AAK018) is currently licensed to engage in the following regulated activities: Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“SFO”).

Funderstone Futures Limited (CE No. AAD847) is currently licensed to engage in the following regulated activities: Type 2 (dealing in future contracts), Type 5 (advising on futures contracts) and Type 9 (asset management) under the SFO.

Funderstone Asset Management (HK) Limited (CE No. ACD757) is currently licensed to engage in Type 9 regulated activity (asset management) under the SFO.

SECTION I – TERMS AND CONDITIONS FOR SECURITIES CASH TRADING

All transactions, purchase, investment, sale, trading, exchange, acquisition, holding, deposit, transfer, disposal, clearing, settlement or dealing in, of and with all kinds of Securities effected, conducted, carried on and entered into by the Client with and through Funderstone Group and/or Funderstone Trading Agent, and the Account opened and maintained by the Client with Funderstone Group shall be subject to and upon the Agreement.

1. Definitions

1.1 In Section I, the following expressions, unless the context requires otherwise, shall have the following meanings: -

"**Account**" means any account of whatsoever nature opened and maintained in the name of the Client with Funderstone Group in accordance with the Agreement or other agreement or document, including Securities Account, Margin Account (if any), Futures Account (if any) and Stock Options Account (if any);

"**Account Opening Form**" means the account opening form for the Account including the declaration, information, notes and statements thereto to be completed and signed by the Client and, as the context requires, any amendments and supplements made thereto from time to time;

"**Acknowledgment by Client**" means the acknowledgment by Client including the information for trading, procedure for funds deposit and withdrawal, procedure for transferring funds of or to any Account and other information in respect of the Account, as from time to time amended or supplemented;

"**Agreement**" means the agreement made between the Client and Funderstone Group and constituted by the Account Opening Form, Trading Account Terms, the Acknowledgment by Client and such other documents referred to therein or added thereto (including any amendment or supplement made thereto from time to time), and any other agreement (written or verbal) in respect of the Account entered into by the Client to or with Funderstone Group;

"**Applicable Laws and Regulations**" means

- (a) all applicable laws, rules and regulations in Hong Kong;
- (b) rules, guidelines and code of practices of any Authority in Hong Kong (including Hong Kong Regulators);
- (c) the Market Rules;
- (d) the memorandum and articles of association of SEHK, SEHK Rules, Clearing Rules in Hong Kong and the customs, usages, rulings and procedures of SEHK;
- (e) the constitution of the relevant Foreign Stock Exchange, the relevant Foreign SE Rules, the Clearing Rules in the relevant Foreign Jurisdiction and the Market (and their respective Clearing House, if any) and the customs, usages, rulings and procedures of the relevant Foreign Stock Exchange, where the Instructions and Transactions are executed, performed, cleared or settled;
- (f) any laws, rules and regulations in any competent Foreign Jurisdiction (including the relevant Foreign Securities Laws where the Instructions and Transactions are executed, performed, cleared or settled);
- (g) rules, guidelines and code of practices of any Authority in any competent Foreign Jurisdiction (including Foreign Securities Laws, the Foreign Account Tax Compliance Act, U.S. Internal Revenue Code of 1986, the United States Treasury Regulations or other guidance issued under the foregoing, any associated intergovernmental agreement, any similar or associated non-U.S. law or any agreement, undertaking or obligations, or any policies or directions);
- (h) the rules, regulations, procedures, guidelines and internal policies of Funderstone Group from time to time in force; and
- (i) the Applicable Requirements.

"Applicable Requirements" means the relevant laws, rules, regulations, policies, interpretations, guidelines, requirements and other regulatory documents promulgated by Authority of Hong Kong and Mainland China from time to time including the Stock Connect Rules and any other relevant requirements and/or restrictions of any Authority as may be published and/or amended from time to time;

"Authorised Person" means the person(s) appointed by the Client as agent of the Client, who may be authorised to do including issuing Instructions on behalf of the Client in relation to the Account and/or Transactions, and initially the persons specified as such in the Account Opening Form and such other person as appointed by the Client in substitution therefor or in addition thereto from time to time (the Client shall in writing notify Funderstone Group of such appointment, which shall only be effective after the actual receipt of such notification and approval by Funderstone Group);

"Authority" means supranational, governmental, quasi-governmental, regulatory, administrative, law enforcement or supervisory body, entity, department, office, institution, agency, stock exchange, clearing house, banking commission, tax authority, or any other authority, body, entity, department, office or institution or court or tribunal;

"bank" means a bank or restricted licenced bank as defined in the Banking Ordinance (Cap.155 of the Laws of Hong Kong) as amended or supplemented from time to time;

"Bill Payment Number" means the designated depositing money reference number issued by Funderstone Group and the Client may rely on such designated depositing money reference number to transfer moneys or funds from such bank as determined by Funderstone Group from time to time to Funderstone Group in accordance with Section I;

"Business Day" means (a) in respect of notices made or given under the Agreement, a day (other than Saturday and Sunday and a day on which a black rainstorm warning or a number 8 or higher typhoon signal is hoisted before 2:00 p.m. in Hong Kong) on which banks are open for business in Hong Kong; (b) in respect of Transactions on SEHK, a day on which SEHK is open for the business of dealing in Securities; and (c) in respect of Transactions on a Foreign Stock Exchange, a day on which such Foreign Stock Exchange is open for the business of dealing in Securities;

"CCASS" means the Central Clearing and Settlement System operated by HKSCC;

"Charged Properties" shall have the meaning as ascribed to and defined in Clause 6.1 of Section VIII;

"Clearing House" means, as the case may be, (a) in relation to SEHK, HKSCC; and/or (b) in relation to a Foreign Stock Exchange, the relevant Foreign Clearing House providing similar services of HKSCC to such Foreign Stock Exchange in that Foreign Jurisdiction;

"Clearing Rules" means, as the case may be, (a) the general rules, operational procedures and other applicable rules, procedures and regulations of CCASS from time to time in force; and/or (b) the rules, procedures and regulations of the relevant Foreign Clearing System, from time to time in force;

"Clearing System" means, as the case may be, (a) CCASS; and/or (b) the relevant Foreign Clearing System;

"Client" means the person or persons who has/have signed and/or specified as such in the Account Opening Form, and where the Account is opened by more than one person means all of such persons collectively and any legal or personal representative, executor, successor in title or permitted assign thereof, and shall include the Authorised Person where the context permits;

"Client Group Company" means any company which is controlled by the Client; a person is in "control" of a company if: (a) it is in accordance with such person's instructions the directors of the company or of another company of which it is a subsidiary are accustomed to act; or (b) such person, either alone or with any of its associate, is entitled to exercise or control the exercise of more than 30%

of the voting power at general meeting of the company or of another company of which it is a subsidiary;

"**Code**" means the Code of Conduct for Persons Licensed by or Registered with the SFC issued by the SFC, as amended and substituted from time to time;

"**Companies Ordinance**" means Companies Ordinance (Cap. 622 of the Laws of Hong Kong) as amended or supplemented from time to time;

"**Confirmation**" means a written notice sent from time to time by Funderstone Group to the Client in relation to Account, Instructions and/or Transactions;

"**Credit Facilities**" means all or any of the general credit facilities, advances, loans or credit facilities made available, provided or granted by or agreed to be made available, provided or granted by Funderstone Group under and pursuant to the Agreement and the Loan Agreement from time to time;

"**Deficit**" means the negative balance in the Account whatsoever and howsoever arising;

"**Device**" means any device (including any digital or electronic certificate or encrypted software), equipment, phone, machine or computer provided, whether mobile, fixed, portable or otherwise (whether by Funderstone Group or not) to or otherwise employed by the Client for giving Instruction;

"**Dissolution**" of a person also includes the winding-up, liquidation or bankruptcy of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled, resident, carries on business or has assets and "**dissolved**" shall be construed accordingly;

"**Electronic Trading Facilities**" means "Electronic Trading Facilities" as defined in Section V;

"**Encumbrance**" means any mortgage, charge, pledge, lien, assignment by way of security, financial lease, deferred purchase, sale-and-repurchase or sale-and-leaseback arrangement, hypothecation, retention of title by a vendor or other security interest given or arising in respect of any assets, and any arrangement the effect of which is to prefer any creditor or any agreement for any of the same;

"**Event of Default**" has the meaning ascribed thereto in Clause 17 of Section I;

"**Exchange**" means, as the case may be, (a) SEHK; and/or (b) the relevant Foreign Stock Exchange;

"**FATCA**" means:

- (a) sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended) or any amended or successor version thereof;
- (b) any intergovernmental agreement, memorandum of understanding, undertaking and other arrangement between governments and regulators in connection with (a) including those as entered into by the government of Hong Kong;
- (c) agreements between Funderstone Group and the IRS or other Authority pursuant to or in connection with (a); and
- (d) any laws, rules, regulations, interpretations or practices adopted in the U.S., Hong Kong or other Foreign Jurisdiction pursuant to any of the foregoing;

"**financial products**" has the meaning ascribed to it under the SFO;

"**Foreign Clearing House**" means the clearing or settlement house, corporation, organisation or body (being appointed, authorised or engaged by or established and operated by a Foreign Stock Exchange to provide clearing and settlement services to that Foreign Stock Exchange in respect of Securities) including, where the context so requires, its agents, nominees, representatives, officers and employees;

"Foreign Clearing System" means the clearing and settlement system operated by the relevant Foreign Clearing House from time to time;

"Foreign Currency" means a currency other than Hong Kong Dollar;

"Foreign Jurisdiction" means a country, territory or jurisdiction outside Hong Kong;

"Foreign Regulators" means any regulatory or supervisory corporation, organisation or body in a Foreign Jurisdiction having jurisdiction or regulatory or supervisory power or authority over the Transactions;

"Foreign Securities Laws" means the relevant laws, legislations, rules and regulations of the relevant Foreign Jurisdiction relating to the Transactions;

"Foreign SE Rules" means the rules, regulations, bylaws and procedures of or made by the Foreign Stock Exchange, and any amendments, supplements, variations or modifications thereto from time to time in force;

"Foreign Stock Exchange" means a stock or securities exchange which is permitted to operate in a Foreign Jurisdiction by the law of that Foreign Jurisdiction including, where the context so requires, its agents, nominees, representatives, officers and employees;

"Funderstone AMHK" means Funderstone Asset Management (HK) Limited, a company incorporated under the laws of Hong Kong (Company No. 0461297) and its successors and assigns;

"Funderstone Futures" means Funderstone Futures Limited, a company incorporated under the laws of Hong Kong (Company No. 0179568) and its successors and assigns;

"Funderstone Group" means Funderstone AMHK, Funderstone Futures, Funderstone Securities and/or such other company as Funderstone Securities may from time to time add and notify the Client, as the case may be, and **"Group Company"** means each or any one of them, as the case may be;

"Funderstone Securities" means Funderstone Securities Limited, a company incorporated under the laws of Hong Kong (Company No. 0253171) and its successors and assigns;

"Funderstone Trading Agent" means any agent appointed, engaged and instructed by Funderstone Group for executing, effecting, trading, implementing, clearing and/or settling the Instructions and Transactions on behalf of the Client;

"Funderstone Trading Agent Agreement" means any and all of the agreements and the terms and conditions made between Funderstone Group and Funderstone Trading Agent for the purposes of the Trading Account Terms and the Transactions (including any amendment or supplement made thereto from time to time);

"Funderstone Website" means any and all websites provided or operated by the Funderstone Group from time to time;

"Futures Account" means any futures account opened and maintained in the name of the Client with Funderstone Group for conducting Transactions in accordance with the Agreement, and/or all other account(s) of whatsoever nature now or in future opened and maintained in the name of the Client with Funderstone Group in accordance with the Agreement or other agreement or document;

"Futures Contracts" shall have the meaning as ascribed to and defined in the Section VII;

"HKSCC" means the Hong Kong Securities Clearing Company Limited including, where the context so requires, its agents, nominees, representatives, officers and employees;

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

"Hong Kong Dollar", "Hong Kong dollars" and "HK\$" means the lawful currency of Hong Kong at the relevant time;

"Hong Kong Regulators" means SEHK, SFC, the Hong Kong Monetary Authority and/or any other regulatory or supervisory corporation, organisation or body in Hong Kong having jurisdiction or regulatory or supervisory power or authority over the Transactions;

"Instruction" means any instruction or order communicated by the Client or the Authorised Person in whatever means (including oral, phone, fax, email, internet or any electronic means or any written form) to Funderstone Group in accordance with Agreement;

"IRS" means the U.S. Internal Revenue Services;

"Lender" means Funderstone Group, and/or such other company as Funderstone Group may from time to time add and notify the Client, as the case may be, who enter(s) or will enter into the Loan Agreement with the Client;

"Liabilities" means all monies, liabilities and obligations, whether actual or contingent, present or future, due, owing or incurred from or by the Client to Funderstone Group, its nominees, subsidiary or other associated company in connection with the Account and/or the Agreement or for which the Client may otherwise be or become liable to Funderstone Group on any account or in any manner or currency whatsoever (whether alone or jointly with any other person and in whatever name, style or firm), together with interest from the date of demand to the date of payment, legal costs and all other costs, charges and expenses incurred by Funderstone Group, its nominees, subsidiary or other associated company in connection with the recovery or attempted recovery of such monies, liabilities and obligations;

"Loan Agreement" means (a) the agreement made between the Client and the Lender and constituted by the Account Opening Form, Trading Account Terms and such other documents referred to therein or added thereto (including any amendment or supplement made thereto from time to time), and/or (b) any other loan or credit facility agreement (as the case may be) made or to be made between Funderstone Group and the Client, as amended or supplemented from time to time, whereby, subject to the terms and conditions thereof, Funderstone Group has agreed to make available, provide or grant Credit Facilities to the Client for the purposes stated therein;;

"Mainland China" means PRC other than Hong Kong, Macau and Taiwan;

"Margin Account" means any margin securities account opened and maintained in the name of the Client with Funderstone Group for conducting Transactions by utilising the Credit Facilities in accordance with the Agreement, and/or all other account(s) of whatsoever nature now or in future opened and maintained in the name of the Client with Funderstone Group in accordance with the Agreement or other agreement or document;

"Market" means any stock, securities or other exchange (including SEHK), market, over-the-counter market, responsible association of dealers or corporation, whether within or outside Hong Kong, so dealing in Securities as to provide a market for Securities;

"Market Rules" means the constitution, rules, regulations, by-laws, customs, usages, rulings and procedures of or made by the Market, and any amendments, supplements, variations or modifications thereto from time to time;

"Parties" means Funderstone Group and the Client, and each of them is referred to as **"Party"**;

"Personal Data (Privacy) Ordinance" means Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) as amended and supplemented from time to time, and any subsidiary legislation made thereunder;

"Retained Properties" means:

- (a) all Securities (and all the Client's interest, title, rights, powers, benefits thereto, thereof and therein) which are now or will in future be deposited with, held in or transferred into the Securities Account and any other Account by, for or attributable to the Client for any purpose whatsoever, and/or which are or will be deposited with or transferred to Funderstone Group by, for or attributable to the Client for any purpose whatsoever, and/or which have been or will be purchased, acquired or held by Funderstone Group on behalf of the Client for any purpose whatsoever all respectively together with all further or other Securities in substitution therefor or in addition thereto, all accretions thereto, all interest, rights, moneys, dividends, distributions paid, payable, accrued thereon and derived therefrom, all proceeds of sale thereof, and all moneys or funds received in connection with transfer, disposal or trading thereof; and/or
- (b) all the Client's properties, assets, moneys, funds, receivables, sums, title, interests, powers, options, benefits and rights of, to and in the Securities Account and any other Account;

"PRC" means the People's Republic of China;

"Risk Disclosure Statements" means the risk disclosure statements provided by Funderstone Group to the Client, as may be prescribed, amended or supplemented by Funderstone Group from time to time, the current version being set out in Schedule 1;

"Section I" means all the terms and conditions in Section I headed "Terms and Conditions for Securities Cash Trading" of the Trading Account Terms (including the Supplements thereunder), as from time to time amended and supplemented;

"Section II" means the terms and conditions in Section II headed "Terms and Conditions for IPO and Placing" of the Trading Account Terms, as from time to time amended and supplemented;

"Section III" means the terms and conditions in Section III headed "Terms and Conditions for Securities Margin Trading" of the Trading Account Terms, as from time to time amended and supplemented;

"Section IV" means the terms and conditions in Section IV headed "Terms and Conditions for Stock Options Trading" of the Trading Account Terms, as from time to time amended and supplemented;

"Section V" means the terms and conditions in Section V headed "Terms and Conditions for Electronic Trading Facilities" of the Trading Account Terms, as from time to time amended and supplemented;

"Section VI" means the terms and conditions in Section VI headed "Terms and Conditions for E-Statement Service" of the Trading Account Terms, as from time to time amended and supplemented;

"Section VII" means the terms and conditions in Section VII headed "Terms and Conditions for Futures Trading" of the Trading Account Terms, as from time to time amended and supplemented;

"Section VIII" means the terms and conditions in Section VIII headed "Terms and Conditions for Credit and Security" of the Trading Account Terms, as from time to time amended and supplemented;

"Schedule 1" means Schedule 1 of the Trading Account Terms headed "Risk Disclosure Statements", as from time to time amended and supplemented;

"Schedule 2" means Schedule 2 of the Trading Account Terms headed "Standing Authority", as from time to time amended and supplemented;

"Schedule 3" means Schedule 3 of the Trading Account Terms headed "Personal Information Collection Statements", as from time to time amended and supplemented;

"**Schedule 4**" means Schedule 4 of the Trading Account Terms headed "International Taxation Requirements", as from time to time amended and supplemented;

"**Securities**" means (a) securities as defined in SFO; and/or (b) any shares, stocks, debentures, loan stocks, money, bonds, notes, unit trusts, certificates of deposit or other commercial paper or securities or other similar instruments of any kind whatever or howsoever, of or issued by any body, whether corporate or unincorporate, or any government authority for the time being traded in a Market and acceptable to Funderstone Group and may include, in the absolute discretion of Funderstone Group, (i) rights, options or interests (whether described as units or otherwise) in or in respect of any of the foregoing; (ii) certificates of interest or participation in, or temporary or interim certificates for, receipts for or warrants to subscribe to or purchase, any of the foregoing; or (iii) any instruments commonly known as securities;

"**Securities Account**" means any cash securities account opened and maintained in the name of the Client with Funderstone Group for conducting Transactions in accordance with the Agreement, and/or all other account(s) of whatsoever nature now or in future opened and maintained in the name of the Client with Funderstone Group in accordance with the Agreement or other agreement or document;

"**SEHK**" means The Stock Exchange of Hong Kong Limited including, where the context so requires, its agents, nominees, representatives, officers and employees;

"**SEHK Rules**" means the rules, regulations and procedures of or made by SEHK, and any amendments, supplements, variations or modifications thereto from time to time in force;

"**Settlement Account**" means the bank account of the Client for the purpose of Clause 9 of Section I, the particulars of which are specified in the Account Opening Form;

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

"**SFO**" means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended and supplemented from time to time, and any subsidiary legislation made thereunder;

"**Stock Connect Rules**" has the meaning ascribed to it under the Supplement;

"**Stock Options Account**" means any stock options account opened and maintained in the name of the Client with Funderstone Group for conducting Transactions in accordance with the Agreement, and/or all other account(s) of whatsoever nature now or in future opened and maintained in the name of the Client with Funderstone Group in accordance with the Agreement or other agreement or document;

"**Sub-account Number**" means the designated account number issued by designated banks as selected by Funderstone Group from time to time and the Client may rely on such designated bank account number to transfer moneys or funds to Funderstone Group in accordance with Section I;

"**Supplements**" means the Stock Connect Supplement and/or Pre-Listing Trading Supplement to Section I as from time to time amended and supplemented;

"**Taxes**" means (a) any tax, levy, impost, deduction, charge, rate, withholding or duty by whatever name called levied, imposed or assessed (including withholding tax, goods and services tax, value added tax, sales tax, consumption tax, stamp duty and transaction duties or any similar impost imposed or levied), and (b) any interest, penalty, charge, fine or fee or other amount of any kind assessed, charged or imposed on or in respect of the above (including in connection with any failure to pay or any delay in payment).

"**Trading Account Terms**" means the terms and conditions for the trading account of Funderstone Group as from time to time amended and supplemented;

"**Transaction**" means any transaction, purchase, investment, sale, trading, exchange, acquisition, holding, deposit, transfer, disposal, clearing, settlement or dealing in, of and with any Securities and

generally dealing in any and all kinds of Securities including holding Securities (irrespective of whether it falls under the definition of "dealing in securities" as defined under schedule 5 of the SFO);

"U.S." and "United States" means the United States of America and the District of Columbia (including any states, territories, possessions, agency, instrumentality or political subdivision thereof); and

"U.S. person" includes any natural person who is a citizen of or resident in the United States; a corporation, partnership or other business organisation organised or incorporated under the laws of the United States or any political subdivision thereof; any estate or trust which is administered by an executor or trustee who is a U.S. person or the income of which is subject to U.S. federal income taxation regardless of its source; any account (other than any estate or trust) held by a dealer or fiduciary for the benefit of a U.S. person and any partnership or corporation organised and incorporated under the laws of any foreign jurisdiction. "U.S. person" shall not include any branch or agency of a United States bank or insurance company that is operating outside the United States for valid business reasons as a locally regulated branch or agency engaged in the banking or insurance business and not formed primarily for the purpose of investing in securities not registered under the United States Securities Act of 1933. Funderstone Group may at its sole discretion amend this definition of "U.S. person" by notice to the Client from time to time.

1.2 In Section I: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) "subsidiary" shall bear the meaning given by the Companies Ordinance and "associated company" means, in respect of any person, any company (not being a subsidiary of that person) of which that person shall beneficially own twenty per cent (20%) or more of the issued share capital or in respect of which that person is entitled to appoint one or more directors or, in relation to any company, any company which is a subsidiary of a holding company of that first mentioned company;
- (c) reference to a Clause is to a clause of Section I, reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (d) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (e) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (f) the headings to the Clauses of Section I are for convenience only and do not affect the interpretation or construction of such Clauses; and
- (g) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Agreement or suspension of any Account, such provision shall survive such termination or suspension.

2. Applicable Rules and Regulations

2.1 All Instructions and Transactions made or entered into (i) by Funderstone Group with the Client; and (ii) by Funderstone Group and/or Funderstone Trading Agent on behalf of the Client shall be subject to, and in respect of the above, both Funderstone Group and the Client shall be bound by the followings: -

- (a) the Agreement;
- (b) Funderstone Trading Agent Agreement, and the rules, regulations, procedures and policies of Funderstone Trading Agent relating and applicable to the Transactions from time to time in force;
- (c) any agreement made between, inter alia, (1) Funderstone Group; and (2) any market data

- (d) feed service providers (including an Exchange and/or its associated companies); any agreement made between, inter alia, (1) Funderstone Group; and (2) any other service providers/agents providing services relating or applicable to the Instructions and/or Transactions; and
- (e) the Applicable Laws and Regulations.

2.2 If there shall be any conflict or inconsistency between any of the provisions of the Agreement and anything contained in paragraphs (b), (c), (d) or (e) of Clause 2.1 of Section I, Funderstone Group may, in its absolute discretion, take or refuse to take any action, or demand the Client to take or refrain from taking any action to ensure compliance with the same.

3. Appointment and Scope of Agency

- 3.1 Funderstone Group is authorised to act as the Client's agent to effect Transactions and deal with the registration, withdrawal or collection of or distributions from Securities, or the exercise of any rights or claims arising from or relating to the Securities including dividends, rights issues, conditional cash offers and/or other corporate actions on the Client's behalf. In any event, nothing herein contained shall constitute Funderstone Group as trustee for the Client or a partnership between Funderstone Group and the Client. The Client shall make its own judgments and decisions independently without reliance on Funderstone Group in its decision in relation to dealing in Securities or any Transactions.
- 3.2 The Client shall, unless otherwise agreed in writing, enter into Transactions as principal. If, as between the Client and a third party, the Client acts as an agent, regardless of whether or not the Client identifies that principal to Funderstone Group, then unless Funderstone Group expressly accepts in writing the Client's status as agent, the Client shall, as between the Client and Funderstone Group be regarded as the sole principal to Funderstone Group and Funderstone Group shall have no privity of contract relationship or responsibilities to the third party.
- 3.3 Notwithstanding Clauses 3.1 and 3.2 of Section I, Funderstone Group may, in its absolute discretion, (a) decline to accept, carry out, execute, enter into or effect any Instructions and/or any Transactions; or (b) decline to act on or stop carrying out, executing, entering into or effecting any accepted Instructions and/or any Transactions without giving any reason therefor. Funderstone Group shall not, in any circumstances, be liable (including liability for negligence) in any way to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out (directly or indirectly) of or in connection with its not accepting, carrying out, executing, entering into, effecting or acting on such Instructions and/or Transactions or omitting to give notice therefor.
- 3.4 The Client acknowledges and accepts that it may not be possible to cancel, vary or amend an Instruction. Any attempt to cancel, vary or amend an Instruction is simply a request to cancel or modify. Funderstone Group shall not be obliged to act on any Instruction for cancellation, variation or amendment of any Instruction already given to Funderstone Group. Funderstone Group is not responsible for or liable to the Client for any loss or expense suffered or incurred by the Client if the original Instruction has already been completed, or in the opinion of Funderstone Group, Funderstone Group has insufficient time or is unable to act on such Instructions to cancel, vary or amend the original Instruction. The Client further acknowledges and accepts that attempts to cancel, vary or amend an Instruction can result in an over-execution of the Instruction, or the execution of duplicate or repeated Instructions, and the Client shall be responsible for all such executions. If an Instruction cannot be partially or wholly executed, Funderstone Group shall be under no obligation to notify the Client immediately. Instructions in relation to purchase or sale of Securities may be partially executed if the Instructions cannot be fully executed.
- 3.5 The Client is an independent third party not connected with, an associate of, or acting in concert with any director, chief executive, substantial shareholder of Funderstone Group and/or any of its subsidiaries. The Client does not hold any interest in Funderstone Group.
- 3.6 Without prejudice to other provisions in Section I, the Client agrees and authorises Funderstone Group to appoint, engage and instruct Funderstone Trading Agents as Funderstone Group may in its absolute discretion deem fit to execute, effect, trade, implement, clear and settle any Instructions and/or Transactions.

- 3.7 Notwithstanding that Funderstone Group has accepted or agreed to carry out, execute, enter into or effect any Instructions and/or any Transactions, if Funderstone Trading Agent, in its absolute discretion, (a) decline to accept, carry out, execute, enter into or effect any Instructions and/or any Transactions; or (b) decline to act on or stop carrying out, executing, entering into or effecting any accepted Instructions and/or any Transactions, Funderstone Group may, in its absolute discretion, (a) stop or discontinue to accept, carry out, execute, enter into or effect any such accepted or agreed Instructions and/or Transactions; or (b) decline to act on or stop carrying out, executing, entering into or effecting any such accepted Instructions and/or Transactions without giving any reason therefor. Funderstone Group shall not, in any circumstances, be liable (including liability for negligence) in any way to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out (directly or indirectly) of or in connection with its not accepting, carrying out, executing, entering into, effecting or acting on such Instructions and/or Transactions or omitting to give notice therefor.

4. Authorised Person

- 4.1 The Client authorises the Authorised Person to represent the Client in all matters in relation to all Instructions and Transactions, in particular, to give Instructions and execute all agreements, directions, notices and documents in relation to the Agreement and the Account and its operation. All such Instructions, Transactions, agreements, directions, notices and documents shall be absolutely and conclusively binding on the Client. The Client agrees that Funderstone Group is entitled to act on such Instructions until the Client notifies Funderstone Group in writing that the authority of the Authorised Person has been revoked or varied.
- 4.2 The Client undertakes with Funderstone Group from time to time and at all times to ratify and confirm any Instructions whatsoever given or purported to be given by the Authorised Person including any Instructions which may be given or purported to be given between the revocation of the authority of the Authorised Person and the actual receipt of notice of such revocation by Funderstone Group. The Client agrees that any Instructions given or purported to be given by the Authorised Person after revocation of the Authorised Person's authority (but before the actual receipt of notice of such revocation by Funderstone Group) shall be absolutely and conclusively binding on the Client, and shall be valid and effectual in favour of Funderstone Group.
- 4.3 The Authorised Person is appointed by the Client as agent and shall have full authority to act on behalf of the Client under the Agreement as if he were the Client himself, and shall have the authority to give good and valid receipt to any payment, monies, funds, Securities, properties or assets comprised in the Account made or given to the Authorised Person. All Instructions given by the Authorised Person shall be and be deemed to be the Instructions given by the Client and all acts, omissions, default or breach by the Authorised Person (whether with or without the instructions or consent of the Client) shall be and be deemed to be the acts, omissions, default or breach by the Client. Funderstone Group shall not be in any way liable to the Client or any other parties for the acts, omissions, default or breach by the Authorised Person (whether with or without the instructions or consent of the Client). In the Agreement, the expression "Client" shall, where the context permits, include the Authorised Person.

5. Form of Instructions

- 5.1 Subject as provided herein, all Instructions in relation to Transactions shall be given by the Client or the Authorised Person direct to Funderstone Group (whether oral (in person or by telephone), via internet or any electronic means, by Electronic Trading Facilities or other means of communication accepted by Funderstone Group from time to time) in such manner as may be prescribed by Funderstone Group from time to time. If Instructions are given by telephone, internet, electronic means or Electronic Trading Facilities, Funderstone Group is entitled to rely upon and act in accordance with such Instructions without inquiry or verification by Funderstone Group of the authority or identity of such person making or giving or purporting to make or give such Instructions and regardless of the circumstances prevailing at the time of the giving of such Instructions or amount of money involved in the Instructions, and notwithstanding any error, misunderstanding, lack of clarity, fraud, forgery or lack of authority in relation thereto. Funderstone Group is entitled to rely on any

Instruction which Funderstone Group reasonably believes to be from an Authorised Person and the Client shall be bound by such communication.

- 5.2 Funderstone Group shall be entitled to treat an Instruction given as provided in Clause 5.1 of Section I as fully authorised by and binding upon the Client. Funderstone Group shall be entitled (but not bound) to act on or take such steps in connection with or in reliance upon such Instruction as Funderstone Group may in good faith consider appropriate, notwithstanding any error or misunderstanding or lack of clarity in the terms of such Instruction.
- 5.3 When Instructions are given by the Client or the Authorised Person by telephone: -
- (a) the Client or the Authorised Person must use the designated telephone number provided by Funderstone Group from time to time (the "**Designated Telephone**"). For the avoidance of doubt, any Instructions given by telephone without using the Designated Telephone, and any Instructions given by messages left at the voicemails of any telephone numbers of Funderstone Group or any personal mobile phone numbers of the employees or agents of Funderstone Group shall not be regarded as valid or effective Instructions to Funderstone Group. Funderstone Group shall not be liable to the Client for any loss whatsoever arising out of or in connection with the Client's or the Authorised Person's failure to comply with the terms of this Clause 5.3(a) of Section I;
 - (b) Notwithstanding the designation of the Designated Telephone and the provisions in Clause 5.3(a) of Section I above, Funderstone Group (but not the Client) has the absolute discretion to accept, act on, carry out or effect any Instructions given by telephone other than using the Designated Telephone (the "**Non-Designated Telephone Instruction**"). If Funderstone Group accepts, acts on, carries out or effects any Non-Designated Telephone Instruction, such Non-Designated Telephone Instruction shall be treated and deemed as an Instruction within the meaning of Section I in all respects and all Funderstone Group's rights, protections, powers and remedies shall be applicable to such Non-Designated Telephone Instruction; and
 - (c) Funderstone Group has no responsibility for any delay, failure, error, interruption or suspension in the transmission or communication of Instructions or information on prices or the mistaken receipt of any Instructions by any other party. Funderstone Group is authorised to act upon any Instructions received by it (regardless of delay, failure, error, interruption or suspension as aforesaid) and Funderstone Group shall not be required to check the accuracy or authenticity of such Instructions with the Client, nor shall Funderstone Group be liable for any losses or costs suffered or incurred by the Client as a result of Funderstone Group acting upon the same. Funderstone Group shall be entitled to require the Client to enter into a further agreement if the Client wishes it to act on telephonic Instruction.
- 5.4 In the case of Instruction by Electronic Trading Facilities, the Client or the Authorised Person must give such Instruction: -
- (a) only by such means and in such manner as Funderstone Group may from time to time designate for the relevant type of Transaction;
 - (b) by use of the suitable Device (if applicable) to obtain access to the designated computer or other systems of Funderstone Group for the relevant type of Transaction; and
 - (c) at the request of Funderstone Group (such request may be represented by electronic image or digitised voice or other electronic form, as the case may be), by inputting the designated number and/or the relevant password and any other information relating to the identity of the Client as may be required by Funderstone Group, as well as the information and details with respect to the Transaction.
- 5.5 The Client recognises and accepts the risks in giving Instructions by telephone or Electronic Trading Facilities including the risk of any Instruction being unauthorised or given by an unauthorised person. The Client accepts the risks in full if the Client chooses to give Instructions by such means.
- 5.6 Once the Client has given an Instruction, it may not be cancelled, varied or amended without Funderstone Group's written consent.
- 5.7 Funderstone Group shall have no responsibility to procure compliance by the Client with any law or

regulation governing the Client's conduct as a fiduciary (if applicable).

- 5.8 If Funderstone Group and/or Funderstone Trading Agent aggregate the Client's order with its own orders or with those of persons connected with Funderstone Group or with those of other clients, Client's Instructions and/or orders will be executed promptly and in priority in accordance with such Instructions. The Transactions executed on behalf of Funderstone Group's clients shall be promptly and fairly allocated to the respective account(s) of such clients.
- 5.9 Where the Client is acting as agent for and on behalf of any other person when giving Instructions to Funderstone Group pursuant to the Agreement, Funderstone Group shall be entitled to treat the Client (rather than any such other person) as its client for all purposes and in relation to all obligations, and the Client will be liable as such. This applies even if the Client is acting on behalf of a person whom the Client has notified Funderstone Group and no such person will be an "indirect client".
- 5.10 The Client understands that Funderstone Group is unable to know whether someone other than the Client has given or entered, or is giving or entering, instructions using the Client's name or the Client's user name or password. The Client shall not permit or allow any other person to have access to the Account for any purpose. The Client shall be responsible for the confidentiality and use of, and any order given or entered with, the Client's name or the Client's user name and password. The Client shall remain responsible for all instructions using the Client's name or the Client's user name and password.
- 5.11 Funderstone Group may accept the digital signature of the Client or the Authorised Person which is supported by a digital certificate tendered to Funderstone Group. The Client agrees that Funderstone Group is entitled to treat such digital signature as the manual signature of the relevant person.
- 5.12 Without prejudice to Clause 23 of Section I, the Client acknowledges that it will be responsible to and will indemnify and keep indemnified Funderstone Group for any loss, costs, fees and expenses arising directly or indirectly out of or in connection with the Instructions and Funderstone Group acting thereon hereunder.

6. Transactions

- 6.1 Funderstone Group has the absolute discretion to select the Market on and through which to route, execute, perform or fulfill the Instructions.
- 6.2 The Client authorises Funderstone Group to instruct such Funderstone Trading Agent, executing brokers, agents, custodians, nominees, overseas brokers and dealers (including branches or associates of Funderstone Group) as Funderstone Group may in its absolute discretion deem fit to execute any Instructions and Transactions, such persons shall have the benefit of all of Funderstone Group's rights, powers and remedies hereunder. The Client acknowledges that the terms of business of such persons and the applicable rules of any relevant Exchange and/or Market and/or Clearing System on and through which such Instructions and Transactions are executed and settled shall apply to such Instructions and Transactions.
- 6.3 All Transactions shall be effected in accordance with all Applicable Laws and Regulations and any laws, rules and regulatory directions of government agencies and statutory bodies of competent jurisdiction applying to Funderstone Group. All actions taken by Funderstone Group in accordance with such laws, rules and directions shall be binding on the Client. In the absence of wilful misconduct or fraud of Funderstone Group, Funderstone Group shall not be liable to the Client as a result of any action or omission taken by Funderstone Group or any of the persons specified in Clause 6.2 of Section I to comply with such laws, rules and directions.
- 6.4 Funderstone Group may post the specification of Securities on Funderstone Website from time to time. The Client acknowledges that it will be responsible to read and fully understand such specification before giving Instructions and shall review such specification regularly to obtain timely notice of any amendment. The Client further acknowledges that such specification and amendment shall be binding on the Client.

- 6.5 By reasons of the environment of or physical restraints on any Exchange, Clearing House or Market and the volatility of price movements, there may, on occasions and despite Funderstone Group's, Funderstone Trading Agent's, executing brokers', overseas brokers' or dealers' reasonable endeavours, be a delay in executing Instruction or dealing at any specific time. The Client accepts that Funderstone Group may not be able to execute the Client's order at the price specified by the Client, and that Funderstone Group may not be able to execute the Client's order at the price quoted at any specific time or "at best", "at the best quoted or posted" or "at market". The Client agrees in any event to accept and be bound by Transactions executed by Funderstone Group following Instructions, and agrees that Funderstone Group shall not be liable for any loss arising by reason of its failing, or being unable, to comply with any terms of an order of the Client.
- 6.6 Where Funderstone Group or the persons specified in Clause 6.2 of Section I are unable to perform any of the Instructions in full, Funderstone Group or such persons are entitled to effect partial performance only without prior reference to or confirmation from the Client. The Client shall be bound by such part of the Instructions so performed by Funderstone Group. Funderstone Group shall not have any obligation or liability whatsoever in respect of such part of the Instructions which has not been performed.
- 6.7 Unless the Client gives specific Instructions to Funderstone Group to the contrary, the Client acknowledges that all Instructions are good for the day only and that, to the extent unfulfilled, they will lapse at the end of the official trading day of the Exchange or Market in respect of which they are given.
- 6.8 In the event that Funderstone Group shall have effected a purchase of any Securities on behalf of the Client which Transaction is recorded in accordance with the SEHK Rules and accordingly recognised by SEHK, and the selling broker (other than Funderstone Group) fails to deliver such Securities on the due date in accordance with the SEHK Rules, the Client shall be responsible for any difference in price and all incidental expenses incurred by Funderstone Group in obtaining such Securities in the open market.
- 6.9 In the event that Funderstone Group and/or Funderstone Trading Agent shall have effected a purchase of any Securities on behalf of the Client which Transaction is recorded in accordance with the Foreign SE Rules and accordingly recognised by a Foreign Stock Exchange, and the selling broker or Funderstone Trading Agent (other than Funderstone Group) fails to deliver such Securities on the due date in accordance with the Foreign SE Rules, the Client shall be responsible for any difference in price and all incidental expenses incurred by Funderstone Group in obtaining such Securities in the open market.
- 6.10 Subject to Applicable Laws and Regulations and applicable Market requirements, Funderstone Group may in its absolute discretion determine the priority in the execution of its clients' orders, having due regard to the sequence in which such orders were received, and the Client shall not have any claim of priority to another client in relation to the execution of any order received by Funderstone Group.
- 6.11 The Client acknowledges that Funderstone Group and/or Funderstone Trading Agent will not accept an Instruction to sell for short account on behalf of the Client. Funderstone Group shall not be responsible to the Client for identifying whether or not an Instruction is to sell for short account. The Client undertakes that it will not give any Instruction to sell for short account and will notify Funderstone Group whenever any sale order relates to a short sale of Securities and such notification shall be given at the same time as notification of the sale order. In case of a "covered" short selling order, the Client must inform Funderstone Group where the Client places a "covered" short selling order and Funderstone Group has the absolute discretion to determine whether or not to accept Instruction to effect such order.
- 6.12 Without prejudice to Clause 23 of Section I, The Client acknowledges that it will be responsible and will indemnify and keep indemnified Funderstone Group for any loss, costs, fees and expenses in connection with the Client's failure to meet its obligations by the settlement dates or to pay any other sum due to Funderstone Group hereunder.
- 6.13 The Client shall pay interest on all overdue balances on the Account or any amount otherwise owing

to Funderstone Group at any time (including interest arising after a judgment debt is obtained against the Client) at such rates and on such other terms as Funderstone Group announced in Funderstone Website and/or notifies the Client from time to time. Interest shall be payable on the last day of each calendar month or forthwith upon demand by Funderstone Group.

- 6.14 The Client acknowledges that all telephone conversations between the Client and Funderstone Group may be taped without an automatic tone-warning device in order to enable Funderstone Group to verify the Instructions. The Client agrees to accept the recordings on relevant tapes as final and conclusive evidence of the contents of the Instructions in case of dispute. Such tapes will always remain the property of Funderstone Group.
- 6.15 The Client acknowledges that the books and records of Funderstone Group in respect of any Instruction or Transaction shall be conclusive evidence (except for manifest error) against the Client in all courts of law and for all purposes. In this connection, a certificate signed by an authorised officer of Funderstone Group as to any matter in respect of any Instruction or Transaction, save for manifest error, shall be conclusive and binding against the Client.
- 6.16 Where Funderstone Group knows of or suspects a breach of security or other suspicious circumstances in respect of or in connection with the operation of one or more of the Accounts or any service to the Client generally, Funderstone Group may, in its absolute discretion and without any liability, refuse to execute or delay the execution of any Instruction and in that event, Funderstone Group will, to the extent possible, inform the Client as soon as practicable.
- 6.17 In the event of death or liquidation of the Client or in the event of the Client being rendered incapable or disabled from managing and administering the Client's property or affairs, then prior to the actual receipt by Funderstone Group of written notice of death, liquidation or incapacity or disability of the Client, Funderstone Group may, but shall not be obliged to, continue to act upon the Instructions given by the Client or the Authorised Person as if the Client were still alive, existing or capable of managing and administering the Client's property or affairs.
- 6.18 Funderstone Group and/or Funderstone Trading Agent may not have access to every Market at which a particular product or Securities may trade. Exchanges or Market makers may fail or refuse to honour their quoted or posted prices. Exchanges may re-route Client's orders out of automated execution systems for manual handling (in which case execution or representation of Client's order may be substantially delayed). Exchange or Market rules, policies, procedures or decisions or system delays or failures may prevent Client's order from being executed, may cause a delay in the execution or performance of the Instruction or may cause the Instruction not to be executed at the best price. In no event shall Funderstone Group be liable to the Client for any action, inaction, decision or ruling of any Exchange, Market, Clearing House or regulatory authority.
- 6.19 If Funderstone Group cannot execute or carry out any Instruction, Funderstone Group may take any other action as Funderstone Group shall think fit. The Client understands that the Client will be responsible for all the consequences or expenses of Funderstone Group in connection with the above and that Funderstone Group will not be liable for any loss that may thereby be incurred.
- 6.20 Funderstone Group may trade or execute trading on its own account or on the account of any associated company of Funderstone Group, even though Funderstone Group may simultaneously hold unexecuted Instructions for the same product or Securities which could be executed at the same price. Any directors, officers or employees of Funderstone Group may trade on his/their own accounts.
- 6.21 Funderstone Group may elect to confirm the execution or cancellation of any Instruction by transmitting a Confirmation in electronic form to the Client via e-mail or through Electronic Trading Facilities, or for security purposes, by posting the Confirmation on the Funderstone Website, with a notification sent to the Client to login and retrieve the Confirmation. The Client agrees to accept electronic form of Confirmations in lieu of printed form of Confirmations.
- 6.22 Confirmations may be subject to delays. The Client understands that Confirmations and reports of Instruction cancellations or Transactions may be erroneous for various reasons, including cancellation, modification or adjustment by the relevant Market or Clearing House. Confirmations are

also subject to change by Funderstone Group, in which case the Client shall be bound by the actual Transaction executed, so long as it is consistent with the Instruction. In the event that Funderstone Group confirms an execution or cancellation in error and the Client unreasonably delays in reporting such error, Funderstone Group reserves the right to require the Client to accept the Transaction, or remove the Transaction from the Account.

- 6.23 The Client agrees to notify Funderstone Group immediately if: (a) the Client fails to receive an accurate Confirmation of an execution or cancellation; (b) the Client receives a Confirmation that is not consistent with the Instruction; (c) the Client receives Confirmation of execution or cancellation of an instruction that the Client did not place; or (d) the Client receives an account statement, Confirmation, or other information reflecting inaccurate Instructions, orders, trades, account balances or positions, funds, margin status, or Transaction history.
- 6.24 The Client understands and agrees that Funderstone Group may adjust the Account to correct any error. The Client agrees to promptly return to Funderstone Group any assets distributed to the Client to which the Client was not entitled.
- 6.25 The Client acknowledges and accepts that neither Funderstone Group nor Funderstone Trading Agent shall be responsible for giving notification in whatsoever manner to the Client informing, notifying or reminding the Client of any information, action, matter relating to and in respect of: (a) the Securities purchased or held by them, (b) Client's rights, interests, obligations attached, incidental, deriving or arising to and from such Securities, and (c) the issuer of such Securities. The Client shall be responsible for reading or obtaining the information, announcements, circular or notices of such Securities and the issuer of such Securities, and taking and doing the necessary actions in relation to and in respect of: (aa) such Securities, (bb) the rights, interests, obligations attached, incidental, deriving or arising to and from such Securities, and (cc) the issuer of such Securities. Funderstone Group shall not be liable for any loss, cost or expense of the Client arising from any failure or delay of Funderstone Group in notifying the Client of the information, action, matter relating to and in respect of: (i) such Securities, (ii) the rights, interests, obligations attached, incidental, deriving or arising to and from such Securities, and (iii) the issuer of such Securities.
- 6.26 In the event that the Client instructs Funderstone Group to deliver the Securities to the Client, Funderstone Group shall make the necessary arrangement and deliver the same to the Client within such period as may be determined by Funderstone Group.

7. Deposits of Money or Funds

- 7.1 The Client shall pay moneys or funds personally to Funderstone Group or deposit directly into the bank accounts designated by Funderstone Group, and the Client shall collect and deposit his share certificates with Funderstone Group in person. Funderstone Group may, at its sole and absolute discretion, refuse to accept deposits of moneys or funds by any person other than the Client or the Authorised Person (the "**Third Party**").
- 7.2 The Client or the Third Party (as the case may be) shall immediately notify Funderstone Group after payment of funds to Funderstone Group by delivering to Funderstone Group the pay-in slips and/or other documentary evidence of such payment accepted by Funderstone Group from time to time (the "**Payment Evidence**") with the Client's name, Account number and signature thereon either by fax or in person within the business hours on the date of deposit for verification. The Client acknowledges and understands that payment of funds to Funderstone Group (whether by the Client or the Third Party) may not be credited to the Account or reflected in any account statement until such notification is received by Funderstone Group.
- 7.3 The Client acknowledges that the Client or the Third Party (as the case may be) is under a duty for the safekeeping of the Payment Evidence before delivering the same to Funderstone Group. Funderstone Group shall not be liable to the Client for any loss whatsoever arising out of or in connection with the Client's or the Third Party's (as the case may be) failure to deliver the Payment Evidence to Funderstone Group in time or at all, or the use of the Payment Evidence by any person other than the Client or the Third Party (whether with or without the instructions or consent of the Client).

- 7.4 The Client shall retain the originals of Payment Evidence for at least three (3) month from the date of deposit. Funderstone Group will send a statement of account to the Client as soon as possible following the deposit for record and verification. If the Client does not receive the relevant statement of account after the deposit, the Client shall immediately inform Funderstone Group.
- 7.5 The Client recognises, understands and accepts the risks in transferring money or funds from its bank account to the designated bank account of Funderstone Group through internet for trading Securities or settlement of Transactions ("**Internet Depositing Money**"). The Client accepts the risks in full and agrees to bear all the risks and undertake all the responsibilities arising therefrom if the Client chooses to transfer moneys or funds by such means. Such risks, duties and responsibilities shall include the following: -
- (a) The Client shall be solely responsible for ensuring that all the relevant procedures, steps, information, Sub-account Number, Bill Payment Number, personal identification number, amount to be transferred and other relevant information for transferring moneys or funds to Funderstone Group had been checked and verified as true, accurate and correct prior to giving any Instruction for Internet Depositing Money. Once an Instruction for Internet Depositing Money has been sent in whatsoever manner, such Instruction may not be amended, revoked, rescinded or withdrawn without Funderstone Group's written consent and will be effectual and valid in favour of Funderstone Group, and shall be absolutely and conclusively binding on the Client. The Client acknowledges that Funderstone Group shall not be liable for any loss, costs, damages, fees and expenses arising out of or in relation to Internet Depositing Money in any circumstances, notwithstanding any error or misunderstanding in giving such Instructions;
 - (b) Funderstone Group shall be entitled to treat Instructions for Internet Depositing Money as fully authorised by and binding upon the Client and shall be entitled to act on or take steps in connection with or in reliance upon such Instructions without inquiry or verification by Funderstone Group of the authority or identity of the person making or giving such Instructions, the relevant circumstances at the material time when such Instructions were given and notwithstanding any error, misunderstanding, fraud, forgery or lack of authority in relation thereto;
 - (c) The Client agrees and accepts that if Funderstone Group receives Instructions for Internet Depositing Money after Funderstone Group's daily prescribed cut-off time, such Instructions shall be treated as received by Funderstone Group on the next Business Day. Funderstone Group shall not, in any circumstances, be liable (including liability for negligence) to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out (directly or indirectly) of or in connection with the aforesaid arrangement; and
 - (d) The Client fully understands and agrees that there may be interruption, delay or lost of Instructions in respect of Internet Depositing Money caused by malfunction of communication network, system malfunction (including technical failure or malfunction of the Electronic Trading Facilities and the Client's System), interferences of program or software or other circumstances. The Client agrees to bear such risks in full and shall be solely responsible for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out (directly or indirectly) of or in connection with Internet Depositing Money.
- 7.6 All deposits of moneys or funds shall have been cleared and actually received by Funderstone Group before such money or funds can be used or applied for the Account.
- 7.7 Without prejudice to Clause 23 of Section I, In the event that the Client shall fail to comply with any part of this Clause 7.7 of Section I, the Client shall be wholly responsible for all Liabilities and obligations whatsoever in connection with the deposit and shall fully indemnify Funderstone Group against all costs, claims, liabilities and expenses directly or indirectly arising out of or in connection therewith.
- 8. Settlement**
- 8.1 The Client shall provide Securities (which are fully paid with valid and good title and in deliverable

form) to Funderstone Group for delivery against sales or provide cleared funds to Funderstone Group for payment of Securities purchased, by the due settlement date or payment date and at such place as Funderstone Group has notified the Client. The settlement date shall be the date on which Funderstone Group received the Securities for the relevant Transaction, and the payment date shall be the date on which Funderstone Group received cleared funds in the currency for the relevant Transaction. Any failure by the Client to provide such Securities or cleared funds to Funderstone Group by the due settlement date or payment date shall entitle Funderstone Group and/or Funderstone Trading Agent, without further notice or demand, to forthwith: -

- (a) borrow and/or buy the Securities required for the delivery at a price as Funderstone Group and/or Funderstone Trading Agent shall in its absolute discretion determine, charge any Account for the cost thereof, deliver the Securities to satisfy the Client's obligations, and credit any Account with the payment received for delivery; or
- (b) accept delivery of the Securities, charge any Account for the payment to satisfy the Client's obligations, transfer and/or sell the Securities at a price as Funderstone Group and/or Funderstone Trading Agent shall in its absolute discretion determine, and credit any Account for the proceeds thereof.

or, in addition or as an alternative to (a) or (b) above, to have recourse to its rights of combination and set-off as set out in Clause 32 of Section I in order to settle the Transactions.

8.2 The Client shall be liable for any Deficit resulting from losses and any cost or expense (including legal costs) incurred by Funderstone Group and/or Funderstone Trading Agent, on a full indemnity basis, related to the purchase and sale of Securities pursuant to Clause 8.1 of Section I.

8.3 The Client irrevocably authorises Funderstone Group to transfer, debit or deduct any money in the Account so as to pay, discharge, satisfy the Liabilities, including the outstanding purchase moneys, fees, charges, expenses, commissions and interests payable by the Client under and pursuant to the Agreement.

9. **Settlement Account**

Funderstone Group is authorised to transfer to the Settlement Account all moneys or funds payable to the Client pursuant to the Agreement. All transfers of moneys or funds payable as aforesaid to the Settlement Account or payment of such moneys or funds pursuant to the Instructions shall be and be deemed good and valid discharge of the obligation hereunder to make such payment to the Client.

10. **Safekeeping of Securities**

10.1 The Client acknowledges that there are risks in leaving Securities in the custody of Funderstone Group and/or Funderstone Trading Agent, and agrees that any Securities held by Funderstone Group, its associated entity or Funderstone Trading Agent for safekeeping may, at Funderstone Group's discretion: -

- (a) (in the case of registrable Securities) be registered in the name of the Client or in the name of Funderstone Group, its nominee or Funderstone Trading Agent; or
- (b) be deposited in safe custody in a designated account of Funderstone Group, its designated account with another institution or Funderstone Trading Agent which provides facilities for the safe custody of Securities and documents relating thereto.

10.2 The Client acknowledges and agrees that Securities from time to time acquired and/or held pursuant to the Agreement through or in a Clearing System shall be held subject to and in accordance with the applicable Clearing Rules.

10.3 The Client hereby appoints Funderstone Group and/or Funderstone Trading Agent as custodian of all such cash and Securities of the Client as are delivered to and accepted by Funderstone Group or any of its sub-custodians and held pursuant to the Agreement. Funderstone Group and/or Funderstone Trading Agent shall be entitled to deposit such cash or Securities with such other company or institution and on such terms as it may deem fit. Such cash or Securities may be co-mingled with

those of other clients (but not with cash or Securities held for Funderstone Group's own account), in which case the Client shall be entitled in common with the other clients to its proportionate share of such cash or Securities or the rights thereto as are held by Funderstone Group and/or Funderstone Trading Agent for the account of its clients.

- 10.4 Subject to Clause 10.7 of Section I, Funderstone Group and/or Funderstone Trading Agent shall as soon as reasonably practicable after having been required to do so by Instructions: -
- (a) procure the registration of any Securities from time to time in the Account in the name of the Client or a person notified by the Client as being the nominee of the Client, or if so instructed, deliver the documents representing or evidencing such Securities to the Client or such nominee whereupon such Securities shall cease to be in the Account; and
 - (b) transfer any sum specified in the Instructions from the Account to the Settlement Account or such bank account of the Client as the Client may advise and such transfer shall be deemed to be a good discharge of the obligation to make payment to the Client.
- 10.5 Any obligation of Funderstone Group and/or Funderstone Trading Agent to deliver, to hold in safe custody or otherwise or to register, in the name of the Client or its nominee, Securities or document evidencing any Securities purchased, acquired or retained by it on behalf of the Client shall be satisfied by the delivery, the holding or registration in the name of the Client or its nominee Securities or equivalent document evidencing such Securities of the same number, class, denomination and nominal amount as, and rank pari passu with, those originally deposited with, transferred to or acquired by Funderstone Group and/or Funderstone Trading Agent on behalf of the Client (subject always to any capital reorganisation which may have occurred in the meantime) and Funderstone Group shall not be bound to deliver or return such original document evidencing such Securities or the Securities being identical with such Securities in terms of number, class, denomination, nominal amount and rights attached thereto.
- 10.6 Where Securities listed in a Foreign Stock Exchange are accepted in Foreign Jurisdictions restricting foreign ownership of Securities, Funderstone Group and/or Funderstone Trading Agent shall have no duty to ascertain the nationality of owner of Securities or whether the Securities deposited are approved for foreign ownership unless specifically instructed by the Client.
- 10.7 The obligations of Funderstone Group and/or Funderstone Trading Agent in Clause 10.4 of Section I shall be subject to the other provisions of the Agreement and to the right of Funderstone Group to require that prior to any withdrawal by the Client, the Client discharges in full all the Liabilities. Funderstone Group may, without notice to the Client, discharge any or all the Liabilities out of monies standing to the credit of any Account prior to implementing any registration or transfer pursuant to Clause 10.4 of Section I or otherwise may require payment thereof to be made by the Client prior to implementing any registration or transfer pursuant to Clause 10.4 of Section I.
- 10.8 The Client hereby expressly waives any or all rights attached to the Client's Securities, including any rights issues, take-over offers, capitalisation issues, exercises of conversion or redemption or subscription rights, voting rights.
- 10.9 Unless otherwise instructed by the Client or its Authorised Persons in writing, Funderstone Group will pay all dividends, distributions, interest, coupons or benefits relating to Securities of the Client into the Securities Account within such period as may be determined by Funderstone Group. If the Securities in respect of which the dividend, distribution, interest, coupons or other benefit accrues form part of a larger holding of identical Securities held by Funderstone Group for other clients, then the Client shall be entitled to the share and proportion of such dividend, distribution, interest, coupons or benefit arising on the larger holding as equals the share or proportion of the Client's holding of Securities to the total larger holding of those Securities.
- 10.10 The Client hereby authorises Funderstone Group, its nominee or Funderstone Trading Agent to take all such actions as may be required to comply with Applicable Laws and Regulations including Clearing Rules, and regulations and rules of Exchange. The Client acknowledges that Funderstone Group, its nominee and Funderstone Trading Agent shall not be liable in respect of any call, instalment or other payment in relation to Securities held by Funderstone Group, its nominee or

Funderstone Trading Agent in any Account.

- 10.11 Funderstone Group, its nominee or Funderstone Trading Agent shall levy charges as determined by Funderstone Group, its nominee or Funderstone Trading Agent from time to time for Funderstone Group's, its nominee's or Funderstone Trading Agent's custodian services together with all costs, expenses and disbursements incurred by Funderstone Group, its nominee or Funderstone Trading Agent in connection with the custodian service provided hereunder. Such charges, costs, expenses and disbursements may be deducted by Funderstone Group from any Account.
- 10.12 Funderstone Group shall provide the Client with statements of the Account on a monthly basis or at such intervals as Funderstone Group shall decide in its absolute discretion. The Client agrees that the Client must examine and verify such statements and will inform Funderstone Group of any mistake, omission, disagreement or unauthorised Transactions within four (4) days from the date the said statement was sent. If the Client fails to do so, the Client shall not be entitled to dispute any Transactions or entry recorded in such statements and accepts such statements as final and conclusive and the same shall be binding on the Client for all purposes. Likewise, Confirmations and all other documents relating to the Account shall be conclusive of the matters stated therein and shall be deemed to have been accepted by the Client if not objected to in writing by the Client within four (4) days from the date the said documents were sent.
- 10.13 Funderstone Group shall issue to the Client copies of contract notes and authorised documents as evidence of execution of Transactions on behalf of the Client within the period from time to time specified under the SFO and the rules of any Exchange. Where several documents relating to a series of Transactions are involved, these will normally be held until the series is completed, when they will be forwarded to the Client. The Client shall upon receipt of such contract notes examine the same and to promptly give notice to Funderstone Group if the Client considers that any details stated therein are incorrect in any respect. If Funderstone Group does not receive such notice from the Client within five (5) Business Days or such longer period as Funderstone Group may agree for this purpose, the Client shall be deemed to have accepted all the transaction details contained therein as true and accurate in all respects.
- 10.14 Any notice to be given by the Client pursuant to Clause 30.1 of Section I shall specify the names of the persons to whom Funderstone Group shall deliver the Securities or monies in the Account. If notice of termination or suspension is given by Funderstone Group, the Client shall, within two (2) Business Days or such longer period as Funderstone Group may agree following the giving of such notice, deliver to Funderstone Group a written notice specifying the names of the persons to whom Funderstone Group shall deliver the Securities or monies in the Account. In either case, Funderstone Group shall deliver such Securities and monies to the persons so specified, after deducting therefrom all Liabilities. If after five (5) Business Days or such longer period as Funderstone Group may agree following the giving of a notice of termination or suspension by Funderstone Group, Funderstone Group does not receive from the Client any written notice as aforesaid, Funderstone Group shall continue to hold such Securities and monies until a written notice as aforesaid is delivered to Funderstone Group, but without being subject to the obligations imposed on Funderstone Group hereunder and the Client is liable for all costs, expenses, fees and charges as imposed by Funderstone Group for such purpose until actual delivery of the Securities and monies to the Client or other person specified by the Client.
- 10.15 Without prejudice to the rights and powers conferred to Funderstone Group under the Agreement and/or the Loan Agreement (if any), Funderstone Group shall not, without the Client's prior written consent, deposit any of the Client's Securities as security for loans or advances or lend or otherwise part with the possession of any such Securities for any purpose.

11. Tax

- 11.1 The Client hereby authorises Funderstone Group or Funderstone Trading Agent to take and do all necessary actions as may be required to comply with Applicable Laws and Regulations in respect of any Taxes arising out of or in connection with any Transaction and/or Securities purchased, sold or held by the Client, including filing of returns, forms and/or other documents as may be required by the relevant Authority in Hong Kong and/or Foreign Jurisdictions, and withholding and/or making payment

of payable Taxes. The Client acknowledges that Funderstone Group shall withhold and/or deduct such payment from any Account to the extent permitted by Applicable Laws and Regulations.

- 11.2 The Client shall at its own costs furnish all necessary documents and/or information to Funderstone Group and/or Funderstone Trading Agent for facilitating Funderstone Group and/or Funderstone Trading Agent to take or do all necessary actions as stipulated in Clause 11.1 of Section I and execute such returns, forms and/or other documents as may be required by the relevant authority or department in Hong Kong and/or Foreign Jurisdictions (as the case may be) upon the request of Funderstone Group.
- 11.3 The Client acknowledges and accepts that neither Funderstone Group nor Funderstone Trading Agent shall be responsible for advising or reminding the Client the due date for payment of Taxes and/or giving any advice on the Taxes payable by the Client. The Client further agrees that neither Funderstone Group nor Funderstone Trading Agent shall be in any way liable for any penalty or charges levied on the Client for late payment of Taxes where such late payment is due to or in connection with the default or negligence of the Client. Without prejudice to Clause 23 of Section I, the Client shall fully indemnify and keep Funderstone Group and Funderstone Trading Agent indemnified on a full indemnity basis against all reasonable costs and expenses which Funderstone Group and/or Funderstone Trading Agent may reasonably incur in making the necessary arrangement for such late payment.
- 11.4 If at any time Funderstone Group considers that it may be required to make a deduction or withholding (the "**Authorised Withholding or Deduction**") for or on account of Taxes imposed under, pursuant or incidental to any Applicable Laws and Regulations that Funderstone Group enters into or have undertaken or is accustomed to comply with or in respect of any Authority or pursuant to any or more of the foregoing as a result of the Client's status or otherwise under and/or arising by reason of U.S. tax laws and regulations, Funderstone Group is entitled to and the Client hereby expressly authorises Funderstone Group to make such Authorised Withholding or Deduction in respect of any sum payable by Funderstone Group to the Client, so that any payment to the Client will be made net of Authorised Withholding and Deduction, and to pay any such Authorised Withholding and Deduction as may be necessary to any Authority (including IRS), or any other person on behalf thereof. If the Client is required by any Applicable Laws and Regulations to make the Authorised Withholding or Deduction, the Client shall promptly pay to Funderstone Group such additional amount as will result in the net amount receivable by Funderstone Group being equal to the full amount which would have been receivable had there been no such Authorised Withholding and Deduction.
- 11.5 The Client agrees and expressly consents that Funderstone Group may gather, store, use, process, disclose, provide, divulge and report to the IRS, any Authority or any other person such information, document and record (including any information, document and record relating to any of the Account and any transaction or dealing with the Client and the personal data of any person who is a direct or indirect beneficial owner, beneficiary or controlling person of the Account or the Client) which Funderstone Group considers may be required, necessary or helpful for Funderstone Group to comply with or subject to under the Applicable Laws and Regulations whether as a result of the Client's U.S. tax status or the status of any beneficial owner of the Account or the Client or otherwise.
- 11.6 The Client agrees to provide Funderstone Group as soon as possible, upon Funderstone Group's request, with:
- (a) any documentation or information relating to the Client's identity and tax status and that of any person who is a direct or indirect beneficial owner, beneficiary or controlling person of the Client (including IRS Forms W-9, W-8BEN and W-8IMY or any other forms from time to time prescribed by the IRS or any Authority);
 - (b) any documentation or information relating to the direct or indirect ownership or holding of any of the Account or any product, service, assistance or support whatsoever provided by Funderstone Group to the Client from time to time; and
 - (c) such written consents and waivers of applicable data protection legislation or other rules or

regulations in a form provided or approved by Funderstone Group from the Client's direct and indirect beneficial owners for the purpose of permitting Funderstone Group to take the actions set forth in Clause 11.5 of Section I.

- 11.7 The Client agrees to inform Funderstone Group as soon as possible, if any of the foregoing information (including information contained in the documentation and forms described above) changes or is inaccurate, and to provide Funderstone Group with updated documentation, forms and information.
- 11.8 If the Client fails to provide Funderstone Group with the information, documentation, forms, consents or waivers as described in Clauses 11.6 and 11.7 of Section I above in a timely and accurate fashion, Funderstone Group shall be entitled to reach whatever conclusions it considers to be appropriate as to the status of any Account or product, service, assistance or support whatsoever provided by Funderstone Group to the Client from time to time and the conclusion so reached shall be final and binding on the Client.
- 11.9 Funderstone Group may at any time terminate or suspend any of the Account without notice or assigning any reason if Funderstone Group determines that it is illegal, unlawful or prohibited by the Applicable Laws and Regulations or is restricted by any economic trade sanctions imposed by any Authority to maintain such Account(s). In such event, Funderstone Group shall be entitled to hold any credit balance (less any Authorised Withdrawal and Deduction) in such Account in a non-interest bearing suspense account pending withdrawal by the Client.
- 11.10 The Client hereby unconditionally and absolutely relinquishes and exonerates Funderstone Group from any liability, claims and demands as a result of or arising from the bona fide exercise of any of the rights or the taking of any steps by Funderstone Group under this Clause 11 of Section I. Without prejudice to any other indemnity provided by the Client to Funderstone Group under the Agreement or any other agreement with Funderstone Group (including Clause 23 of Section I), the Client further agrees to indemnify Funderstone Group against any liabilities, claims, demands, losses, costs, charges and expenses of any kind which Funderstone Group may suffer or incur as a result of the Client providing misleading information, document or records for the purpose of Funderstone Group's compliance with the Applicable Laws and Regulations.

12. Charges and Expenses

- 12.1 The Client shall pay Funderstone Group's, its nominee's or Funderstone Trading Agent's commissions, charges, brokerage or other remuneration as reasonably determined by Funderstone Group in its absolute discretion on all Transactions from time to time and upon all payments to the Client, as well as all applicable levies imposed by any relevant Clearing System or Market and all applicable stamp duties. All such commissions, charges, levies and duties may be deducted by Funderstone Group from any Account.
- 12.2 Without prejudice to Funderstone Group's right to terminate or suspend the Account in accordance with Clause 30 of Section I, Funderstone Group may charge a monthly maintenance fee to be notified by Funderstone Group to the Client on any dormant Account if the Client has no trading activity for no less than six (6) months. Payment of such fees (if any) will be automatically deducted from the Securities Account or any Account.
- 12.3 The Client shall be liable on a full indemnity basis for all fees and expenses of any brokers, agents and nominees including Funderstone Group's nominee engaged in respect of the Account, all applicable levies and/or fees imposed by any relevant Clearing System or Market and other handling costs or expenses incurred in respect of or connected with Transactions, the Account or any receivables or monies held in or for the account of the Account, services rendered to the Client or otherwise.
- 12.4 Funderstone Group may, at its option, withdraw cash from any Account to pay any amounts due to Funderstone Group under the Agreement subject to the Applicable Laws and Regulations.
- 12.5 The Client agrees and authorises Funderstone Group to accept from any brokers and dealers

engaged in Transactions for the account of the Client any rebate or reallowance or soft commission as may be authorised from time to time by the Hong Kong Association of Brokers and/or the rules of any applicable Markets and Clearing Systems on and through which such Transactions are executed and settled provided always that: -

- (a) Funderstone Group and/or its nominee may enter into soft commission arrangements with brokers through which Transactions are executed for the Client. Funderstone Group and/or its nominee will enter into such an arrangement only where the goods or services are of demonstrable benefit to the clients of Funderstone Group and/or its nominee as applicable. In allocating business to the broker concerned Funderstone Group and/or its nominee is under an obligation to ensure that the quality of Transaction execution is consistent with best execution standards and that brokerage rates are not in excess of customary full-service rates. For this purpose, such goods and services may include: research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services and investment-related publications; and
- (b) Funderstone Group and/or its nominee may receive cash or money rebates on Transactions executed for the Account. Such rebates will be retained by Funderstone Group and/or its nominee for their own account absolutely without prior disclosure to Client. If Funderstone Group and/or its nominee retains such rebates it is under an obligation to ensure that brokerage rates are not in excess of customary full service rates.

13. Client's Money

- 13.1 Funderstone Group shall be entitled to deposit all moneys or funds held in the Account and all moneys received for or on account of the Client with or into one or more accounts maintained by Funderstone Group with one or more banks in Hong Kong or elsewhere. Unless otherwise agreed between the Client and Funderstone Group, any interest accrued on such moneys or funds shall belong to Funderstone Group absolutely. The Client hereby expressly waives any or all rights, claims and entitlements whatsoever to such interest.
- 13.2 For the purpose of executing Instructions and/or Transactions in Hong Kong or elsewhere through a Clearing House, Foreign Clearing House or financial institution and/or meeting Funderstone Group's obligations under Applicable Laws and Regulations, the Client hereby authorises and directs Funderstone Group to pay into any trust account maintained by Funderstone Group with any financial institution in Hong Kong or elsewhere, which may or may not be a bank, all amounts (less all brokerage and other proper charges accruing thereon) from time to time received by Funderstone Group for and on behalf of the Client from such Transactions, notwithstanding that any such amounts may be reinvested for or on behalf of the Client.

14. Disclosure

- 14.1 The Client shall immediately on demand supply to Funderstone Group such financial or other information relating to the Client as Funderstone Group may, in its absolute discretion and without giving any reason therefrom, require.
- 14.2 The Client acknowledges that the Market Rules may contain provisions requiring Funderstone Group upon the request of such Market or in certain circumstances to disclose the name, beneficial identity of the Client and such other information concerning the Client as such Market may require. The Client shall immediately on demand supply to Funderstone Group the name, the beneficial identity of the Client and such information concerning the Client as Funderstone Group may require in order for Funderstone Group to comply with the rules and regulations of such Market. The Client agrees that in the event Funderstone Group fails to comply with such disclosure requirement, the relevant authority may require the closing out of positions on behalf of the Client or the imposition of a margin surcharge on the positions of the Client.
- 14.3 Funderstone Group and the Client hereby agree that this Clause 14 of Section I shall continue in effect notwithstanding the termination of this Agreement or suspension of any Account.

15. Lien

- 15.1 Without prejudice and in addition to any general lien, right of set-off or other similar right to which Funderstone Group may be entitled by Applicable Laws and Regulations, the Client agrees, accepts and declares that Retained Properties are subject to a lien in favour of Funderstone Group as continuing security (the "**Lien**") for: (i) the due and punctual performance and fulfillment of all obligations or Liabilities of the Client under the Agreement, and (ii) the payment, repayment, satisfaction and/or discharge on demand of the moneys, funds, indebtedness, obligations and Liabilities (whether past, present or future, or whether absolute or contingent) which are now or at any time hereafter shall be due, owing or incurred from or by the Client or the Client Group Company to or in favour of Funderstone Group under or pursuant to the Agreement, the Loan Agreement (if any), other agreement with Funderstone Group or any other agreement or document, or on any account or in any manner whatsoever (whether alone or jointly with any other person and in whatever name, style or firm) together with interest thereon and legal costs and expenses of Funderstone Group.
- 15.2 The Client shall not, without Funderstone Group's prior written consent, assign, transfer, mortgage, pledge, charge, or create or permit to arise or exist any lien, security or other form of Encumbrances of any nature on or over his right, title, interest and claim in or to any investment products held by Funderstone Group for the account of the Client.
- 15.3 At any time as Funderstone Group shall determine appropriate and/or upon the occurrence (in the sole and subjective judgment of Funderstone Group) of any Event of Default, the Lien shall be immediately enforceable and Funderstone Group, without prejudice to any of the rights or powers of Funderstone Group under the Agreement, the Loan Agreement (if any) or other documents, shall have the right, without notice to the Client, to: (a) appropriate, pay, deduct, transfer or set-off the whole or any part of any funds or moneys comprised in the Retained Properties at any time and from time to time in or towards payment, satisfaction or discharge of any money, fund, indebtedness, obligation or liability secured by the Lien, and/or (b) sell, dispose of, liquidate, transfer, trade or deal with (and Funderstone Group is authorised to do all such things necessary in connection with such sale, disposal, liquidation, transfer, trading or dealing) the Retained Properties or any part thereof (to be selected by Funderstone Group in its absolute discretion) at any time and from time to time either together or in parcels and either by dealings at any broker's board through any Market or by public or private means or in such other manner and for such consideration (whether payable or deliverable immediately or by instalments and whether for cash or other valuable consideration or both) and on such terms and conditions as Funderstone Group shall think fit in its absolute discretion without being in any way liable to the Client for any loss occasioned thereby however arising. Without limiting the generality of the foregoing, Funderstone Group is hereby specifically authorised to dispose of, liquidate, transfer, trade and/or deal with the Account and all Securities comprised in the Retained Properties or held in the Account without notice to the Client.
- 15.4 In any sale, disposal, liquidation, transfer, trading or dealing pursuant to this Clause 15 of Section I or the Agreement, if less than all the Retained Properties are to be sold, disposed of, liquidated or transferred, Funderstone Group shall in its absolute discretion select which part of the Retained Properties are to be sold, disposed of, liquidated, transferred, traded or dealt with at any time and from time to time.
- 15.5 The Client agrees that Funderstone Group shall have the full and absolute right and discretion to determine at what time and day to exercise or enforce its right and power to carry out or execute the sale, disposal, appropriation, liquidation, transfer, trading or dealing pursuant to this Clause 15 of Section I or the Agreement. The Client shall not have any right to claim against Funderstone Group in respect of any loss arising out of any sale, disposal, appropriation, liquidation, transfer, trading or dealing pursuant to the Agreement, howsoever such loss may have been caused, and whether or not a better price or position could or might have been obtained on the sale, disposal, appropriation, liquidation, transfer, trading or dealing of any of the Retained Properties by either deferring or advancing the time or date of such sale, disposal, appropriation, liquidation, transfer, trading or dealing or otherwise howsoever.

16. Client's Representations, Undertakings and Warranties

- 16.1 The Client represents and warrants that the Client is not an officer or employee of the SFC, any Clearing House, Market, Exchange, board of trade, or by any corporation of which any Exchange owns a majority of the share capital, or (unless written consent to such trading is filed with Funderstone Group) employed by a member of any Exchange or by a firm registered on any Exchange.
- 16.2 The Client represents and warrants that for so long as the Client maintains the Account and on the giving of each Instruction: -
- (a) the Client will be the ultimate originator of all Transactions and is dealing on its own account as beneficial owner of the relevant Securities and the Account and that no one other than the Client has any interest in the relevant Securities in or held for the Account;
 - (b) the information provided in the Account Opening Form is true, complete and correct;
 - (c) the Client has or will have good and unencumbered title as beneficial owner to all Securities which the Client instructs Funderstone Group to sell or otherwise dispose of for the Account in accordance with the Agreement and undertakes to deliver such Securities in time for Funderstone Group to comply with the rules of the relevant Exchange applicable thereto;
 - (d) all necessary consents, approvals or authorisations which may be required for the execution of the Agreement and for the carrying out of any Transaction on any Market have been obtained and are in full force and effect;
 - (e) the Client has the authority and power and legal capacity to open the Account and to perform its obligations under the Agreement and the Agreement constitute valid and legally binding obligations of the Client;
 - (f) the Client in entering into this Agreement does not and will not violate or exceed any borrowing or similar limit or other power or restriction granted or imposed by any Applicable Laws and Regulations to the Client;
 - (g) the Agreement, when signed / executed by the Client, will constitute legal, valid and binding obligations of the Client in accordance with the terms therein;
 - (h) all written or oral answers to any questionnaire completed by the Client or any other person or other information provided to Funderstone Group are true, accurate and complete, and Funderstone Group is entitled to rely on such information;
 - (i) the Client will forthwith notify Funderstone Group in writing of any change (material or not) in any of the aforesaid information and such change shall only take effect after receipt of such notice by Funderstone Group, including any change in circumstances which, under the Applicable Laws and Regulations including applicable tax regulations of the United States, may require classification or modification of the Client's status as a "non-U.S. person" and/or cause the Client to acquire the status of a "U.S. person";
 - (j) the Client has determined that trading in Securities is appropriate for the Client, is prudent in all respects, and does not and will not violate any statute, rule, regulation, judgment, or decree, agreement or undertaking to which the Client is subject or bound;
 - (k) the Client is not carrying on any money laundering or terrorist activities. The Transactions are not relating to or in connection with any money laundering or terrorist activities. The moneys, investment or Securities, property and assets in the Account does not arise out of, relating to or in connection with money laundering or terrorists activities; and
 - (l) (applicable where the Client is not a U.S. person at the time of the opening of the Account(s)) the Client is not a U.S. person and will not acquire or hold Securities beneficially owned by or for a U.S. person or in violation of any Applicable Laws and Regulations, and the Client undertakes to notify Funderstone Group in writing forthwith if this is not the case or upon any subsequent change to such status.
- 16.3 The Client represents and warrants that the information provided in any completed Account Opening Form is complete and accurate and that Funderstone Group may rely on information provided in the Account Opening Form until Funderstone Group has received written notice from the Client of any changes therein. The Client shall promptly notify Funderstone Group in writing of any material changes in the information provided pursuant to the Agreement or any agreement entered into pursuant to the Agreement or relating to the Account.
- 16.4 The Client undertakes to Funderstone Group to do or execute any act, deed, document or thing which

Funderstone Group requires the Client to do being in the reasonable opinion of Funderstone Group necessary or desirable in connection with the implementation and enforcement of the Agreement including the execution by the Client of an irrevocable power of attorney appointing Funderstone Group as the lawful attorney of the Client to do and execute all such acts, deeds, documents or things on behalf of the Client as Funderstone Group considers necessary or desirable in connection with such implementation and enforcement.

- 16.5 The Client agrees to do such acts and things and to execute such documents as are necessary or are in the reasonable opinion of Funderstone Group desirable to ratify or confirm anything done by Funderstone Group, its nominee, subsidiary or associated company, or any other entity instructed by any of them in the proper exercise of any right or power conferred by the Agreement or any agreement entered into pursuant to the Agreement or relating to the Account.
- 16.6 If the Client is a corporation, the Client represents, warrants and undertakes with Funderstone Group that: -
- (a) the Client is duly incorporated, validly existing and in good standing under the laws of its place of incorporation and has full power and authority to conduct the business and operations which it now conducts or proposes to conduct, and the business under the Agreement, and to own, acquire or hold Securities, property and assets;
 - (b) the Client has full power and authority to enter into, sign and execute the Agreement, to perform and fulfill its duties and obligations under the Agreement, and to carry out any Transaction on any Market under the terms of the constitutional document(s) by which the Client is established or constituted;
 - (c) the specimen signature(s) on the Account Opening Form is/are the genuine signature(s) of the authorised signatory(ies) whom is/are duly authorised by the board of directors of the Client, and that Funderstone Group shall dispense with making enquiries, verification or investigation in relation to the authorisation of such signature(s);
 - (d) all necessary corporate and other action have been taken, and all necessary shareholder and other consent have been given to authorise the entering, signing, execution, performance and fulfillment of the Agreement. The Agreement when signed or executed by the Client will constitute valid and legally binding obligations of the Client;
 - (e) the Client is not carrying on any money laundering or terrorist activities. The Transactions are not relating to or in connection with any money laundering or terrorist activities. The moneys, investment, Securities, property and assets in the Account does not arise out of, relating to or in connection with money laundering or terrorists activities;
 - (f) the financial statement and accounts of the Client supplied to Funderstone Group has been prepared in accordance with accounting policies consistently applied, and present a true, fair and accurate view on the operation of the Client for the relevant accounting period and the financial position of the Client at the end of such accounting period;
 - (g) the certified copies of resolutions provided by the Client to Funderstone Group with the Agreement were duly passed at a meeting of its directors duly convened and held on or prior to the date of the Account Opening Form in accordance with its constitutional documents and were entered in its minutes book and are in full force and effect; and
 - (h) without prejudice to Clause 23 of Section I, the Client shall absolve and exonerate Funderstone Group from all blames and liabilities and shall indemnify Funderstone Group against all losses, damages, liabilities, claims, demands and costs arising out or in respect or as a result of Funderstone Group agreeing to accept and act on the said resolutions as effectively and duly passed and the said signature(s) as genuine and to dispense with making enquiries in relation thereto.
- 16.7 Where the Client effects Transactions for the account of its clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching Transactions as principal with its clients, the Client hereby agrees that where Funderstone Group has received an enquiry from the Hong Kong Regulators, the following provisions shall apply: -
- (a) subject as provided below, the Client shall, immediately upon request from Funderstone Group (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators (i) the information on the identity, address, occupation,

contact and other details of its client for whose account the Transaction was effected; (ii) the person or entity (legal or otherwise) ultimately responsible for originating the Instruction to effect the relevant Transaction; and (iii) the person or entity (legal or otherwise) that stands to gain the commercial or economic benefit of the relevant Transaction and/or bear its commercial or economic risk;

- (b) if the Client effects the Transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall immediately upon request from Funderstone Group (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators of the name of the relevant scheme, account or trust and, if applicable, the identity, address, occupation, contact and other details of the person who, on behalf of the scheme, account or trust, ultimately originates the Instruction to effect the relevant Transaction;
- (c) if the Client is acting as an investment manager for any collective investment schemes, discretionary accounts or trusts, the Client shall immediately inform Funderstone Group when any Transactions in which the Client's investment discretion to invest on behalf of the scheme, account or trust is overridden. In the case where the Client's investment discretion is overridden, the Client shall immediately upon request by Funderstone Group (which request shall include the relevant contact details of the Hong Kong Regulators) inform the Hong Kong Regulators of the identity, address, occupation and contact details of the person(s) who has or have ultimately originated the Instruction to effect the Transaction;
- (d) if the Client is aware that its client is acting as intermediary for its underlying clients, and the Client does not know the identity, address, occupation and contact details of the underlying clients for whom the Transaction was effected, the Client confirms that: -
 - (i) it has arrangements in place with its client which entitle the Client to obtain the information set out in paragraphs (a), (b) and/or (c) above from its client immediately upon request or procure that it be so obtained; and
 - (ii) it will, on request from Funderstone Group in relation to a Transaction, promptly request the information set out in paragraphs (a), (b) and/or (c) above from its client on whose instructions the Transaction was effected, and provide the information to the Hong Kong Regulators as soon as it received from its client or procure that it be so provided;
- (e) the Client confirms that, where necessary, it has obtained all relevant consents or waivers from its clients, collective investment schemes, discretionary accounts or discretionary trusts for whose account Transactions may be effected and (where appropriate) complied with the requirements of the Personal Data (Privacy) Ordinance such that it is able to release information to the Hong Kong Regulators of the identity and contact details of such clients, collective investment schemes, discretionary accounts or discretionary trusts, and of the person(s) with the ultimate beneficial interest in any such Transaction, and (if different from the Client/ultimate beneficiary) of the person(s) who originated the Transaction;
- (f) the Client agrees and undertakes to provide the client identity information set out in paragraphs (a), (b) and/or (c) above direct to the Hong Kong Regulators within two (2) Business Days of written request from Funderstone Group (which request shall include the relevant contact details of the Hong Kong Regulators);
- (g) for any intermediary in a jurisdiction with client secrecy laws, the Client confirms that agreements have been entered into by the Client's ultimate clients that waive the benefit of the secrecy laws in respect of providing the client identity information to the Hong Kong Regulators; and such agreements are binding under the relevant law; and
- (h) Funderstone Group and the Client hereby agree that the provisions of this Clause 16.7 of Section I shall continue in effect notwithstanding the termination of the Agreement or suspension of any Account.

16.8 Where the Client effects Transactions for the account of its clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching Transactions as principal with its clients, the Client hereby agrees that where Funderstone Group has received an enquiry from the Foreign Regulators, the following provisions shall apply: -

- (a) subject as provided below, the Client shall, immediately upon request from Funderstone Group (which request shall include the relevant contact details of the Foreign Regulators), inform the Foreign Regulators (i) the information on the identity, address, occupation, contact

and other details of its client for whose account the Transaction was effected; (ii) the person or entity (legal or otherwise) ultimately responsible for originating the Instruction to effect the relevant Transaction; and (iii) the person or entity (legal or otherwise) that stands to gain the commercial or economic benefit of the relevant Transaction and/or bear its commercial or economic risk;

- (b) if the Client effects the Transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall immediately upon request from Funderstone Group (which request shall include the relevant contact details of the Foreign Regulators), inform the Foreign Regulators of the name of the relevant scheme, account or trust and, if applicable, the identity, address, occupation, contact and other details of the person who, on behalf of the scheme, account or trust, ultimately originates the Instruction to effect the relevant Transaction;
- (c) if the Client is acting as an investment manager for any collective investment schemes, discretionary accounts or trusts, the Client shall immediately inform Funderstone Group when any Transactions in which the Client's investment discretion to invest on behalf of the scheme, account or trust is overridden. In the case where the Client's investment discretion is overridden, the Client shall immediately upon request by Funderstone Group (which request shall include the relevant contact details of the Foreign Regulators) inform the Foreign Regulators of the identity, address, occupation and contact details of the person(s) who has or have ultimately originated the Instruction to effect the Transaction;
- (d) if the Client is aware that its client is acting as intermediary for its underlying clients, and the Client does not know the identity, address, occupation and contact details of the underlying clients for whom the Transaction was effected, the Client confirms that: -
 - (i) it has arrangements in place with its client which entitle the Client to obtain the information set out in paragraphs (a), (b) and/or (c) above from its client immediately upon request or procure that it be so obtained; and
 - (ii) it will, on request from Funderstone Group in relation to a Transaction, promptly request the information set out in paragraphs (a), (b) and/or (c) above from its client on whose instructions the Transaction was effected, and provide the information to the Foreign Regulators as soon as it received from its client or procure that it be so provided;
- (e) the Client confirms that, where necessary, it has obtained all relevant consents or waivers from its clients, collective investment schemes, discretionary accounts or discretionary trusts for whose account Transactions may be effected and (where appropriate) complied with the requirements or regulations for protecting the privacy of personal data such that it is able to release information to the Foreign Regulators of the identity and contact details of such clients, collective investment schemes, discretionary accounts or discretionary trusts, and of the person(s) with the ultimate beneficial interest in any such Transaction, and (if different from the Client/ultimate beneficiary) of the person(s) who originated the Transaction;
- (f) the Client agrees and undertakes to provide the client identity information set out in paragraphs (a), (b) and/or (c) above direct to the Foreign Regulators within two (2) Business Days of written request from Funderstone Group (which request shall include the relevant contact details of the Foreign Regulators);
- (g) for any intermediary in a jurisdiction with client secrecy laws, the Client confirms that agreements have been entered into by the Client's ultimate clients that waive the benefit of the secrecy laws in respect of providing the client identity information to the Foreign Regulators; and such agreements are binding under the relevant law; and
- (h) Funderstone Group and the Client hereby agree that the provisions of this Clause 16.8 of Section I shall continue in effect notwithstanding the termination of the Agreement or suspension of any Account.

16.9 The Client agrees and undertakes to report any loss or theft of the Client's user name and/or password, or any unauthorised access to the Account immediately.

17. **Default**

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

- (a) at any time when Funderstone Group shall, in its sole discretion, consider it necessary for the

- protection of Funderstone Group;
- (b) the Client fails or refuses to pay or settle any outstanding amount, money, fund, purchase price or other payment becoming due or payable under the Agreement or any other agreement with Funderstone Group;
 - (c) the Client fails or refuses to settle or pay any outstanding amount, money or Deficit on any of the Account;
 - (d) the Client violates or fails to perform on a timely basis any term, undertaking, agreement, covenant or condition on its part to be performed under the Agreement;
 - (e) the Client fails to submit to Funderstone Group any documents or deliver any Securities to Funderstone Group, when called upon to do so or on the due date;
 - (f) the Client fails to observe any by-laws, rules and regulations of the appropriate Market or Clearing House;
 - (g) the Client fails or refuses to discharge, pay, satisfy or perform any of the Client's obligations, indebtedness or Liabilities under the Agreement or any other agreement with Funderstone Group;
 - (h) breach, refusal, failure or default of or by the Client in complying with, fulfilling, performing or observing any terms or conditions of the Agreement or any other agreement with Funderstone Group;
 - (i) any representation or warranty made in the Agreement or in any document delivered to Funderstone Group being or becoming incomplete, untrue or incorrect;
 - (j) any consent or authorisation required by the Client to enter into the Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
 - (k) the filing or commencement of a petition or application in bankruptcy, liquidation or winding up, petition or application for the appointment of a receiver, or the commencement of other similar proceedings against the Client;
 - (l) the Lien or any security created or any part thereof respectively in relation to the Client's obligations, indebtedness or Liabilities under the Agreement and/or the Loan Agreement (if any) being avoided or discontinued;
 - (m) any deterioration or impairment (in Funderstone Group's opinion) or any decline or depreciation (in Funderstone Group's opinion) in the value or market price (whether actual or reasonably anticipated) of the Retained Properties or any security or any part thereof respectively;
 - (n) the levying of attachment or charge against any Account;
 - (o) any third party asserts a claim, right or interest in respect of any moneys or funds in any Account;
 - (p) the Client takes advantage of any bankruptcy, liquidation, reorganisation, moratorium, insolvency or similar law or makes or proposes to make any arrangements or compositions for the benefit of any of the Client's creditors, or is the subject of any order, judgment or decree entered by any court providing for the winding up, reorganisation, liquidation or appointment of a liquidator, trustee in bankruptcy or receiver of the Client or a substantial part of the Client's business or assets;
 - (q) the Client becomes insolvent or dissolved for any reason whatsoever, merges or becomes consolidated with any non-affiliated party, or sells all or a substantial portion of the Client's business or assets;
 - (r) the death, liquidation or judicial declaration of incompetence of the Client;
 - (s) any action or proceeding is commenced or any claim or demand is made by any person against the Client in connection with any matter herein contained or the Retained Properties or any part thereof or against Funderstone Group in connection with any matter herein contained or the Retained Properties or any part thereof;
 - (t) any adverse change (in the sole and subjective opinion of Funderstone Group) in the corporate structure, business, assets, financial condition, and general condition or prospects of the Client;
 - (u) at any time when Funderstone Group and/or Funderstone Trading Agent is or becomes under any obligation imposed by any relevant Exchange and/or Market and/or Clearing House and/or broker or any Applicable Laws and Regulations to do any of the acts mentioned in this Clause 17 of Section I; and
 - (v) the occurrence of any event which, in the sole and subjective opinion of Funderstone Group, may or shall jeopardize, prejudice or affect any of the rights, interests or benefits of Funderstone Group.

- 17.2 If an Event of Default (in the sole and subjective judgment of Funderstone Group) occurs, then all amounts owing by the Client to Funderstone Group shall become immediately payable on demand, and interest will accrue, at the rate specified in Clause 6.13 of Section I, on the amounts outstanding from time to time, the further performance by Funderstone Group of any of its outstanding obligations to the Client under the Agreement (whether for payment of money or otherwise) shall be conditional upon the Client having fully discharged all its obligations to Funderstone Group under the Agreement, and Funderstone Group shall be entitled at their absolute discretions, without further notice or demand and in addition to and without prejudice to any other rights or powers conferred under the Agreement and/or the Loan Agreement (if any), to forthwith: -
- (a) satisfy any obligations the Client may have to Funderstone Group (either directly or by way of guarantee or other security) by selling, realizing or otherwise dealing with, in such manner as Funderstone Group in its absolute discretion may determine, all or part of any property or assets held by Funderstone Group for any purpose in any of the Accounts, and to apply the proceeds in reduction of all or part of any Liabilities;
 - (b) take such action or do such act, matter or thing as it shall consider necessary or desirable to comply with or to perform, cancel or satisfy any obligations of Funderstone Group to the Client or any obligations of the Client and/or Funderstone Group and/or Funderstone Trading Agent to the relevant Exchange and/or Market and/or Clearing House and/or broker, as the case may be, in respect of any outstanding Transaction;
 - (c) set-off, combine or consolidate any of the Accounts or any obligations of Funderstone Group to the Client under the Agreement against any obligations of the Client to Funderstone Group under the Agreement;
 - (d) suspend Funderstone Group's obligations to perform pursuant to the Agreement;
 - (e) revise, change, withdraw, stop or cancel the facilities, advances, credits or loans made or granted to the Client, or any part thereof respectively;
 - (f) enforce the Lien and/or the security constituted or created under and pursuant to the Loan Agreement (if any);
 - (g) liquidate any Account;
 - (h) where applicable, sell any Securities in the Securities Account and/or any Account;
 - (i) where applicable, buy Securities previously sold as a short sale in the Securities Account and/or any Account;
 - (j) liquidate or terminate any open contract held by Funderstone Group on behalf of the Client, and make or take delivery of the Securities in respect of such contract;
 - (k) borrow or purchase any Securities required to make delivery on behalf of the Client;
 - (l) exercise any options held by Funderstone Group on behalf of the Client;
 - (m) transfer in, transfer out, settle, clear all or any Securities;
 - (n) call upon or enforce any security which may have been issued, made or created in favour of Funderstone Group as security for the Client's obligations, indebtedness or Liabilities under the Agreement;
 - (o) exercise the right of offset and combination in respect of any Account;
 - (p) exercise any or all the rights and powers of the Lender (if any) and/or Funderstone Group under the Loan Agreement (if any) and/or the Agreement;
 - (q) cancel any or all outstanding instructions, orders or any other commitments made on behalf of the Client;
 - (r) take any actions, or do any acts, matters or things as authorised, instructed, directed, appointed or empowered under the Loan Agreement (if any) and/or the Agreement;
 - (s) take such actions, or do such acts, matters or things as Funderstone Group shall think fit in relation to the Retained Properties and/or the Charged Properties (if any); and/or
 - (t) take or not to take any actions, or do or not to do any acts, matters or things as the Lender (if any) and/or Funderstone Group shall think fit.
- 17.3 Any sale, purchase, transfer, trading, disposal, dealing, settlement and/or clearing of any Securities and/or property and/or assets shall be made according to the judgment of and at the discretion of Funderstone Group. In all cases, a prior demand or call, or prior notice of the time or place of sale, purchase, transfer, trading, disposal, dealing, settlement and/or clearing shall not be considered as waiver of the right of Funderstone Group herein provided.

- 17.4 Funderstone Group may at its absolute discretion apply the net proceeds (after deduction of all fees, costs and expenses incurred in connection with the exercise of the powers conferred on Funderstone Group by this Clause 17.4 of Section I) actually received by Funderstone Group pursuant to the exercise of powers under this Clause 17.4 of Section I in reduction of the Liabilities in such order or manner as Funderstone Group considers fit.
- 17.5 Funderstone Group shall have absolute discretion in all matters relating to the exercise of its rights under this Clause 17.5 of Section I, and may sell any Securities on a single or collective basis. The Client hereby waives all claims and demands (if any) against Funderstone Group in respect of any loss, involuntary or otherwise, directly arising from the exercise by Funderstone Group of the powers conferred by this Clause 17.5 of Section I, howsoever such loss may have been caused (other than through wilful default of Funderstone Group, or the reckless disregard of the obligations of Funderstone Group under this Clause 17.5 of Section I), whether in relation to the timing or manner of the exercise of such powers or otherwise.
- 17.6 If an Event of Default (in the sole and subjective judgment of Funderstone Group) occurs, then the Agreement may be terminated or any Account may be suspended by Funderstone Group forthwith without notice to the Client. Any such termination or suspension shall be without prejudice to the accrued rights and obligations of the Parties contained in any provision hereof which shall remain in full force and effect and shall be enforceable notwithstanding such termination or suspension.
- 17.7 The Client shall be liable for any Deficit that may exist after Funderstone Group has exercised any or any combination of rights in this Clause 17.7 of Section I, and any cost or expense (including legal costs) incurred by Funderstone Group, on a full indemnity basis, related to such exercise.
- 17.8 On the exercise of the rights of Funderstone Group under this Clause 17.8 of Section I, Funderstone Group shall not be obliged to deliver to the Client any Securities, property or assets, or any money or fund due to the Client until the Client's obligations, indebtedness and Liabilities under the Agreement have been fully paid, satisfied or discharged.
- 17.9 Funderstone Group shall be entitled at all times to employ debt collecting agent(s) to collect any sum due but unpaid by the Client hereunder and for doing so, Funderstone Group may and is hereby authorised to disclose to such agent(s) any or all information available in relation to the Client and Funderstone Group shall not be liable or responsible (whether in contract or tort) for such disclosure or for any default negligence act conduct misconduct and/or deeds of such agent(s). Without prejudice to Clause 23 of Section I, the Client is hereby warned that the Client shall indemnify and keep Funderstone Group indemnified on a full indemnity basis against all reasonable costs and expenses which Funderstone Group may reasonably incur in employing debt collecting agent(s).

18. Client's Responsibility for Disclosure of Interests

- 18.1 The Client's attention is drawn to the provisions of the SFO and the obligations therein to disclose certain shareholdings including corporate and family interests. Other disclosure obligations may arise under legislation of other jurisdictions or the rules and regulations of a Market.
- 18.2 Funderstone Group acts as a licensed corporation and is not responsible for advising the Client of any such obligations generally or any obligation that may arise from any Instruction or which has arisen as a result of any Transaction or from any holding or otherwise. Such obligations of disclosure are personal obligations of the Client. Funderstone Group shall not be obliged to give notice of holdings of the Client in any form or by any time limit for such purpose save any notice or statement to be issued as expressly set out in the Agreement. Funderstone Group shall not be liable for any loss, cost or expense of the Client from any failure or delay by the Client or any other person to disclose in accordance with any such obligation nor any delay or default in notification to the Client as to the carrying into effect of any Instructions and without prejudice to Clause 23 of Section I, the Client shall indemnify Funderstone Group for any loss, cost or expense arising from any such failure, delay or default.

19. Trading Recommendation

The Client acknowledges and agrees that: (a) the Client assumes full responsibility for all trading decisions in the Account and, unless Funderstone Group has expressly agreed otherwise, all trading, dealing or Transactions in the Account, and Funderstone Group and/or Funderstone Trading Agent is responsible only for the execution, clearing, and carrying out of the Instructions; (b) Funderstone Group has no responsibility or obligation regarding any conduct, action, representation or statement of any introducing firm, trading advisor or other third party in connection with the Account or any trading, dealing or Transaction therein; and (c) any advice or information by Funderstone Group, its directors, employees or agents, whether or not solicited, is provided to the Client for the Client's information and reference only and shall not constitute an offer to enter into any Transaction or be taken by the Client or any person as soliciting the sale of or recommending any financial product to the Client and Funderstone Group shall be under no liability whatsoever in respect of such advice or information.

20. Disclaimer

20.1 Neither Funderstone Group nor any of its directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for any direct, indirect or consequential loss, expense or damages suffered by the Client as a result of: -

- (a) Funderstone Group and/or Funderstone Trading Agent acting or relying on any Instruction whether or not such Instruction was given following any recommendation, advice or opinion given by Funderstone Group, Funderstone Trading Agent and/or any of their respective directors, employees or agents; or
- (b) Funderstone Group's and/or Funderstone Trading Agent's delay or failure to perform or execute the Instruction or their respective obligations hereunder by the following reasons: (i) any disruption, breakdown, malfunction or failure of transmission, communication or computer facilities (including the Electronic Trading Facilities and Client's System), (ii) any postal or other strikes or similar industrial action, (iii) any disruption, closure, breakdown or failure of any relevant Exchange and/or Market and/or Clearing House and/or Clearing System and/or broker and/or any other person or firm or company whatsoever, (iv) any prevailing Market conditions, or (v) any action of government, governmental agency, any relevant Exchange, Market and/or Clearing House; and/or
- (c) any default negligence act omission conduct misconduct breach and/or deeds of/by (i) Funderstone Trading Agent; and (ii) executing brokers, agents, custodians, nominees, overseas brokers and dealers that are not branches or associates of Funderstone Group.

20.2 Without limiting the generality of Clause 20.1 of Section I, neither Funderstone Group nor any of its directors, employees or agents shall have any liability whatsoever for any direct, indirect or consequential loss, expense or damages suffered by the Client (including losses and liabilities resulting from Transactions executed by any brokers or dealers) unless due to fraud or wilful default on the part of Funderstone Group.

21. Client Information

21.1 The Client shall provide such information as Funderstone Group may from time to time request, such information shall include financial data concerning the Client at the Client's own costs. Failure to supply such information may result in Funderstone Group being unable to open or continue the Account or establish, continue or provide services in relation to the Transactions.

21.2 The Client authorises Funderstone Group to disclose, provide or transmit to Funderstone Trading Agent all or any part of the information provided by the Client to Funderstone Group for the purpose of effecting the relevant Transaction as instructed by the Client.

21.3 The Client agrees to promptly (a) furnish appropriate financial statements to Funderstone Group; (b) disclose to Funderstone Group any material change in the financial position of the Client; (c) furnish such other information concerning the Client as Funderstone Group may reasonably request; (d) notify Funderstone Group in writing if any of the representations contained in the Agreement cease to be true, accurate and correct in any respects and (e) notify Funderstone Group of the occurrence of any Event of Default upon its occurrence.

22. Use of Client Information

- 22.1 The Client acknowledges that the Applicable Laws and Regulations (including the Market Rules) on which Funderstone Group enters into Transactions with or for and on behalf of the Client may require the disclosure of information relating to the Client and/or the Accounts. The Client hereby irrevocably authorises Funderstone Group, without notice or consent from the Client, to disclose to and provide the relevant authorities with all such information and documents of the Clients as may be required for such purpose, including the name and identity of the Client or the ultimate beneficial owner of the Account, and the financial position of the Client as may be known to Funderstone Group. The Client shall not hold Funderstone Group liable for any consequences arising from such disclosure, and the Client shall reimburse Funderstone Group on demand for all costs and expenses (including legal costs) incurred by Funderstone Group in complying with requests for such disclosure.
- 22.2 Funderstone Group will keep information relating to the Client and the Account confidential, but is authorised to use such information for the following purposes including: (a) the daily operation of the Account and the services provided to the Client; (b) conducting credit enquiries on the Client; (c) ensuring ongoing credit worthiness of the Client; (d) designing and marketing services or related products; (e) collection of amounts outstanding from the Client and those providing security for the Client's obligations; (f) make disclosure under the requirements of any laws binding on Funderstone Group; and (g) purposes relating thereto. Funderstone Group may provide any such information to the following persons including (i) its auditors, legal advisers, brokers or dealers instructed by Funderstone Group on behalf of the Client, (ii) the SEHK or any regulatory bodies, (iii) any Market in which Securities are traded for the Account, (iv) any Authority (including the Hong Kong Regulators and the Foreign Regulators) to comply with their requirements or requests for information, (v) any employee, agent, contractor, sub-contractor or third party service provider who provides administrative, telecommunications, computer, payment, clearing or other services to Funderstone Group in connection with the operation of its business; and (vi) any other person under a duty of confidentiality to Funderstone Group. Funderstone Group shall not be liable in any way to the Client for any disclosure made pursuant to this Clause 22.2 of Section I.
- 22.3 Where the Client is an individual, the Client agrees to be bound by Schedule 3, and to the use of the Client's personal data in the manner specified in the said Notice.
- 22.4 Under and in accordance with the Personal Data (Privacy) Ordinance, any individual: (a) has the right to check whether Funderstone Group holds data about him and the right of access to such data; (b) has the right to require Funderstone Group to correct any data relating to him which is inaccurate; and (c) has the right to ascertain Funderstone Group's policies and practices in relation to data and to be informed of the kind of personal data held by Funderstone Group.
- 22.5 Funderstone Group may, whether during the continuance or after the termination of the Agreement or suspension of any Account, without notice to the Client, disclose to Funderstone Group or any agent, or to any actual or proposed assignee or participant or sub-participant or transferee of any of Funderstone Group's rights or obligations under the Agreement, any information relating to the Client.
- 22.6 Funderstone Group intends to use and/or transfer the Client's data to Funderstone Group for direct marketing purpose and Funderstone Group require the consent (including an indication of no objection) of the Client. For the aforesaid purpose, consent is hereby given by the Client on such use and transfer. The Client's name, contact details, financial background and statistical data held by Funderstone Group from time to time may be used by Funderstone Group in direct marketing of: (i) financial services and investment products; (ii) related promotional schemes; (iii) financial and investment advices; or (iv) promotional and marketing events of Funderstone Group for the aforesaid services or products until Funderstone Group receive Client's objection or requirement to cease such use or transfer through the prescribed channel.

23. Liability and Indemnity

- 23.1 The Client shall indemnify and keep indemnified Funderstone Group and its directors, officers, delegates, agents, employees, nominees, correspondents or representatives ("**Indemnified Persons**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments,

suits, costs, legal expenses and other expenses or disbursements of any kind or nature whatsoever (including, all reasonable costs, charges and expenses incurred in disputing or defending any of the foregoing) (other than those resulting from fraud or wilful default on the part of Funderstone Group) which may be imposed on, incurred by or asserted against any of the Indemnified Persons directly or indirectly arising out of or in connection with: -

- (a) the performance or exercise of their duties or discretion under the Agreement arising out of or in connection with the default or breach by the Client of any provision of the Agreement or any of the Client's obligations to Funderstone Group, whether by act or omission of the Client;
- (b) any representation or warranty by the Client becoming untrue or inaccurate, including any costs incurred by any of the Indemnified Persons in the collection of debts owed by the Client to any of the Indemnified Persons;
- (c) any non-compliance of the Applicable Laws and Regulations in relation to the Client and/or any Account;
- (d) anything done or omitted pursuant to any Instruction, anything lawfully done or omitted by Funderstone Group, any Transaction entered into by Funderstone Group on behalf of the Client, or any action by Funderstone Group in accordance with the Agreement;
- (e) any act or omission of the Authorised Person; and/or
- (f) a purchaser or any other person by reason of any defect in the title of the Client to the Securities.

23.2 The Client also agrees to pay promptly to Funderstone Group all damages, costs and expenses (including legal costs and expenses on a full indemnity basis) incurred by Funderstone Group in the enforcement of any of the provisions of the Agreement.

23.3 The Client further agrees that Funderstone Group is entitled to withhold, retain or deduct such portion from the Client's assets in the possession or control of Funderstone Group or such amount(s) from any Account as Funderstone Group determines to be sufficient to cover any amount which may be owed by the Client under this Clause 23 of Section I.

23.4 The Client undertakes to assist Funderstone Group in any proceedings or investigations arising in any matter out of or in connection with the compliance with the requirements under the Applicable Laws and Regulations. In such case, Funderstone Group will notify the Client when Funderstone Group become aware of such proceedings to be extent permissible under the Applicable Laws and Regulations.

23.5 The Client shall continue to be bound by this Clause 23 of Section I despite the Client ceasing to be the holder of any Account.

23.6 This Clause 23 of Section I shall survive the termination of the Agreement or suspension of any Account.

24. Funderstone Group's Interests

24.1 The Client acknowledges and agrees that when Funderstone Group effects any Transaction for the Client, Funderstone Group, its nominees, subsidiaries or associated companies, their respective directors, officers, employees and/or agents may have an interest, relationship or arrangement that is material in relation to such Transaction. The Client agrees that subject to any Applicable Laws and Regulations (including the SFO), Funderstone Group may, notwithstanding any such interest, relationship or arrangement, effect Transactions for the Client with or through any of its nominees, subsidiaries or associated companies, and Funderstone Group, its nominees, subsidiaries or associated companies may: -

- (a) be the counterparty as principal for its own account in respect of any such Transactions;
- (b) effect Transactions in circumstances when it, any of its nominees, subsidiaries or associated companies has a position in the Securities or is involved with those Securities as underwriter, sponsor or otherwise;
- (c) match the Client's orders with those of other clients of Funderstone Group; or
- (d) take the opposite position to the Client's order, whether on Funderstone Group's own account

or for the account of other clients of Funderstone Group.

24.2 In the absence of fraud or wilful misconduct on the part of Funderstone Group, Funderstone Group shall not be liable to the Client for any claims against Funderstone Group, or any of its nominees, subsidiaries or associated companies in relation to any Transaction referred to in Clause 24.1 of Section I including any claims to the effect that Funderstone Group, any of its nominees, subsidiaries or associated companies shall account to the Client for any emoluments, commissions, profits or any other benefits whatsoever earned or received by Funderstone Group, any of its nominees, subsidiaries or associated companies in relation to any such Transactions.

25. Suitability

25.1 Unless Funderstone Group expressly agrees in writing to the contrary, no representation or warranty, express or implied, is given by Funderstone Group as to the value or suitability for the Client of any Transaction entered into by the Client.

25.2 The Client hereby acknowledges that any information communicated to the Client by Funderstone Group, although obtained from sources believed by Funderstone Group to be reliable, has not been independently verified by Funderstone Group and may be incomplete, inaccurate or changed without notice to the Client. The Client acknowledges that any such information is provided by Funderstone Group to the Client for its information and reference only and is not intended as investment advice or for trading or other purposes. Funderstone Group makes no representation, warranty or guarantee with respect to the sequence, accuracy, truth, reliability, adequacy, timeliness, completeness or correctness of such information. Funderstone Group shall have no responsibility or liability whatsoever in respect of any information given, or views expressed by them or any of their directors, officers, employees or agents to the Client, whether or not such information or views are expressed at the request of the Client.

25.3 The Client shall make its own judgment and independent decision with respect to any Transaction which he enters. Funderstone Group is not obliged to give any investment advice or recommendation to the Client, and any comment, information, communication or explanation which may be provided by any representatives of Funderstone Group shall not be treated or relied upon by the Client as investment advice or recommendation to enter into any Transaction, unless Funderstone Group has expressly agreed otherwise. The Client understands that Funderstone Group may purchase or sell, have a position in the Securities or financial instruments which are the subject of information furnished to the Client, and that the positions or Transactions of Funderstone Group may or may not be consistent with the information furnished to the Client by Funderstone Group. Any information communication or explanation from Funderstone Group to the Client in respect of any Instruction or Transaction under the Agreement shall not be regarded as investment advice or recommendation to enter into any Transaction under the Agreement.

25.4 If Funderstone Group solicits the sale of or recommends any financial product (including any of the Securities, Futures Contracts or leveraged foreign exchange contracts) to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of the Agreement or any other document Funderstone Group may ask the Client to sign and no statement Funderstone Group may ask the Client to make derogates from this Clause 25.4 of Section I. Regarding "leveraged foreign exchange contracts", it is only applicable to those traded by persons licensed for Type 3 regulated activity.

25.5 For the purposes of Clause 25.4 of Section I, the Client acknowledges and understands that: -

- (a) Funderstone Group will only take into account circumstances relating to the Client which the Client has disclosed to Funderstone Group or that Funderstone Group should reasonably be aware of;
- (b) Funderstone Group will not take into account the Client's investments which are held by the Client outside the bank (unless the Client have specifically disclosed such investments to Funderstone Group);
- (c) Funderstone Group makes no representation and does not guarantee the outcome or

- performance of any investment made by the Client;
- (d) if the Client does not provide Funderstone Group with the up-to-date financial situation, investment experience and investment objectives, Funderstone Group's ability to assess the suitability of any solicitation or recommendation may be affected;
 - (e) Funderstone Group may make available to the Client general information or general explanations about investments and investment strategies (including market views, research and/or investment ideas which are widely available to Funderstone Group's customers) whether prepared by Funderstone Group or others. Unless expressly acknowledged by Funderstone Group in writing, none of this information is personalised or in any way tailored to reflect the Client's particular financial situation, investment experience or investment objectives;
 - (f) where the Client instructs Funderstone Group to enter into a Transaction, the Client does so on the basis that: (i) the Client has carefully considered any information provided by Funderstone Group (whether tailor made or not) in connection with any Transaction (including explanations of the risks and features of Transactions); (ii) the Client is satisfied with the information provided by Funderstone Group (if any) in connection with the Transaction (including explanations of its risks and features); and (iii) the Client had the opportunity to ask questions and seek independent advice;
 - (g) the Client must promptly notify Funderstone Group if the Client does not understand any information provided by Funderstone Group (whether tailor made or not);
 - (h) subject to and save as otherwise required by Applicable Laws and Regulations, Funderstone Group does not accept any responsibility for the performance or monitoring of the Client's investments unless agreed with Funderstone Group in writing; and
 - (i) subject to and save as otherwise required by Applicable Laws and Regulations, Funderstone Group will not advise the Client on an ongoing basis on the making and/or disposal of investments in the Account unless agreed with Funderstone Group in writing.

26. Investor Compensation Fund

- 26.1 In the event that Funderstone Group commits a default as defined in Part XII of the SFO and the Client thereby suffers a pecuniary loss, the Client understands that the right to claim under the Investor Compensation Fund established under Part XII of the SFO will be restricted to the extent provided for therein.
- 26.2 Notwithstanding the aforesaid, the Client fully understands that the right to claim under the Investor Compensation Fund as mentioned in Clause 26.1 of Section I will not be applicable to any Instructions or Transactions effected on an Exchange other than a recognised stock market as defined under the SFO, in which case the Client's right to compensation in the event of any default on the part of Funderstone Group or its associated person will be subject to the rules of the relevant Exchange.

27. Securities Borrowing & Lending

Funderstone Group shall be permitted to borrow or lend Securities only in accordance with the securities borrowing & lending regulations issued by SEHK or the Clearing Rules (as the case may be) and, where the Securities borrowing relates to Hong Kong stock, with Applicable Laws and Regulations, in particular the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong) and the relevant stamp duty interpretation and practice notes.

28. Joint and Several Liability/Successors

Where the Client consists of more than one person (whether a partnership or otherwise): -

- (a) the expression "Client" shall include each such person (a "**Joint Client**") and the liability of Joint Clients under the Agreement shall be joint and several;
- (b) any demand for payment on any one or more of the Joint Clients shall be treated as a valid demand on all Joint Clients;
- (c) Funderstone Group shall be entitled to deal separately with any of the Joint Clients on any matter including the release or discharge of any one or more of the Joint Clients from liability under the Agreement or compound with, accept compositions from, or make any other

- arrangement with, any of such persons without, in consequence, releasing or discharging or otherwise prejudicing or affecting its rights and remedies against any other Joint Clients;
- (d) each of the Joint Clients shall, in favour of Funderstone Group, waive the right of proof in competition with Funderstone Group in the bankruptcy or insolvency of any of the Joint Clients and none of the Joint Clients shall take from any other Joint Client(s) any counter-security without prior written consent from Funderstone Group;
 - (e) the discharge, satisfaction or performance of any liability, obligation or indebtedness under the Agreement by Funderstone Group in favour of or for the benefit of any of the Joint Clients shall be and be deemed to be full and sufficient discharge, satisfaction or performance of such liability, obligation or indebtedness in favour of or for the benefit of any or all of the Joint Clients. The payment of money or fund by Funderstone Group towards or in favour of any of the Joint Clients shall be and be deemed to be full and sufficient discharge, satisfaction or performance of such payment of money or fund towards or in favour of any or all of the Joint Clients;
 - (f) the Agreement shall not be affected by the death, incapacity or Dissolution of any Joint Client;
 - (g) termination of the Agreement pursuant to Clause 30 of Section I by any one or more of the Joint Clients or his or their personal representatives shall not affect the continuing liability of the other Joint Clients;
 - (h) Funderstone Group shall have a lien on the property (including the Account) of each Joint Client. Funderstone Group's lien shall be additional to the rights and remedies of Funderstone Group pursuant to the Agreement;
 - (i) the Joint Clients have authorised Funderstone Group to accept instructions given by any one or more of the Joint Clients ("**Such Person**") to Funderstone Group (including verbal instructions and written instructions). Such Person will have the authority to handle the operation of the Account and exercise all rights, powers and discretion pursuant to the Agreement on behalf of any of the Joint Clients. Funderstone Group may follow the instructions given by Such Person and will not be required to give notice to, or obtain authorisation from, any one or more of the Joint Clients in respect of such instructions. Funderstone Group will have an absolute discretion to determine whether or not to accept the relevant instructions and Funderstone Group will not be liable as such for any loss whatsoever incurred as a result of accepting or not accepting the instructions. Any act, conduct, instructions, directions, decisions and/or authorisations of any of the Joint Clients shall be jointly and severally binding on the other Joint Clients;
 - (j) Funderstone Group shall be under no duties whatsoever (including any duty to inquire into or see to) in respect of the application of any monies or properties between the Joint Clients;
 - (k) any of the Joint Clients is not entitled to claim or assert interest, benefit, ownership or title to any particular or specific Securities, property and/or assets in the Account separately or independently with any other Joint Clients;
 - (l) the Joint Clients have entered into the Agreement with a right of survivorship;
 - (m) in the event of death of any Joint Client, the estate of the deceased Joint Client or the surviving Joint Client(s) shall immediately notify Funderstone Group in writing of the relevant death and produce and deliver to Funderstone Group true copy of proof of such death and such other documents as Funderstone Group may in its absolute discretion require (but Funderstone Group is not required to verify the authenticity of such evidence so produced); and
 - (n) each of the Joint Clients shall be bound by the Agreement regardless of the arrangement or agreement among the Joint Clients and notwithstanding the Agreement may be invalid or unenforceable against any one or more of the Joint Clients (whether or not the deficiency is known to Funderstone Group).

29. Single and Continuous Agreement

The Agreement and all its amendments shall be continuous, and shall cover individually and collectively all Accounts which the Client may from time to time open and maintain with Funderstone Group, each order executed by Funderstone Group shall be subject to the terms and conditions of the Agreement. The Client hereby acknowledges that all Transactions executed for the Account shall be executed by Funderstone Group in reliance upon such fact and as if the representations, undertakings and warranties given by the Client to Funderstone Group in Clause 16 of Section I were repeated before each such Transaction, and that the Parties would not otherwise enter into such Transaction.

30. Termination

- 30.1 The Client shall only terminate the Agreement by a valid and effective prior written notice to Funderstone Group. The aforesaid prior written notice shall be a valid and effective prior written notice only and only if such notice shall be actually received by Funderstone Group and the effective date for termination of the Agreement stated therein shall be at least seven (7) Business Days after the date of receipt of such notice by Funderstone Group. The Agreement shall be terminated or any Account shall be suspended by Funderstone Group at its discretion and at any time by notice given by Funderstone Group to the Client without the need to give reasons for such termination or suspension. The termination of the Agreement or suspension of any Account shall not affect or prejudice: -
- (a) the Liabilities, obligations or indebtedness of the Client existing, arisen or incurred at the time under the Agreement, the Loan Agreement (if any) and/or any agreement made with Funderstone Group on or before the termination of the Agreement or suspension of any Account, including the Liabilities, obligations or indebtedness of the Client arising out of or in connection with any open positions or outstanding Transactions at the time of the termination of the Agreement or suspension of any Account;
 - (b) the Liabilities, obligations or indebtedness of the Client arising out of or in connection with any agreements, warranties, representations, undertakings and indemnities given by the Client under the Agreement, the Loan Agreement (if any) and/or any agreement made with Funderstone Group;
 - (c) the rights and powers to liquidate, terminate, transfer or settle all the open positions or outstanding Transactions of the Client, and the rights and powers to take such action or do all such acts and things incidental or in relation to the liquidation, termination, transfer or settlement mentioned in this Clause 30.1(c) of Section I; and
 - (d) the rights and powers to take such action or do all such acts and things incidental or in relation to the termination, conclusion, consolidation, clearing or settlement of all Liabilities, the Client's obligations or indebtedness under the Agreement, or the rights and powers to take such action or do all such acts and things incidental or in relation to the termination of the Agreement or suspension of any Account.
- 30.2 Upon termination of the Agreement or suspension of any Account under Clause 30.1 of Section I, all amounts due or owing by the Client to Funderstone Group under the Agreement shall become immediately due and payable. Funderstone Group shall cease to have any obligation to effect any Transaction on behalf of the Client in accordance with the provisions of the Agreement, notwithstanding any Instructions to the contrary.
- 30.3 As soon as practicable after termination of the Agreement or suspension of any Account, Funderstone Group shall have the power to sell, realise, redeem, liquidate or otherwise dispose of all or part of the Client's Securities for such consideration and in such manner as Funderstone Group shall in its absolute discretion consider necessary to satisfy first, all costs, charges, fees and expenses (including legal expenses) incurred by Funderstone Group in such sale, realisation, redemption, dissolution or other disposal and all other monies and sums due or owing and other liabilities accrued or accruing due to Funderstone Group and outstanding (whether actual or contingent, present or future or otherwise) under the Agreement and second, all other Liabilities, at the Client's sole risk and cost and without incurring any liability on the part of Funderstone Group for any loss or damage incurred by the Client.
- 30.4 Any cash proceeds remaining after satisfaction of all sums specified in Clause 30.3 of Section I shall be credited to the Settlement Account. All Securities not realised or disposed of together with any relevant documents of title in Funderstone Group's possession shall be delivered to the Client at the Client's sole risk and expense. Funderstone Group shall have no liability for any loss or damage incurred by the Client arising from such delivery. Without prejudice to the foregoing, if the Client shall fail to take such delivery, Funderstone Group may charge a monthly maintenance fee to be notified by Funderstone Group to the Client. Payment of such fees (if any) will be automatically deducted from any Account.
- 30.5 If there is any Deficit after application of the sale proceeds pursuant to Clause 30.3 of Section I, the

Client shall immediately pay to Funderstone Group an amount equal to such Deficit together with Funderstone Group's cost of funding such Deficit and interest as determined by Funderstone Group from time to time up to the date of actual receipt of full payment by Funderstone Group (after as well as before any judgment).

31. Force Majeure

Neither of the Parties shall be liable for any loss sustained by the other, directly or indirectly, if either Party is prevented from acting as a direct or indirect result of government restrictions, the imposition of emergency procedures or suspension of trading by any relevant Exchange, Clearing House or Market, act of god, government act, government restrictions, the imposition of emergency procedures, civil disorder, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party's control.

32. Combination and Set-Off

32.1 Notwithstanding anything contained in the Agreement, the Loan Agreement (if any) or any other agreement between Funderstone Group and the Client, the Client irrevocably and unconditionally authorises and directs Funderstone Group to, with or without notice, set-off and withhold from and apply the Retained Properties, Securities, receivables, moneys or funds held in or for any Account against and in whole or partial payment, discharge or satisfaction of any indebtedness, obligation or Liabilities of whatsoever nature (whether primary, collateral, several, joint or in other currencies and whether or not in connection with any Account or any other previous closed Account) owed by the Client to Funderstone Group.

32.2 Without prejudice to the generality of Clause 32.1 of Section I, if the Client has more than one Account, Funderstone Group is hereby authorised by the Client to combine or consolidate at any time without notice to the Client all or any of such Accounts and set-off, apply or transfer any of the Retained Properties, moneys, funds, Securities, properties or assets in any one or more of such Accounts in or towards payment, discharge or satisfaction of any indebtedness, obligations or Liabilities of the Client of whatsoever nature, actual or contingent, primary or collateral, secured or unsecured, joint or several, to Funderstone Group in respect of any other Accounts. Where any such combination, consolidation, set-off or transfer requires the conversion of one currency into another, such conversion shall be calculated at the spot rate of exchange prevailing in such foreign exchange market as Funderstone Group shall determine to be relevant on the date of the combination, consolidation, set-off or transfer.

32.3 Subject to the Agreement, all money or other property received by Funderstone Group from the Client or from any other person for the account of the Client shall be held by Funderstone Group and within a reasonable time from receipt of such money or other property by Funderstone Group shall be segregated from Funderstone Group's own assets and paid into a segregated company account.

32.4 The Client acknowledges that in respect of any account of Funderstone Group maintained with any Clearing House, whether or not such account is maintained wholly or partly in respect of any Transaction on behalf of the Client and whether or not money paid by the Client has been paid to such Clearing House, as between Funderstone Group and the relevant Clearing House, Funderstone Group deals as principal.

33. Authorisation

33.1 The Client irrevocably and unconditionally directs, instructs and authorises Funderstone Group to, from time to time, do the following acts and things: -

- (a) to sell, purchase, enter into, make, dispose of, deal with, trade, transfer, liquidate, clear or settle all or any Securities and/or positions in the Account; and
- (b) to sell, purchase, deal with, trade, dispose of, realise, transfer in or out all or any Securities, properties or assets in the Account.

33.2 The Client irrevocably and unconditionally directs, authorises, instructs and agrees that Funderstone

Group shall, from time to time, deliver, transfer, debit, deduct or pay from any Account such receivables, moneys or funds as Funderstone Group shall direct or determine from time to time and/or in or towards the total or partial satisfaction, payment or discharge of any moneys, indebtedness, outstanding amounts, obligations or Liabilities incurred, owing, due or payable by or from the Client or the Client Group Company to or in favour of Funderstone Group from time to time.

- 33.3 The Client agrees and accepts that all the acts, things and matters done or made by Funderstone Group pursuant to this Clause 33.3 of Section I shall be and be treated and deemed the acts, things, and matters done or made by the Client, and shall be absolutely binding on the Client in all respects and for all purposes.

34. Communications, Notice and Services

- 34.1 Unless otherwise specified in the Agreement, any notice to be made or given by the Client to Funderstone Group under the Agreement shall be in writing.

- 34.2 Without prejudice to other provisions of the Agreement relating to communication or notice by or from Funderstone Group and the right of Funderstone Group to use any way or method of communication, any report, confirmation, statements, notice and other communication from Funderstone Group to the Client under the Agreement may be delivered personally or sent by post or fax or electronic mail ("E-mail") addressed to the Client at the address or fax number or E-mail address set out in the Account Opening Form, at its registered office or at such other address or fax number or E-mail address as may have been notified in writing by the Client to Funderstone Group (such notification shall only take effect twenty-four (24) hours after the actual receipt of the same by Funderstone Group). Any such report, confirmation, statements, notice and other communication shall be and be deemed to have been received by the Client (a) if hand delivered, when delivered, (b) if given by post, twenty-four (24) hours after the same has been posted, or (c) if given by fax or E-mail, at the same time as it is dispatched. The contents of such report, confirmation, statement, notice or communication or statement of account issued by Funderstone Group shall be or be deemed correct, accurate and conclusive and no objection thereto shall be made by the Client unless written objection is actually received by Funderstone Group within four (4) days after delivery by hand, by fax or E-mail, or by post.

- 34.3 Without prejudice to the other provisions of the Agreement, any letter, notice, documents or other communication from the Client to Funderstone Group shall take effect only on actual receipt and actual notice of the same by Funderstone Group.

35. Time of the Essence

Time shall in every respect be of the essence in relation to all Liabilities and obligations of the Client under the Agreement.

36. Automatic Postponement

It is hereby agreed that if any day on which Funderstone Group has agreed or obliged to do, take or conduct any matter, action or Transaction (the "**Action Date**") shall fall on a day which is not a Business Day, the Action Date shall automatically be postponed to the next Business Day.

37. Severability

Any provision in the Agreement which is illegal, invalid or unenforceable for any reason in any jurisdiction shall be ineffective only to the extent of such illegality, invalidity or unenforceability and shall not affect the legality, validity or enforceability of the remaining provisions hereof or the legality, validity or enforceability of such provision in any other jurisdiction. Where, however, the provisions of any Applicable Laws and Regulations may be waived, they are waived by the Parties hereto to the full extent permitted by such law to the end that the Agreement shall be a valid and binding agreement enforceable in accordance with its terms and conditions.

38. Assignment

- 38.1 The Client shall not assign, transfer, alienate, charge, delegate or otherwise dispose of any of its rights, interest, benefits, Liabilities or obligations under the Agreement. Funderstone Group may assign or transfer any of its rights and obligations under the Agreement without the prior consent of the Client. Any assignee, transferee or successor of Funderstone Group shall have the same interest, rights, benefits, liabilities and remedies as if it were Funderstone Group. Funderstone Group may delegate and sub-contract the performance of its obligations hereunder as it thinks fit.
- 38.2 Upon Funderstone Group assigning and transferring all its rights and obligations under the Agreement to another intermediary (as defined under the SFO) (whether due to a restructuring or transfer of business or otherwise), the Client undertakes to give a written direction in favour of Funderstone Group or its associated entity, authorising Funderstone Group or its associated entity to transfer all the Client's Securities and/or property and /or assets held by Funderstone Group or its associated entity to the assignee intermediary, failing which Funderstone Group shall terminate the Account in accordance with Clause 30 of Section I.

39. Successors and Assigns

The Agreement shall ensure for the benefit of Funderstone Group, its successors and assigns and shall be binding upon the Client's heirs, executors, administrators, personal representatives, successors and assignees, as the case may be.

40. Foreign Currency Transactions

- 40.1 If the Client gives Instructions to Funderstone Group to enter into any Transaction requiring a conversion from one currency to another (whether from Hong Kong dollars to a Foreign Currency or vice versa, or from a Foreign Currency to another Foreign Currency), then the costs thereof and any profit or loss arising as a result of fluctuations in the exchange rate of the relevant currency will be entirely for the account and risk of the Client.
- 40.2 The Client authorises Funderstone Group to convert monies, at any time at such exchange rate and for such amount as Funderstone Group deems fit, into and from any currency (whether from Hong Kong dollars to a Foreign Currency or vice versa, or from a Foreign Currency to another Foreign Currency) at such rate of exchange as Funderstone Group shall in its sole discretion determine as being the then prevailing market rate of exchange. Such conversion may be made for the purpose of any Transaction or for the calculation of any debit balance due from the Client or credit balance owed to the Client.
- 40.3 The Client authorises Funderstone Group to debit any Account for any expenses incurred in effecting any currency conversion (whether from Hong Kong dollars to a Foreign Currency or vice versa, or from a Foreign Currency to another Foreign Currency).
- 40.4 All payments to be made by the Client to Funderstone Group in a Foreign Currency shall be in freely transferable and immediately available funds clear of any Taxes, charges or payments of any nature when received by Funderstone Group.
- 40.5 Funderstone Group reserves the right at any time to refuse to accept any Instructions in relation to any currency conversion (whether from Hong Kong dollars to a Foreign Currency or vice versa, or from a Foreign Currency to another Foreign Currency).

41. Miscellaneous Provisions

- 41.1 The Agreement supersedes all prior engagements, arrangements, agreements and contracts whether oral or in writing whatsoever made by Funderstone Group. No warranties or representations express or implied are or have been made or given by Funderstone Group or by anybody on its behalf relating to the subject of the Agreement prior to the entering hereof. If any such warranty or representation express or implied has been made the same is withdrawn or deemed to have been withdrawn immediately before Funderstone Group entering into the Agreement. However, the Agreement does and will not supersede any prior engagements, arrangements, agreements and contracts whether oral

or in writing whatsoever and whether past, present or future made by the Client with or in favour of Funderstone Group, and does and will not affect or prejudice any or all the Liabilities, obligations or indebtedness (whether oral or in writing whatsoever and whether past, present or future) of the Client to Funderstone Group.

- 41.2 The Client shall notify Funderstone Group and Funderstone Trading Agent promptly in writing of any material changes in the information provided under the Agreement or any agreement entered into pursuant to the Agreement or relating to the Account.
- 41.3 Funderstone Group shall have absolute rights to amend, delete or substitute any of the terms herein or add new terms to the Agreement (including the Acknowledgment by Client). An amendment notice and the revised Agreement will be posted at the “**Important Terms**” column of Funderstone Website at <http://www.funderstonesec.com/>. The Client should visit the Funderstone Website from time to time for obtaining the latest Agreement and read the terms thereof. Such amendment, deletion, substitution or addition shall be deemed as effective and incorporated herein (and shall form part of the Agreement) on the date of publication of such amendment notice. The Client may raise written objection within fourteen (14) days after the publication of such amendment notice at the Funderstone Website. Failing which, it shall be deemed an acceptance of such amendment, deletion, substitution or addition.
- 41.4 Any complaint about the performance of Funderstone Group under the Agreement shall be made in writing and addressed to the Complaints Officer c/o Funderstone Group, who will investigate the complaint. The Client agrees to provide the Complaints Officer with all such information as the Complaints Officer may reasonably request to enable the Complaints Officer to investigate the complaint.
- 41.5 The Client undertakes and acknowledges that the Client shall at all times notify Funderstone Group in writing, and sign (the signature shall conform to the specimen signature provided to Funderstone Group in the Account Opening Form), of any change of the Client’s particulars (where the Client shall consist of any individual, the Client’s personal particulars), address(es), telephone number(s), facsimile number(s) and/or email address(es).
- 41.6 Except as provided in the Agreement, the rights, powers, remedies and privileges in the Agreement are cumulative and not exclusive of any right, powers, remedies and privileges provided by law.
- 41.7 No failure or delay on Funderstone Group’s part to exercise any power, right or remedy which Funderstone Group may have shall operate as a waiver thereof.

42. Submission to Rules and Regulations

- 42.1 In respect of Transactions on SEHK: -
- (a) every Transaction executed on the SEHK will be subject to a transaction charge, the cost of which shall be borne by the Client;
 - (b) every Transaction executed on the SEHK will be subject to other levies the SEHK may impose from time to time; and
 - (c) Funderstone Group is authorised to collect the appropriate transaction charge or other levies in paragraphs (a) and (b) above in accordance with the SEHK Rules from time to time.
- 42.2 In respect of Transactions on a Foreign Stock Exchange: -
- (a) every Transaction executed on a Foreign Stock Exchange will be subject to a transaction charge, the cost of which shall be borne by the Client;
 - (b) every Transaction executed on a Foreign Stock Exchange will be subject to other levies such Foreign Stock Exchange may impose from time to time; and
 - (c) Funderstone Group is authorised to collect the appropriate transaction charge or other levies in paragraphs (a) and (b) above in accordance with the Foreign SE Rules from time to time.

43. Confirmation

The Client confirms that it has read the Agreement (including the Account Opening Form, Acknowledgment by Client and Trading Account Terms) and the Risk Disclosure Statements, that it has already been invited and advised by Funderstone Group to seek independent legal advice on the Agreement (including the Account Opening Form, Acknowledgment by Client and Trading Account Terms) and the Risk Disclosure Statements, that the contents of the Agreement (including the Account Opening Form, Acknowledgment by Client and Trading Account Terms) and the Risk Disclosure Statements have been fully explained to the Client in a language which the Client understands, and that the Client fully confirms, accepts, understands, and agrees to be bound by, the Agreement (including the Account Opening Form, Acknowledgment by Client and Trading Account Terms) and the Risk Disclosure Statements.

44. Contracts (Rights of Third Parties) Ordinance

The Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) shall not apply to the Agreement and unless specifically herein provided no person other than the Parties shall have any rights under it nor shall it be enforceable by any person other than the Parties.

45. Governing Law and Jurisdiction

45.1 The Agreement and all rights, obligations and liabilities hereunder shall be governed by and construed in accordance with the laws of Hong Kong. The Client and Funderstone Group hereby irrevocably submit to the exclusive jurisdiction of the courts of Hong Kong as regards any claim, matter or proceedings arising under this Agreement. The Client agrees that the rulings, orders, decisions and/or judgments of the courts of Hong Kong shall be final and conclusive.

45.2 The Client agrees that Funderstone Group is entitled to enforce and execute the judgment of the courts of Hong Kong in any jurisdiction as it thinks fit. The Client hereby further agrees not to oppose in any legal proceedings arising under this Agreement (including the legal proceedings in other jurisdiction for enforcement of judgment) and not to appeal the judgments of the courts of Hong Kong or other jurisdictions.

45.3 The Client agrees that any writ, summons, order, judgment or other document shall be and be deemed duly and sufficiently served on the Client if addressed to the Client and left at or sent by post to the Client's registered office or the address of the Client set out in the Account Opening Form or last known to Funderstone Group. The foregoing shall not limit Funderstone Group's right to serve process on the Client in any manner permitted by laws of the relevant jurisdiction.

46. Language

In the event of any discrepancy between the English version and the Chinese version, the English version shall prevail.

SUPPLEMENT 1

Stock Connect Supplement to the Terms and Conditions for Securities Cash Trading

The terms and conditions of this Supplement are additional and supplemental to the terms and conditions in Section I. This Supplement applies at any time when the Client trades China Connect Securities under Stock Connect through Funderstone Group. Where any conflict or inconsistency arises between any provision of this Supplement and any provision of Section I, the provisions of this Supplement shall prevail in relation to trading of China Connect Securities by the Client under Stock Connect through Funderstone Group.

1. Definitions

1.1 In this Supplement, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in Section I. In addition, the following definitions shall apply:

“ A-Shares ”	means any securities issued by companies incorporated in the PRC which are listed and traded on the Mainland China A-Share markets and not on the SEHK.
“ BCAN ”	means Broker-to-Client Assigned Number, a number assigned by Funderstone Group to each of the Clients.
“ Cash ”	means all cash or cash equivalents in Offshore RMB received and held by Funderstone Group based on the terms of this Supplement.
“ CCASS ”	means the Central Clearing and Settlement System operated by HKSCC and/or any system established for the purpose of Stock Connect.
“ CCASS Rules ”	means the general rules of CCASS as amended, supplemented, modified and/or varied from time to time.
“ ChinaClear ”	means China Securities Depository and Clearing Corporation Limited.
“ China Connect Market ”	means SSE or SZSE as applicable.
“ China Connect Market Operator ”	means SSE or SZSE as applicable.
“ China Connect Securities ”	means any securities listed on a China Connect Market which are from time to time accepted as eligible stocks for trading by Hong Kong and overseas investors under Stock Connect. Unless the context requires otherwise, “ China Connect Securities ” includes “ Special China Connect Securities ”.
“ ChiNext Shares ”	means any securities accepted for listing and admitted to trading on the ChiNext market operated by SZSE from time to time.
“ Circuit Breaker ”	means any measures that may be imposed or activated by a China Connect Market Operator on the relevant China Connect Market in accordance with the Circuit Breaker Provisions.

“Circuit Breaker Provisions”	means the relevant provisions in the Operator Rules under which Circuit Breaker may be imposed for the purpose of, among others, minimising or averting substantial upward or downward price movements of securities traded on the relevant China Connect Market including all related provisions on the application and lifting of the Circuit Breaker.
“CID”	means Client Identification Data, which is the identification information relating to the Clients which may be required to be provided to the Exchange/ by Funderstone Group under the Applicable Requirements from time to time.
“Costs”	includes costs, charges and expenses, including those in connection with the provision of legal advice.
“CSRC”	means the China Securities Regulatory Commission of Mainland China.
“HKEx”	means the Hong Kong Exchanges and Clearing Limited.
“Institutional Professional Investor”	means a “professional investor” within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of “professional investor” in section 1 of part 1 of schedule 1 to SFO.
“Northbound Trading”	means the trading of China Connect Securities by Hong Kong and overseas investors through Stock Connect.
“Loss” or “Losses”	means any loss, damage, demand, claims, liabilities and Costs of any kind.
“Offshore RMB”	means RMB available for general exchange market transactions outside Mainland China.
“Operator China Connect Rules”	means the SSE China Connect Rules or the SZSE China Connect Rules as applicable.
“Operator Listing Rules”	means the SSE Listing Rules or the SZSE Listing Rules as applicable.
“Operator Rules”	means the SSE Rules or the SZSE Rules as applicable.
“RMB”	means Renminbi, the lawful currency of PRC.
“SAFE”	means the State Administration of Foreign Exchange of Mainland China.
“Shanghai-Hong Kong Stock Connect”	means the securities trading and clearing links programme developed by the SEHK, SSE, HKSCC and ChinaClear for the establishment of mutual market access between the SEHK and the SSE.
“Shenzhen-Hong Kong Stock Connect”	means the securities trading and clearing links programme developed by the SEHK, SZSE, HKSCC and ChinaClear for the establishment of mutual market access between the SEHK and the SZSE.

“Short Selling”	means the sale of China Connect Securities, which are from time to time included in the list of eligible China Connect Market securities for short selling published by the SEHK from time to time, in respect of which the Client has a presently exercisable and unconditional right to vest such securities in the purchaser by virtue of having borrowed such securities under a Stock Borrowing and Lending Arrangement.
“Special China Connect Securities”	means any securities listed on a stock market in Mainland China acceptable to SEHK which are from time to time accepted as eligible stocks for sale only but not for purchase by Hong Kong and overseas investors under Stock Connect.
“Special Segregated Account”	has the meaning set out in CCASS Rules.
“SPSA Order”	means Stock Connect sale order for the sale of China Connect Securities held in a Special Segregated Account.
“SSE”	means the Shanghai Stock Exchange.
“SSE China Connect Rules”	means the rules and regulations on the Shanghai-Hong Kong Stock Connect which have been published by SSE for the purposes of implementing Shanghai-Hong Kong Stock Connect, as amended, supplemented, modified and/or varied from time to time.
“SSE Listing Rules”	means the Rules Governing the Listing of Stocks on Shanghai Stock Exchange as amended, supplemented, modified and/or varied from time to time.
“SSE Rules”	means the SSE China Connect Rules and the business and trading rules and regulations of SSE as amended, supplemented, modified or varied from time to time.
“SZSE”	means the Shenzhen Stock Exchange.
“SZSE China Connect Rules”	means the rules and regulations on Shenzhen-Hong Kong Stock Connect which have been published by SZSE for the purposes of implementing Shenzhen-Hong Kong Stock Connect, as amended, supplemented, modified and/or varied from time to time.
“SZSE Listing Rules”	means the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, as amended, supplemented, modified and/or varied from time to time.
“SZSE Rules”	means the SZSE China Connect Rules and the business and trading rules and regulations of SZSE, as amended, supplemented, modified and/or varied from time to time.
“Stock Borrowing and Lending Arrangement”	has the meaning as set out in the Stock Connect Rules.
“Stock Connect”	means Shanghai-Hong Kong Stock Connect or

Shenzhen-Hong Kong Stock Connect, or such other securities trading and clearing links programme developed or to be developed between SEHK and a trading platform in Mainland China as applicable.

“Stock Connect Authorities”

means the exchanges, clearing systems and regulators which provide services and/or regulate Stock Connect and activities relating to Stock Connect, including the Hong Kong Monetary Authority, SFC, SEHK (and its relevant subsidiary), HKSCC, the People's Bank of China, CSRC, SAFE, China Connect Market Operators, ChinaClear and any other regulator, agency or authority with jurisdiction or responsibility in respect of Stock Connect.

“Stock Connect Rules”

means, in the context of Stock Connect, any laws, rules, regulations, policies, interpretations, guidelines, requirements or other regulatory documents promulgated, published or applied by any Stock Connect Authority in relation to the relevant market from time to time in respect of Stock Connect or any activities arising from Stock Connect.

“Trading Day”

means a day on which trading is conducted through the system for receiving and routing Northbound Trading orders on SEHK.

“Uptick Long Sale”

means:

- (a) the Client places a sell order with Funderstone Group for China Connect Securities which is not a Short Selling order;
- (b) the Client has borrowed other shares of that China Connect Securities pursuant to a Stock Borrowing and Lending Arrangement and such shares are not subject to the sell order referred to in (a);
- (c) the Client has not returned all of the shares that the Client has borrowed under the Stock Borrowing and Lending Arrangement; and
- (d) the price requirements set out in the Stock Connect Rules relating to Short Selling apply to the sell order.

1.2 In this Supplement: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) reference to a Clause is to a clause of this Supplement, reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (c) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (d) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (e) the headings to the Clauses of this Supplement are for convenience only and do not affect their interpretation or construction; and
- (f) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the

termination of the Agreement or suspension of any Account, such provision shall survive the such termination or suspension.

2. Eligible Investors

The Client acknowledges that Northbound Trading is available only to Hong Kong and overseas investors and represents and undertakes on a continuing basis that:

- (a) the Client is not a legal entity incorporated or registered in Mainland China;
- (b) the Client will use assets located outside of Mainland China only for its investments through Northbound Trading;
- (c) unless the Client is an Institutional Professional Investor and such status has been confirmed by Funderstone Group, the Client will not place any order or give any Instruction to buy or sell ChiNext Shares under Stock Connect (other than Special China Connect Securities which are eligible for sell orders only); and
- (d) in the case where the Client is acting as agent on behalf of its client, the Client will not place any order or give any Instruction to buy or sell ChiNext Shares under Stock Connect on behalf of such client (other than Special China Connect Securities which are eligible for sell orders only), unless the Client is reasonably satisfied that such client is an Institutional Professional Investor.

3. Compliance with Applicable Requirements

- 3.1 Trading in any China Connect Securities is subject to the Applicable Requirements.
- 3.2 Funderstone Group is not obliged to act until it has received all necessary instructions, funds, property and documents, but Funderstone Group may do so. If Funderstone Group does so, it has the right to apply any procedures or requirements in respect of any trading of China Connect Securities through Stock Connect which it determines in its discretion to be necessary or desirable for the purpose of complying with any Applicable Requirements, its policies and/or market practice. Funderstone Group's rights will not be affected if Funderstone Group does not do so or as a consequence of anything done or omitted to be done by it acting in good faith.
- 3.3 Funderstone Group may, in its discretion, refuse to execute any Instruction, if such Instruction is not, or Funderstone Group reasonably believes it may not be, in compliance with any Applicable Requirements or its policies. Funderstone Group is not liable for any Loss incurred by the Client which may result directly or indirectly from such refusal.

4. Placing Orders

- 4.1 Funderstone Group only accepts orders for Northbound Trading that comply with the Applicable Requirements. Funderstone Group is not liable for any Loss that the Client may suffer as a result of any attempt by the Client to place an order for Northbound Trading that does not comply with any Applicable Requirements.
- 4.2 Funderstone Group will not accept any Short Selling orders or Uptick Long Sale orders in respect of China Connect Securities. The Client represents and undertakes on a continuing basis on each date that any order that the Client places with Funderstone Group in relation to China Connect Securities is not, and will not be, a Short Selling order or an Uptick Long Sale order which is subject to the Stock Connect Rules in relation to Short Selling.
- 4.3 Funderstone Group will not accept any Northbound Trading buy order for ChiNext Shares unless it determines in its absolute discretion that the Client is an Institutional Professional Investor.

5. Enhanced Pre-Trade Checking

- 5.1 To the extent that the Client instructs Funderstone Group to execute a SPSA Order on behalf of the Client, the provisions set out in this Clause 5 of this Supplement apply.

- 5.2 Prior to instructing Funderstone Group to execute any SPSA Order, the Client will provide to Funderstone Group all information or document in the manner as maybe required by Funderstone Group from time to time in order for Funderstone Group to place a SPSA Order on behalf of the Client.
- 5.3 The Client authorities, and the Client has appropriate arrangements in place to authorise, the reproduction, replication and transmission of the stock holding records of the Special Segregated Account at any time for the purpose of enabling SEHK and its subsidiaries to carry out their pre-trade checking procedures.
- 5.4 In the event that:
- (a) the Client instructs Funderstone Group to execute a SPSA Order on behalf of the Client and an investor identification number other than the Client's investor identification number is used to execute such order, the Client acknowledges and confirms that Funderstone Group may settle such SPSA Order using China Connect Securities from the Special Segregated Account pursuant to the Client's original Instructions; or
 - (b) the Client's investor identification number is used by Funderstone Group to execute a SPSA order on behalf of another client of Funderstone Group, the Client acknowledges and confirms that Funderstone Group may settle such SPSA order using China Connect Securities from the Special Segregated Account of such client pursuant to that client's original instructions.
- 5.5 The Client represents and undertakes on a continuing basis, including at each time that the Client places a SPSA Order, or otherwise give an Instruction, in respect of the China Connect Securities held in a Special Segregated Account, that in respect of any SPSA Order which the Client instructs Funderstone Group to execute, at all relevant times:
- (a) the Client has been designated such Special Segregated Account and CCASS has assigned the investor identification number to such Special Segregated Account that the Client has provided to Funderstone Group in respect to any such SPSA Order, in each case in accordance with the CCASS Rules and any applicable Stock Connect Rules;
 - (b) the Client unconditionally authorises Funderstone Group to execute the sale of the relevant China Connect Securities in the specified Special Segregated Account on behalf of the Client;
 - (c) (A) there are, and will be, sufficient China Connect Securities in the Special Segregated Account for the Client to settle the delivery obligations in respect of such SPSA Order on the settlement day as required under the Stock Connect Rules; and (B) the Client will ensure that the China Connect Securities that are the subject of the SPSA Order will be delivered to Funderstone Group or to the account specified by Funderstone Group no later than the cut-off time for delivery as may be specified by Funderstone Group from time to time or, if earlier, as may be specified by any relevant Stock Connect Authority, on the settlement day specified by Funderstone Group and in compliance with any other requirements for settlement which may be specified by Funderstone Group to the Client or the Client's agent for settlement from time to time;
 - (d) the total number of China Connect Securities subject to SPSA Orders, in respect of China Connect Securities in that Special Segregated Account on any relevant Trading Day will not exceed the total stock holding position in respect of the same China Connect Securities as shown against the investor identification number for the relevant Special Segregated Account (A) immediately before the commencement of operation of Stock Connect on that Trading Day or (B) as at such other time as maybe specified by Funderstone Group or any relevant Stock Connect Authority from time to time;
 - (e) to the extent that (i) the Client is a fund manager and (ii) the Client aggregates SPSA Orders across more than one Special Segregated Account (whether they are maintained with one or more custodian participant registered pursuant to the CCASS Rules),
 - (A) the Client has authority from all relevant parties (including the relevant funds or sub-funds) so to aggregate such SPSA Orders and allocate China Connect Securities across such Special Segregated Accounts at the Client's discretion; and
 - (B) any such actions taken or to be taken comply with all Applicable Requirements and do not involve any misappropriation of client assets;
 - (f) the relevant number of China Connect Securities recorded in the relevant Special Segregated

Account will be used by the Client for stock settlement of such SPSA Order in accordance with the CCASS Rules and any other relevant Stock Connect Rules; and

- (g) to the extent that a SPSA order is a Short Selling order, the borrowed Short Selling Securities are held in the relevant Special Segregated Account and the order is in compliance with (i) the China Connect Rules applicable to any SPSA Order and (ii) the obligations set out herein. For the avoidance of doubt, Funderstone Group does not accept any Short Selling orders.

5.6 The Client must immediately inform Funderstone Group if any of the representations set out above in Clause 5.5 of this Supplement are no longer correct or have become misleading or the Client has not complied, or will not comply, with any of the obligations under this Supplement or under the Stock Connect Rules in a way which may affect the ability of Funderstone Group to execute a SPSA Order in compliance with the Stock Connect Rules.

5.7 In the event that there is a breach of any of the terms of Clause 5 of this Supplement which results in a failure by Funderstone Group to deliver any China Connect Securities held in the relevant Special Segregated Account to CCASS in respect of any SPSA Order as required by the Stock Connect Rules:

- (a) the Client acknowledges that Funderstone Group is entitled to inform HKSCC that the failure to deliver was the result of the failure to deliver from a Special Segregated Account and, as a consequence, any overdue short stock position quantities will be deducted from the sellable balances of the relevant Special Segregated Account; and
- (b) the Client agrees to provide any information or any other assistance as may be required by Funderstone Group to ensure that SEHK and/or HKSCC is satisfied that the overdue short stock position was a result of a failure to deliver the China Connect Securities from a Special Segregated Account.

6. Settlement, Currency Conversion and Instructions

6.1 Northbound Trading is traded and settled in RMB. If the Client does not have sufficient Offshore RMB in the Account for any purchase order of China Connect Securities through Northbound Trading or other payment obligation in connection with Stock Connect, the Client authorises Funderstone Group to convert any funds in another currency in any Account into Offshore RMB for the purposes of settlement in connection with Stock Connect. However, if there are no such funds (or all or any part of such funds cannot be converted into sufficient Offshore RMB) before any such settlement, settlement may be delayed and/or fail and the Client may not be able to purchase or transfer the relevant China Connect Securities.

6.2 Notwithstanding any other provision in Section I, where it is necessary to convert one currency to another pursuant to, in relation to or arising from this Supplement, such currency conversion may be carried out automatically by Funderstone Group in good faith at a rate Funderstone Group reasonably considers appropriate without prior notice to the Client. The Client indemnifies Funderstone Group for any shortfall arising from any such conversion.

6.3 The Client waives any of his right in any jurisdiction to pay any amount other than in the currency in which it is due. If Funderstone Group receives an amount in a currency other than that in which it is due:

- (a) Funderstone Group may convert the amount into the due currency on the date and at rates Funderstone Group reasonably considers appropriate without prior notice to the Client. Funderstone Group may deduct its Costs incurred in the conversion; and
- (b) the Client satisfies his obligations to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the Costs of the conversion.

6.4 The Client must comply with all applicable exchange control laws and requirements in connection with this Supplement and Northbound Trading.

6.5 Funderstone Group may in its discretion reject the Client's sell order if Funderstone Group considers that the Client does not have sufficient available China Connect Securities in the Account by the applicable cut-off time (as notified to the Client by Funderstone Group from time to time) or it for any other reason Funderstone Group considers that there is or maybe non-compliance with any

Applicable Requirements. The Client indemnifies Funderstone Group for any Loss incurred in connection with any non-compliance or potential non-compliance with pre-trade checking and/or any Applicable Requirement.

- 6.6 Funderstone Group may reject the Client's purchase order or sell order upon a request from SEHK, a China Connect Market Operator, or other Stock Connect Authorities. Funderstone Group is not liable for any Loss incurred by the Client in connection with any such request from SEHK, the China Connect Market Operator, or other Stock Connect Authorities.
- 6.7 If Funderstone Group is unable to effect an order cancellation request received from the Client due to the occurrence of a contingency (such as a breakdown or failure of all communication links between SEHK and a China Connect Market Operator), the Client shall remain liable for his settlement obligations if the relevant order has already been matched and executed.
- 6.8 Funderstone Group is not liable for any Loss incurred by the Client in connection with any trading based on the Instructions. Funderstone Group is not able to unwind any trade, and the Client should also take note of the settlement arrangements in respect of China Connect Securities under Stock Connect, the pre-trade checking requirement and the restriction on day (turnaround) trading which may affect the Client's ability to mitigate the consequences of his own error trades.

7. Authority to Sell

The Client authorises Funderstone Group to sell or arrange for the sale of any quantity of China Connect Securities held on the Client's behalf at such price and on such terms as Funderstone Group may determine in its absolute discretion if:

- (a) Funderstone Group receives an instruction directly or indirectly from a China Connect Market Operator or other Stock Connect Authority requiring the Client to sell and liquidate any specified China Connect Securities;
- (b) Funderstone Group is of the view that the Client is in breach or may be in breach of any Applicable Requirements; or
- (c) Funderstone Group has held on the Client's behalf such China Connect Securities for a period longer than Funderstone Group's prescribed period as notified to the Client from time to time.

8. Limitation of Liability and Indemnity

- 8.1 Unless an Applicable Requirement prohibits Funderstone Group from excluding or limiting its liability or where the Loss is directly caused by Funderstone Group's fraud or wilful misconduct, Funderstone Group is not liable for any Loss incurred in connection with this Supplement or any Northbound Trading (including in connection with the provision, unavailability or improper functioning of any Stock Connect related services, delay or error in the transmission of any electronic payment transfer, failure or delay in the execution of any Instruction, breakdown or failure of any communications system, delay in providing funds to the Client, or any other thing Funderstone Group does or does not do). This applies where the Loss arises for any reason and even if the Loss was reasonably foreseeable or Funderstone Group had been advised of the possibility of the Loss.
- 8.2 To the maximum extent permitted by the Applicable Requirements, the Client indemnifies Funderstone Group against, and must pay Funderstone Group on demand for, any Loss Funderstone Group reasonably incurs in connection with all proceedings and/or Taxes howsoever arising, directly or indirectly, out of or resulting from the Client's trading of China Connect Securities pursuant to Stock Connect.
- 8.3 For the avoidance of doubt, this Clause 8 of this Supplement is in addition to clause 23 (Liability and Indemnity) of Section I and any other exclusions or limitations of Funderstone Group's liability and indemnities set out in this Supplement, Section I, or otherwise.

9. Miscellaneous

9.1 The Client agrees to execute any further documents and provide any materials and/or information as Funderstone Group may reasonably request to enable Funderstone Group to perform its duties and obligations under this Supplement which may become necessary as and when the Stock Connect Rules are updated, amended and/or replaced from time to time. The Client's failure to comply with this provision may result in a suspension of Stock Connect services to the Client.

9.2 Without prejudice to Section I, the Client acknowledges that Funderstone Group may use any such materials and/or information received from the Client for compliance with the Applicable Requirements and may retain any such materials and/or information received from the Client for such period as it deems appropriate pursuant to the Applicable Requirements.

10. Risk Disclosures and Acknowledgement

10.1 The Client acknowledges that he has read and understands the risk disclosures and other information set out in the Risk Disclosure Statements and that the Client understands his obligations set out in this Supplement and the Risk Disclosure Statements.

10.2 The Client acknowledges that he understands and has assessed the risks relating to Stock Connect (including those as set out in the Risk Disclosure Statements) and the Client is willing to undertake those risks.

10.3 The Client acknowledges that Funderstone Group is not liable for any Loss the Client may suffer as a result of the materialisation at any of the risks described in the Risk Disclosure Statements or other risks relating to trading under Stock Connect.

10.4 The Client acknowledges that he must comply with all Applicable Requirements applicable to his trading of China Connect Securities through Stock Connect. In particular, the Client acknowledges and agrees that among other things, the following in respect of Northbound Trading:

- (a) no day trading is allowed (i.e. China Connect Securities purchased on a Trading Day shall not be sold on the same day);
- (b) unless a SPSA Order arrangement is in place, pre-trade checking is in place so that the Client must have his China Connect Securities transferred to Funderstone Group's corresponding CCASS account before trading commences on a Trading Day if he intends to sell those China Connect Securities during that Trading Day;
- (c) all trading must be conducted on a China Connect Market, i.e. no over-the-counter or manual trades are allowed;
- (d) naked Short Selling is not allowed;
- (e) where the Client conducts margin trading, stock borrowing and lending and/or short-selling activities through the use of Stock Connect services, the Client shall be fully aware of the restrictions, requirements and conditions applicable to such activities. In particular, the Client acknowledges that trading services for such activities may be suspended, restricted or ceased in circumstances stipulated by the Applicable Requirements (such as when volume of trading activities exceeds the thresholds prescribed by the Applicable Requirements or any abnormal trading activities have or are suspected to have taken place) and that margin trading and short-selling activities may only be conducted in respect of eligible China Connect Securities. The Client may refer to the lists of eligible China Connect Securities published on the website of SEHK (www.hkex.com.hk) from time to time;
- (f) foreign ownership limits (including the individual shareholding limit and the aggregate shareholding limit which are applicable to foreign investors and the forced-sale arrangement) are in place, and Funderstone Group shall have the right to sell the Client's shares upon receiving any forced-sale notification from HKEx. The Client shall not in any event claim against Funderstone Group for any losses or damages incurred by the Client arising from or in connection with such foreign ownership limits;
- (g) the Client should understand fully the Applicable Requirements in relation to "short swing profits" and his disclosure obligations (including the shareholding disclosure requirement applicable to persons who invest in A-Shares under the Applicable Laws and Regulations of Mainland China), and he should follow such rules and regulations accordingly;
- (h) Funderstone Group shall have the right to cancel the Client's orders in case of contingency,

such as when a Typhoon Signal No.8 or above is hoisted in Hong Kong. The Client shall not in any event claim against Funderstone Group for any losses or damages incurred by him arising from or in connection with such cancellation;

- (i) Funderstone Group may not be able to send in a Client's request to cancel an order in case of contingency, such as when HKEx loses all its communication lines with a China Connect Market Operator, and the Client should still be liable for the settlement obligations if the orders are matched and executed;
- (j) the Client must comply with the Operator Rules and other Applicable Laws and Regulations of Mainland China relating to Northbound Trading;
- (k) Funderstone Group is entitled to provide, disclose and transfer information regarding the Client's identity or such other information (including the BCAN, CID and the Client's personal data and trading activities) to HKEx, SEHK or its subsidiary which may provide, disclose and transfer such information to a Stock Connect Authority for the purposes of assisting in any surveillance and investigation by a Stock Connect Authority;
- (l) HKEx and SEHK or its subsidiary are entitled to collect, use and store the BCAN, CID and any consolidated, validated and mapped BCAN and CID information provided by ChinaClear or the relevant Stock Connect Authorities (in the case of storage, by any of them or via HKEx) for market surveillance and monitoring purposes and enforcement of the Applicable Requirements; (ii) provide, disclose and transfer such information to ChinaClear or the relevant China Connect Market Operator (directly or through ChinaClear or the relevant Stock Connect Authorities) from time to time; and (iii) provide, disclose and transfer such information to the relevant Stock Connect Authorities or Hong Kong Regulators as to facilitate the performance of their statutory functions;
- (m) ChinaClear and China Connect Market Operator are entitled to (i) collect, use and store the BCAN and CID to facilitate the consolidation and validation of BCAN and CID and the mapping of BCAN and CID with their investor identification database, and provide such consolidated, validated and mapped BCAN and CID information to the relevant China Connect Market Operator, HKEx and SEHK or its subsidiary; (ii) use the BCAN and CID for the performance of its regulatory functions; and (iii) provide, disclose and transfer such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions;
- (n) if the Operator Rules are breached, or the disclosure and other obligations referred to in the Operator Listing Rules or Operator Rules are breached, the relevant China Connect Market Operator may have the power to carry out an investigation, and the relevant China Connect Market Operator may, through HKEx or its subsidiaries, require Funderstone Group to provide relevant information and materials and to assist in its investigation. The Client shall authorise and fully cooperate with Funderstone Group to provide such information and materials;
- (o) HKEx or its subsidiary may upon a China Connect Market Operator's request, require Funderstone Group to reject orders from the Client and the Client shall not in any event claim against Funderstone Group for any losses or damages incurred by the Client arising from or in connection with such rejection;
- (p) the Client needs to accept all the risks relating to Northbound Trading, including, the risks disclosed in the Risk Disclosure Statements;
- (q) a China Connect Market Operator may request HKEx or its subsidiaries to require Funderstone Group to issue warning statements (verbally or in writing) to the Client, and not to extend Northbound Trading services to the Client. The Client shall not in any event claim against Funderstone Group for any losses or damages incurred by the Client arising from or in connection with such non-extension;
- (r) HKEx and its subsidiaries, the China Connect Market Operators and their subsidiaries, and any Stock Connect Authorities and their respective directors, employees and agents shall not be responsible or held liable for any losses or damages directly or indirectly incurred by the Client or any third parties arising from or in connection with Northbound Trading, or arising from or in connection with the China Connect Market Operator making, amending or enforcing the relevant Operator Rules, or any action taken by it in the discharge of its supervisory functions or regulatory obligations; and
- (s) the imposition of a Circuit Breaker by a China Connect Market Operator on any trading day of the relevant China Connect Market will result in suspension of trade execution on the relevant China Connect Market.

10.5 The Client acknowledges and accepts that;

- (a) this Supplement does not purport to disclose all the risks or other material considerations in connection with Northbound Trading or Transactions in general;
- (b) this Supplement does not modify any Applicable Requirements (except to the extent set out in this Supplement and permitted under the Applicable Requirements);
- (c) SEHK has the power not to extend any service relating to trading China Connect Securities through Stock Connect to the Client and the power to require Funderstone Group not to accept Instructions if it is found that the Client, Funderstone Group and/or any of Funderstone Group's clients has or may have committed any abnormal trading conduct set out in the Stock Connect Rules or failed to comply with any Stock Connect Rules;
- (d) the relevant China Connect Market Operator has the power to carry out investigations, and may, through SEHK (or any other governmental or regulatory body), require Funderstone Group to provide relevant information and materials relating to the Client including, in relation to the identity, personal data, and trading activity of the Client; and assist in a Stock Connect Authority's investigation in relation to the Client and/or the Client's trading activity;
- (e) where a Stock Connect Authority considers that there is a serious breach of the Applicable Requirements, Funderstone Group may be required by a Stock Connect Authority to (a) issue warning statements (verbally or in writing) to the Client; and (b) cease providing the Client with any service relating to trading China Connect Securities through Stock Connect;
- (f) this Supplement does not constitute any business, legal, Taxes or accounting advice and that the Client should seek independent professional advice and undertake his own research and assessment before entering into any transaction through Stock Connect; and
- (g) the Client should refrain from entering into any transaction through Stock Connect unless he has fully understood the terms and risks of the relevant transaction, including the extent of his potential risk of loss.

SUPPLEMENT 2

Pre-Listing Trading Supplement to the Terms and Conditions for Securities Cash Trading

The terms and conditions of this Supplement are additional and supplemental to the terms and conditions in Section I. All Pre-Listing Trading effected, conducted, carried on and entered into by the Client with and through Funderstone Group and the Pre-Listing Trading Agent for or on the Securities Account shall be subject to and upon the Agreement. Where any conflict or inconsistency arises between any provision of this Supplement and any provision of Section I, the provisions of this Supplement shall prevail in relation to Pre-Listing Trading.

1. Definitions

1.1 In this Supplement, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in Section I. In addition, the following definitions shall apply:

"**Allotted Securities**" means Securities that are allotted pursuant to an IPO;

"**Automated Trading Services**" has the meaning as defined in the SFO;

"**IPO**" means a public offer of Securities in respect of a new listing and/or issue of such Securities on an Exchange;

"**Pre-Listing Trading**" means any transaction, trading or agreement to purchase, invest in, sell, acquire, clear, settle or otherwise dispose of any Allotted Securities and generally dealing in Allotted Securities prior to their official listing on SEHK;

"**Pre-Listing Trading Agent**" means any agent appointed, engaged and instructed by Funderstone Group for executing, effecting, trading, implementing, clearing and/or settling the Instructions and Pre-Listing Trading Agent on behalf of the Client;

"**Pre-Listing Trading Platform**" means the platform via which the Pre-Listing Trading Agent provides Automated Trading Services for the purpose of Pre-Listing Trading;

"**Trading Day**" means, in respect of any Allotted Securities, the day immediately prior to their official listing on SEHK; and

"**Pre-Listing Trading Session**" means the trading hours as determined by the Pre-Listing Trading Agent from time to time.

1.2 In this Supplement: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) reference to a Clause is to a clause of this Supplement, reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (c) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (d) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (e) the headings to the Clauses of this Supplement are for convenience only and do not affect their interpretation or construction; and
- (f) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the

termination of the Agreement or suspension of any Account, such provision shall survive the such termination or suspension.

- 1.3 Where it is necessary for the true construction or interpretation of any provision of the Agreement, all references to (i) “**Securities**” in Section I shall be construed as references to include the Allotted Securities; (ii) “**Funderstone Trading Agent**” in Section I shall be construed as references to include Pre-Listing Trading Agent; and (iii) “**Transactions**” in Section I shall be construed as references to include Pre-Listing Trading.

2. Pre-Listing Trading

- 2.1 Funderstone Group shall act as the Client's agent to conduct Pre-Listing Trading. All Pre-Listing Trading may only be conducted in the Pre-Listing Trading Session on the Trading Day.

- 2.2 Notwithstanding anything contained in the Trading Account Terms, the Client acknowledges that Pre-Listing Trading Agent shall have the sole and absolute right exercisable at its sole discretion at any time, without notice to the Client, without limitation and without any liability to the Client: -

- (a) to vary the trading hours of the Pre-Listing Trading Session;
- (b) to limit or suspend Pre-Listing Trading on any Trading Day; and/or
- (c) to set any limit on any Instruction or order that can be given for Pre-Listing Trading,

for any reason whatsoever, and Funderstone Group shall not be liable to the Client as a result of any action or omission taken by Pre-Listing Trading Agent.

- 2.3 Subject to Clause 2.5 and Clause 5.2, all Instructions for Pre-Listing Trading accepted by Funderstone Group will be executed and effected through Pre-Listing Trading Agent via the Pre-Listing Trading Platform.

- 2.4 At the end of the Pre-Listing Trading Session, all Instructions for Pre-Listing Trading which remain wholly or partly unexecuted shall be canceled.

- 2.5 Notwithstanding Clause 2.3, if, in respect of any Allotted Securities, there is any postponement or cancellation of their official listing on SEHK or alteration to the terms and conditions of the IPO of such Allotted Securities, all Instructions for Pre-Listing Trading in such Allotted Securities will be cancelled automatically and will not be executed or effected. Funderstone Group shall not, in any circumstances, be liable in any way to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out of (directly or indirectly) or in connection with its or Pre-Listing Trading Agent's not accepting, carrying out, executing or effecting such Instructions or omitting to give notice therefor.

- 2.6 If a typhoon signal No.8 or above or black rainstorm warning is hoisted or issued in Hong Kong on any Trading Day, Pre-Listing Trading Agent may, in its sole and absolute discretion:

- (a) determine that the trading hours of the Pre-Listing Trading Session on such Trading Day will commence and end as usual;
- (b) vary the trading hours of the Trading Session on such Trading Day; or
- (c) limit or suspend Pre-Listing Trading on such Trading Day,

and Funderstone Group shall not, in any circumstances, be liable in any way to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out of (directly or indirectly) or in connection with its or Pre-Listing Trading Agent's actions taken pursuant to Clause 2.6.

3. Settlement

- 3.1 The Client shall deliver to Funderstone Group Allotted Securities which are fully paid with valid and good title and in deliverable form for delivery against sales or pay Funderstone Group cleared funds for the payment of Allotted Securities purchased, by such time as Funderstone Group has notified the Client. Any failure by the Client to do so shall entitle Funderstone Group, without further notice or

demand, to forthwith: -

- (a) borrow and/or buy the Allotted Securities required for delivery at a price as Funderstone Group shall in its absolute discretion determine, charge any Account for the cost thereof, deliver the Allotted Securities to satisfy the Client's obligations, and credit any Account with the payment received for delivery; or
- (b) accept delivery of the Allotted Securities, charge any Account for the payment to satisfy the Client's obligations, transfer and/or sell the Allotted Securities at a price as Funderstone Group shall in its absolute discretion determine, and credit any Account for the proceeds thereof,

or, in addition or as an alternative to (a) or (b) above, to have recourse to its rights of combination and set-off as set out in Section I in order to settle the Pre-Listing Trading.

- 3.2 Without prejudice to Clause 3.1, before the purchase of any Allotted Securities, unless otherwise agreed between the Client and Funderstone Group in writing, Client agrees and undertakes to pay an initial deposit regarding an Instruction for purchase of Allotted Securities, such initial deposit to be in such amount as agreed between the Client and Funderstone Group in writing from time to time.
- 3.3 The Client shall be liable for any Deficit resulting from losses and any cost or expense (including legal costs) incurred by Funderstone Group, on a full indemnity basis, related to the purchase and sale of Allotted Securities pursuant to Clause 3.1.
- 3.4 The Client acknowledges and accepts all Pre-Listing Trading are over-the-counter Transactions, which are exposed to counterparty risk if the counterparty fails to meet its settlement obligations.
- 3.5 Notwithstanding Clause 3.4, Funderstone Group makes no representation, warranty or guarantee with respect to the settlement of any Instructions for Pre-Listing Trading accepted by Funderstone Group. There may be circumstances where Funderstone Group and/or Pre-Listing Trading Agent consider inappropriate to take any action to avoid any settlement failure of such Instructions, in which case: -
 - (a) where the Client is the purchaser of Allotted Securities, the Client should only be entitled to the refund of the cleared funds paid (in full but without interest) for such purchase;
 - (b) where the Client is the seller of Allotted Securities, the Client should only be entitled to the return of the Allotted Securities delivered for such sale;

and the Client shall bear all losses and expenses resulting from the counterparty's failure to meet its settlement obligations. Funderstone Group shall not, in any circumstances, be liable in any way to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out of (directly or indirectly) or in connection with, any settlement failure of such Instructions .

4. Client's Representations, Undertakings and Warranties

The Client represents and warrants that: -

- (a) the Client will be the ultimate originator of all Pre-Listing Trading and is dealing on its own account;
- (b) the Client will not be conducting any Pre-Listing Trading for the account of any other persons; and
- (c) the Client has or will have good and unencumbered title as beneficial owner to all Allotted Securities which the Client instructs Funderstone Group to sell or otherwise dispose of in accordance with the Agreement and that no one other than the Client has any interest in the relevant Allotted Securities.

5. Limitation of Liabilities

- 5.1 Unless due to the wilful default of Funderstone Group, their directors, officers, employees and agents and only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly

and solely therefrom or the amount of the relevant Pre-Listing Trading (whichever is less), Funderstone Group shall not assume any liability or responsibility whatsoever to the Client or any other person for the consequences arising from or in connection with: (a) any interruption, interception, suspension, delay, loss, unavailability, mutilation, breakdown, disruption or other failure of the Pre-Listing Trading Platform ; and (b) Act of God, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party's control.

- 5.2 In the event of any suspension, breakdown or disruption of the Pre-Listing Trading Platform referred in Clause 5.1, Funderstone Group shall have the sole and absolute right and discretion to cancel any Instructions for Pre-Listing Trading, and the Client shall have no claim whatsoever against Funderstone Group arising from any of the foregoing.
- 5.3 Funderstone Group shall not in any circumstances or in any way be liable to the Client for any loss of use, revenue, profits, savings or opportunity or any other incidental, consequential, special or indirect loss or damages arising from the foregoing irrespective of how such loss may be caused.

SECTION II – TERMS AND CONDITIONS FOR IPO AND PLACING

Section II is additional and supplemental to the Section I. All Applications and the Credit Facilities in respect of such Applications shall be subject to and upon the Agreement and the Loan Agreement. Where any conflict or inconsistency arises between any provision of Section II and any provision of Section I, the provisions of Section II shall prevail.

1. Definitions

1.1 In Section II, words and expressions not otherwise defined herein shall have the same meanings as are given to them in Section I. In addition, the following definitions shall apply:

"**Allotted Securities**" means, in respect of each Application, all the Securities in relation to which the Application is accepted;

"**Application**" means any and each application to be made by Funderstone Group or its agent as agent on behalf of the Client for the subscription or purchase of the Offer Securities pursuant to Clause 2 of Section II;

"**Application Amount**" means, in respect of each Application, an amount equal to the total value of the Offer Securities applied for in the Application plus all fees, charges and expenses payable by the Client in connection with the Application (including transaction levy, commission, account opening fee and such other fees where applicable);

"**Funding Fee**" means the amount of moneys, fees, costs, interest, expenses, commissions and charges (including the moneys, fees, costs, interest, expenses, commissions and charges referred to or incurred under or pursuant to Clause 7.5 of Section II) as Funderstone Group may from time to time notify the Client (if any);

"**IPO**" means a public offer of Securities in respect of a new listing and/or issue of such Securities on an Exchange;

"**Issuer**" means the issuer or vendor of the Offer Securities;

"**Offer**" means an IPO or Placing, as the case may be;

"**Offer Securities**" means the Securities offered by the Issuer for (a) subscription in an IPO; or (b) purchase in a Placing;

"**Placing**" means a placing and/or selected/restricted offering of Securities;

"**Relevant Person**" means, in respect of an Offer, the Issuer, sponsors, underwriters, placing agents, registrar, central depository, receiving bank, other intermediaries involved in such Offer, the Exchange, the SFC, the Clearing House, any other relevant regulators and/or persons; and

1.2 In Section II: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) reference to a Clause is to a clause of Section II, reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (c) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (d) words importing the singular include the plural and vice versa; words importing person include

bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;

- (e) the headings to the Clauses of Section II are for convenience only and do not affect their interpretation or construction; and
- (f) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Agreement or suspension of any Account, such provision shall survive such termination or suspension.

1.3 Where it is necessary for the true construction or interpretation of any provision of the Agreement, all references to “**Credit Facilities**” in Section I shall be construed as references to include all or any of the loan or credit facilities made available, provided or granted by or agreed to be made available, provided or granted by Funderstone Group to the Client on demand in respect of an Application under and pursuant to Clause 7 of Section II and the Loan Agreement from time to time.

2. Application

2.1 The Client irrevocably and unconditionally requests and authorises Funderstone Group or its agent to make Application(s) containing the following details: -

- (a) the quantity of the Offer Securities to be applied for;
- (b) the name of Issuer of such Offer Securities; and
- (c) the Application Amount for such Offer Securities.

2.2 Funderstone Group reserves the right to refuse making any Application on the Client’s behalf if there are insufficient funds in the Account at the relevant time for settling the Application Amount and Funding Fee or if, in Funderstone Group’s opinion, there is any other reasonable ground for such refusal.

2.3 Where Funderstone Group or its agent submits an Application, Funderstone Group or its agent acts as the agent of the Client for the purpose of applying for the Offer Securities and neither Funderstone Group nor its agent (as the case may be) is the agent of the Issuer or any Relevant Person.

2.4 The Client must apply for the Offer Securities as principal only. Any Application by the Client as agent, nominee or trustee for any other person will not be processed by Funderstone Group.

2.5 The Client must ensure that each Application complies with any minimum, maximum, denomination and/or other requirements (whether in respect of the quantity or value of the Offer Securities or the number of Application) prescribed by the Issuer of the relevant Offer. Any Application which does not fully comply with such requirements will not be processed by Funderstone Group.

2.6 Each Application shall be subject to the Agreement.

2.7 Funderstone Group may aggregate any Application with a bulk application to be made by Funderstone Group or its agent on behalf of Funderstone Group and/or Funderstone Group’s other clients. The Client acknowledges and agrees: -

- (a) that such bulk application may be rejected by reasons which are unrelated to the Client and the Application and neither Funderstone Group nor its agent shall, in the absence of fraud or wilful default, be liable to the Client or any other person in consequence of such rejection;
- (b) to indemnify Funderstone Group against any and all losses, damages, costs, charges, expenses (including legal fees on a full indemnity basis), claims or demands whatsoever which may be sustained or incurred by or made against Funderstone Group if such bulk application is rejected as a result of the Client’s failure to comply with any of its obligations under the Agreement or otherwise in connection with the Application (including any representations, undertakings and/or warranties of the Client being or becoming untrue or having been breached) or any other factors relating to the Client. The Client acknowledges that the Client may also be liable in damages to other persons affected by such failure, breach or factors; and

- (c) that in the event that the bulk application is only partially filled, Funderstone Group is entitled to distribute the Allotted Securities in its absolute discretion, including distributing the Allotted Securities equally among Funderstone Group's clients under the bulk application and the Client shall not have any claim to the Allotted Securities or claim of priority to another Funderstone Group's client in relation to the bulk application.

2.8 If the Offer Securities are denominated in a Foreign Currency or in both Hong Kong Dollar and a Foreign Currency, Funderstone Group shall have the absolute discretion to: -

- (a) request the Client to pay or transfer to Funderstone Group the Application Amount and the Funding Fee in Hong Kong Dollar and/or the relevant Foreign Currency in such proportion as may be determined by Funderstone Group from time to time; and
- (b) convert (the entirety or any part of) the Application Amount and the Funding Fee from one currency to another currency for the purpose of submission of the Application and/or other purposes relating or incidental to the Application.

2.9 In respect of each Application, the Client acknowledges that Funderstone Group has invited the Client to seek independent legal and other professional advice or the Client does not wish to seek independent legal or other professional advice despite every chance having been offered to the Client to do so.

2.10 The Client acknowledges and agrees that any Application, once submitted by Funderstone Group or its agent on behalf of the Client, cannot be withdrawn, cancelled or modified without the prior written consent of Funderstone Group.

3. Responsibility of Funderstone Group

3.1 Funderstone Group shall not have any liability in respect of, is not responsible for, has not authorised and shall not be deemed to have authorised, the contents of any prospectus, offering document(s), application form(s) and/or other documents relating to any Offer.

3.2 Unless otherwise appointed in writing, Funderstone Group is not the investment adviser of the Client with respect to any Offer or Application and shall not be responsible for any loss which the Client may suffer as a result of any Application made on behalf of the Client pursuant to the Agreement. The Client confirms that each Application is made by the Client on its own judgment and at its sole risk.

3.3 Funderstone Group makes no undertakings, warranties or representations as to the result of the allotment of the Offer Securities in any Offer and Funderstone Group shall not in any event be responsible for the result of such allotment or any rejection in full or in part of any Application for any reason.

3.4 Funderstone Group shall not incur any liability or responsibility whatsoever arising out of or in consequence of any failure or omission by Funderstone Group to perform any of its obligations hereunder including the making of any Application or any refusal to make or any withdrawal of any Application.

4. Notification and Results

4.1 The Issuer shall be solely responsible for approving or disapproving Applications and for announcing the results of allocation of the Offer Securities. The specific arrangements with regard to the announcement of results may differ from one Offer to another and the Client shall be responsible for ascertaining details of such arrangements by reviewing the relevant prospectus and/or offering document(s). Funderstone Group will notify the Client of the results of its Application in such manner as Funderstone Group may deem fit.

4.2 Unless Funderstone Group receives from the Client notice to the contrary together with payment of all amounts owing by the Client to Funderstone Group in connection with any Application (including the interest payable on the Credit Facilities, the outstanding principal amount of the Credit Facilities, the Application Amount and the Funding Fee) within such time as Funderstone Group may specify in its

notification of allotment to the Client (without prejudice to Funderstone Group's right of repayment on demand or any other rights or remedies), Funderstone Group is authorised but not obliged, without notice to or consent from the Client, to sell or otherwise dispose of any and all Allotted Securities in such manner and for such price or prices and without being responsible for any loss, as Funderstone Group may think fit and apply the proceeds of such sale or disposal towards discharging the Liabilities (including the costs incurred in connection with the sale or disposal of the Allotted Securities and all other costs incurred by Funderstone Group in connection with the Application, the interest payable on the Credit Facilities, the outstanding principal amount of the Credit Facilities, the Funding Fee and the Application Amount) in such order of priority as Funderstone Group may consider appropriate, and the remaining amount (if any) shall be paid to the Client or to the Client's order. In the event of any deficiency after applying the proceeds of sale or disposal of the Allotted Securities, the Client shall make good and pay on demand to Funderstone Group such deficiency. The Client shall also pay interest on such deficiency at such rates and on such other terms as Funderstone Group announced in Funderstone Website and/or notifies the Client from time to time, such interest shall be payable on the last day of each calendar month or forthwith upon demand by Funderstone Group.

- 4.3 If the Client gives any notice to Funderstone Group pursuant to Clause 4.2 of Section II, the Client shall pay to Funderstone Group at the time of giving such notice or otherwise on demand all amounts owing by the Client to Funderstone Group in connection with the relevant Application (including but limited to the interest payable on the Credit Facilities, the outstanding principal amount of the Credit Facilities, the Application Amount and the Funding Fee). Funderstone Group is not obliged to release or procure its agent to release to the Client the certificates relating to the Allotted Securities, or to procure the Allotted Securities to be credited to the Client's specified Account, unless and until all amounts owing by the Client to Funderstone Group have been received in full by Funderstone Group to its satisfaction.

5. Refund of Application Amount

- 5.1 Where no Application has been submitted on behalf of the Client for any reason, Funderstone Group will arrange for refund of the Application Amount to the extent debited or received by Funderstone Group (in full but without interest) to the Client by crediting the relevant sum to the Settlement Account as soon as reasonably practicable. If an Application is submitted but is wholly or partly unsuccessful, Funderstone Group will arrange for refund of the Application Amount (or the applicable balance in the case of a partly unsuccessful Application) on (a) in the case of IPO, the refund date as announced by the Issuer; or (b) in the case of Placing, within three (3) Business Days after completion and/or termination of such Placing pursuant to the terms and conditions of the prospectus, offering document(s), application form(s) or other documents relating to such Placing, in the same manner described in this Clause 5.1 of Section II subject to Clauses 5.5 and 7 of Section II.
- 5.2 In the event that the offer price of the Offer Securities (as finally determined by the Issuer) is less than the Application Amount initially paid by the Client, subject to the terms and conditions of the relevant Offer, Funderstone Group will arrange to refund the surplus of the Application Amount to the Client in the same manner described in this Clause 5.2 of Section II subject to Clauses 5.5 and 7 of Section II.
- 5.3 All Funding Fee in connection with the Application are not refundable unless otherwise specified by Funderstone Group in writing.
- 5.4 If the Offer Securities are denominated in a Foreign Currency or in both Hong Kong Dollar and a Foreign Currency, Funderstone Group shall have the absolute discretion to: -
- (a) refund, pay or transfer to the Client the Application Amount (or the applicable balance in the case of a partly unsuccessful Application) in Hong Kong Dollar and/or the relevant Foreign Currency in such proportion as may be determined by Funderstone Group from time to time; and
 - (b) convert (the entirety or any part of) the Application Amount (or the applicable balance in the case of a partly unsuccessful Application) from one currency to another currency for the purpose of such refund, payment or transfer and/or other purposes relating or incidental to such refund, payment or transfer.

- 5.5 Notwithstanding that an Application is made on behalf of the Client, where Credit Facilities have been made to the Client, all the rights to any refund amount of the Application Amount shall be held by Funderstone Group or its agent on trust to pay the same to Funderstone Group. The Client shall have no right or claim in respect of such refund amount. By giving Instruction to make an Application, the Client irrevocably agrees and confirms that Funderstone Group or its agent (as the case may be) is authorised to apply any refund amount towards satisfaction of any amount owing by the Client to Funderstone Group in the manner specified in Clause 4.2 of Section II. Funderstone Group may at its discretion grant security interest of any nature over any such refund amount to any third party as security for any credit facilities made to Funderstone Group to finance the Funderstone Group's funding of all or part of the Credit Facilities.

6. Client's Representations, Undertakings and Warranties

- 6.1 The Client warrants to and for the benefit of Funderstone Group and any of its agents that Funderstone Group or any such agent (as the case may be) shall be authorised by the Client to make Application(s) as the Client's agent and on the Client's behalf.
- 6.2 The Client warrants to and for the benefit of Funderstone Group and any of its agents that the Client is not a person prohibited by any Relevant Person or any legislation, rule or regulation from making Application(s) or from owning the Offer Securities and that the Client makes each Application as principal and not on behalf of any person that is subject to such prohibition or any other person.
- 6.3 With respect to each Application, the Client shall familiarise itself and comply with all the terms and conditions: - (a) governing the relevant Offer set out in the application form(s), prospectus, offering document(s) and any other relevant document in respect of such Offer; and (b) in the Agreement, and the Client agrees to be bound by such terms and conditions in respect of each Offer for which Funderstone Group or its agent makes an Application on the Client's behalf. The Client shall make the investment decision based on the prospectus, offering document(s) and any other relevant document(s) in respect of the relevant Offer rather than on any other information, particularly promotional or marketing materials and media coverage relating to such Offer. The giving of any Instruction to make an Application shall constitute the Client's confirmation that the Client has complied with this Clause 6.3 of Section II with respect to the relevant Offer and Application.
- 6.4 The Client represents, undertakes and warrants to Funderstone Group that: - (a) (in respect of any Offer where multiple applications for subscription or purchase of Offer Securities are not permitted) the Client has not made and will not make, and the Client has not procured and will not procure to make, more than one Application in respect of such Offer whether for its own account or for account of any other person; (b) the Client has not made and will not make, and the Client has not procured and will not procure to make, any Application as agent, nominee or trustee for any other person; (c) in respect of any Application, the Client has not been placed (for the benefit of itself or for the benefit of any other person) with any shares or warrants or interests which are of the same class or type as those applied for in the Application. The Client acknowledges that any breach by the Client of, or any inaccuracy of, the representations, undertakings and warranties set out in this Clause 6.4 of Section II might result in, in addition to the rejection of the Application, the rejection of other applications submitted by Funderstone Group on its own behalf or on behalf of others. Without prejudice to clause 23 of Section I, the Client shall indemnify Funderstone Group on demand for all losses resulting from such breach or inaccuracy. The Client acknowledges and accepts that the aforesaid representations, undertakings and warranties will be relied upon by Funderstone Group, its agent and the Relevant Persons in respect of the relevant Application.
- 6.5 In addition to the other representations, warranties and undertakings given or to be given by the Client to Funderstone Group in connection with each Application, the Client gives Funderstone Group all the representations, warranties and undertakings which an applicant for the Offer Securities in an Offer is required to give (whether to any or all of the Relevant Persons).
- 6.6 The Client recognises and understands that the legal and regulatory requirements and Market practice in respect of each Offer or Application may vary from time to time. The Client undertakes to provide to Funderstone Group such information, make such disclosure, take such steps and give such representations, warranties and undertakings as may be required of the Client in accordance with

such legal and regulatory requirements and Market practice as Funderstone Group may in its absolute discretion determine from time to time. The Client shall also comply with such requirements and practice.

- 6.7 Where Funderstone Group or its agents is required, in respect of any Offer and/or the Application, to give any undertakings, representations and warranties to any one or more of the Relevant Persons with respect to the Client or any other matters, Funderstone Group is authorised by the Client to give such undertakings, representations and warranties in reliance solely upon any undertakings, representations and warranties given by the Client to Funderstone Group. The Client shall be bound by all applicable announcements made by any Relevant Person and all the applicable legislation, rules and regulations governing each Offer and Application and the issue of the Allotted Securities.
- 6.8 The Client authorises Funderstone Group to execute all documents and to do all things necessary on behalf of the Client for the purposes of making any Application. The Client accepts all things done by Funderstone Group and/or its agent on the Client's behalf in connection with each Application. The Client shall accept the Offer Securities applied for in each Application or any lesser quantity allocated to Funderstone Group or its agent on behalf of the Client pursuant to each Application. The Client indemnifies Funderstone Group and/or its agent against any loss or claims suffered or incurred by each of them in connection with any Application.
- 6.9 The Client authorises Funderstone Group to disclose to any Relevant Person all information relating to the Client and the relevant Application if disclosure is required by law or is requested or required in connection with the relevant Offer or Application.
- 6.10 Notwithstanding anything contained in this Clause 6 of Section II (in particular, Clauses 6.2 and 6.4 of Section II), in the case where the Client is a licensed corporation (as defined under the SFO), Funderstone Group may at its discretion allow such Client to make an Application as an agent of any other person who is not prohibited by any Relevant Person or any legislation, rule or regulation from making Application(s) or from owning the Offer Securities ("**End Client**") and on the End Client's behalf, provided that such Client shall on request provide the Funderstone Group with the End Client's identity or such other information as the Funderstone Group may require under the Applicable Laws and Regulations from time to time.

7. Application Financing

- 7.1 The Client applies to and requests Funderstone Group to grant or extend to the Client on demand Credit Facilities for Application(s). The following items shall be agreed by the Client and Funderstone Group in respect of the relevant Application: -
- (a) the principal amount of the Credit Facilities;
 - (b) the interest rate; and
 - (c) the Funding Fee.
- 7.2 Subject to this Clause 7.2 of Section II, Funderstone Group, relying on the representations, warranties and undertakings of the Client in the Agreement and the Loan Agreement, agrees to grant or extend to the Client the Credit Facilities for Application(s) subject to and upon the terms and conditions of the Agreement and the Loan Agreement.
- 7.3 Notwithstanding any of the terms and conditions herein (in particular Clause 7.2 of Section II) or in the Loan Agreement, and without prejudice to any other rights and powers of Funderstone Group under the Agreement, the Loan Agreement and/or otherwise conferred by the applicable legislation, rules and regulations, the Client agrees and acknowledges that the provision and drawdown of any Credit Facilities are at Funderstone Group's sole discretion. Funderstone Group reserves the right, without notice to the Client, to withdraw, stop or cancel any part or the whole of the Credit Facilities at any time up to the moment when the relevant Application is made. In the event of Funderstone Group exercising the aforesaid right, then the Credit Facilities (or any part thereof) shall automatically be withdrawn, stopped or cancelled, and the Credit Facilities (or any part thereof) shall not thereafter be available to the Client. For the avoidance of doubt, it is hereby agreed and declared that all the Client's rights and benefits under the Agreement and the Loan Agreement shall always be subject to

Funderstone Group's right of withdrawal, stop, cancellation as mentioned in this Clause 7.3 of Section II.

7.4 Notwithstanding any of the terms and conditions in the Agreement or the Loan Agreement, the Client authorises Funderstone Group to apply for, be granted and/or be extended financial facilities from the bank at any time and on such terms and conditions to be agreed between Funderstone Group and the bank from time to time, for financing all or any part of the Credit Facilities to be granted or extended to the Client. The Client further agrees, acknowledges and authorises that: -

- (a) Funderstone Group may provide the bank with security or collateral arrangement up to such extent as may be determined by the bank and Funderstone Group for securing such financial facilities from the bank; and
- (b) Funderstone Group and the bank may enter into or make any kind of hedging, financial or other arrangement (including swap arrangement) with respect to such financial facilities from the bank.

7.5 Notwithstanding any of the terms and conditions in the Agreement or the Loan Agreement and without prejudice to clause 23 of Section I, the Client agrees, acknowledges and undertakes to Funderstone Group that the Client shall bear and pay Funderstone Group and shall fully indemnify and keep Funderstone Group indemnified on demand against any moneys, fees, costs, interest, expenses, commissions, and charges arising out of or in connection with the financial facilities, security or collateral arrangement, and hedging, financial or other arrangement (including swap arrangement) referred to in Clause 7.4 of Section II.

7.6 Notwithstanding any of the terms and conditions in the Agreement or the Loan Agreement, the Client agrees, acknowledges and undertakes to Funderstone Group that: -

- (a) the Client will pay to Funderstone Group on demand the Credit Facilities, interest thereon, the Funding Fee, all fees, charges and costs in connection with the Credit Facilities;
- (b) the Credit Facilities are advanced to the Client, and shall be used, exclusively for the purpose of making the relevant Application, and the Credit Facilities proceeds shall be held on trust for that purpose. Notwithstanding that the Application is made by Funderstone Group or its agent as agent on the Client's behalf, the Client shall have no right, title, interest or claim of whatever nature in or to any amount of the Credit Facilities or to use the Credit Facilities for any purpose other than making the relevant Application. Where any Application is to be made by Funderstone Group's agent, Funderstone Group's agent shall hold the amount of the relevant Credit Facilities on trust for Funderstone Group at all times pending payment to or to the order of the Issuer;
- (c) in consideration of Funderstone Group making available the Credit Facilities to the Client and upon the allotment and issuance to Funderstone Group or its agent on the Client's behalf of the Allotted Securities pursuant to the relevant Application, the Client as beneficial owner hereby charges, assigns, mortgages and pledges and agrees to charge, assign, mortgage and pledge to Funderstone Group by way of first fixed charge and release to Funderstone Group all the Client's rights, title and interest in and to the Allotted Securities as a continuing security for the payment of all amounts payable by the Client to Funderstone Group in connection with the Credit Facilities and the Application and the performance of any other obligation of the Client to Funderstone Group. The security created by this charge shall extend to and cover any and all dividends, warrants, shares, stocks, rights, benefits, interest, distributions, accretions and other money and property accruing or offered at any time by way of substitution, redemption, bonus, preference, option or otherwise in respect of the Allotted Securities. Without prejudice to the aforesaid, the Allotted Securities (including all dividends, warrants, shares, stocks, rights, benefits, interest, distributions, accretions and other money and property accruing or offered at any time by way of substitution, redemption, bonus, preference, option or otherwise in respect thereof) shall become part of the Retained Properties (as defined in Section I) and subject to the Lien (as defined in Section I);
- (d) Funderstone Group is authorised by the Client to pledge or grant security interest of any nature over any and all of the Allotted Securities subject to the security constituted by Clause 7.6(c) of Section II above in favour of any third party as security for any credit facilities made to Funderstone Group to finance its funding of all or part of the Credit Facilities;

- (e) upon failure by the Client to pay on demand any amount payable by the Client to Funderstone Group hereunder, or if the Client is unable or admits to being unable to pay its debts as they become due, or if the Client is subject to any proceedings in or analogous to insolvency, bankruptcy or liquidation, or if legal process is applied for, levied or enforced against any Allotted Securities or other assets of the Client, Funderstone Group shall be entitled to enforce the security constituted by Clause 7.6(c) of Section II above and without further notice, demand, legal process or any other action with respect to the Client, (i) may, without further notice, demand, legal process or any other action with respect to the Client or the Client's consent, sell or otherwise dispose of the Allotted Securities (or any part thereof) in such manner and for such price or prices, and without being responsible for any loss, as Funderstone Group may think fit and apply the proceeds of sale or disposal after deducting expenses, in or towards satisfaction of all Liabilities. In the event of any deficiency after the enforcement of the security as aforesaid, the Client shall make good and pay on demand to Funderstone Group such deficiency. The Client shall also pay interest on such deficiency at such rates and on such other terms as Funderstone Group announced in Funderstone Website and/or notifies the Client from time to time, such interest shall be payable on the last day of each calendar month or forthwith upon demand by Funderstone Group;
- (f) in addition and without prejudice to any other provisions in the Agreement or any security or right Funderstone Group may have in law or otherwise, the Client authorises Funderstone Group to apply any credit balance to which the Client is entitled on any Account and any other money payable to the Client from Funderstone Group in satisfaction of any amount due and payable to Funderstone Group hereunder but unpaid. For this purpose, Funderstone Group is authorised to purchase with the money standing to the credit of any such Account such other currency as may be necessary to effect such application;
- (g) the Client shall at its own cost and expense execute and sign all transfer documents, power of attorney, proxies and/or other documents and do all acts and things which Funderstone Group may require for perfecting Funderstone Group's title to the Allotted Securities or any of them and/or for vesting or enabling Funderstone Group to vest such Allotted Securities in its name, in the name of its nominee and/or any purchaser or otherwise for the purposes of obtaining, preserving and enforcing full benefit of the security and/or other rights and remedies conferred on Funderstone Group by the Agreement and the Loan Agreement. Funderstone Group shall be entitled to exercise all rights and powers that are conferred upon Funderstone Group herein including the right to sell the Allotted Securities;
- (h) without prejudice to any other provisions in the Agreement and without prejudice to clause 23 of Section I, the Client will fully indemnify and keep Funderstone Group indemnified on demand against any losses, damages, costs, charges, expenses, claims or demands which may be sustained or incurred by or made against Funderstone Group arising out of the Credit Facilities and/or the Application;
- (i) regarding each Credit Facilities, the Client acknowledges that Funderstone Group has invited the Client to seek independent legal and other professional advice or the Client does not wish to seek independent legal or other professional advice despite every chance having been offered to the Client to do so;
- (j) Funderstone Group has the overriding right at any time to demand immediate repayment of any outstanding amount of any Credit Facilities and to cancel any Credit Facilities;
- (k) the security constituted by Clause 7.6(c) of Section II above is a continuing security and secures the ultimate balance of all indebtedness from time to time owing by the Client to Funderstone Group notwithstanding any intermediate repayment or satisfaction of all or any of such indebtedness. Each security is in addition to, shall not be affected by and may be enforced despite the existence of any other security held by Funderstone Group. Any restriction on the right of consolidating security interests shall not apply to any security constituted by Clause 7.6(c) of Section II above;
- (l) any monies paid to Funderstone Group in respect of any Credit Facilities or Application may be applied in or towards satisfaction of the same or placed to the credit of such account as Funderstone Group may determine with a view to preserving its rights to prove for the full amount of indebtedness of the Client; and
- (m) Funderstone Group may at any time continue any existing account and open any new account in the name of the Client and no subsequent transactions, receipts or payments involving such new account shall affect the liability of the Client.

- 7.7 If the Offer Securities are denominated in a Foreign Currency or in both Hong Kong Dollar and a Foreign Currency, Funderstone Group shall have the absolute discretion to: -
- (a) provide or grant the Credit Facilities to Client in Hong Kong Dollar and/or the relevant Foreign Currency to Funderstone Group in such proportion as may be determined by Funderstone Group from time to time; and
 - (b) convert (the entirety or any part of) the Credit Facilities from one currency to another currency for the purpose of provision or granting of the Credit Facilities and/or other purposes relating or incidental to the Credit Facilities.

SECTION III - TERMS AND CONDITIONS FOR SECURITIES MARGIN TRADING

Section III is additional and supplemental to the Section I. All transactions, purchase, investment, sale, trading, exchange, acquisition, holding, deposit, transfer, disposal, clearing, settlement or dealing in, of and with all kinds of Securities effected, conducted, carried on and entered into by the Client with and through Funderstone Group and/or Funderstone Trading Agent for or on the Margin Account, and the Margin Account opened and maintained by the Client with Funderstone Group shall be subject to and upon the Agreement. Where any conflict or inconsistency arises between any provision of Section III and any provision of Section I and/or the Loan Agreement, the provisions of Section III shall prevail.

1. Definitions

1.1 In Section III, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Section I. In addition, the following definitions shall apply:

"**Collateral**" means the Charged Properties, Margin Account Fund and/or such other moneys or assets of the Client charged to the Lender upon the terms and conditions contained in the Loan Agreement;

"**Event of Default**" has the meaning ascribed thereto in Clause 4 of Section III; and

"**Margin Account Fund**" means (i) all and any moneys or funds standing to the credit of the Margin Account from time to time; (ii) all funds held by Funderstone Group for or on account of the Client from time to time; and (iii) all interest (if any) accruing on such funds.

1.2 In Section III: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) "subsidiary" shall bear the meaning given by the Companies Ordinance and "associated company" means, in respect of any person, any company (not being a subsidiary of that person) of which that person shall beneficially own twenty per cent (20%) or more of the issued share capital or in respect of which that person is entitled to appoint one or more directors or, in relation to any company, any company which is a subsidiary of a holding company of that first mentioned company;
- (c) reference to a Clause is to a clause of Section III and reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (d) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (e) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (f) the headings to the Clauses of Section III are for convenience only and do not affect their interpretation or construction; and
- (g) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Agreement or suspension of any Account, such provision shall survive such termination or suspension.

1.3 Where it is necessary for the true construction or interpretation of any provision of the Agreement, all references to "**Retained Properties**" as defined in Section I shall be construed as references to include Collateral.

2. Credit Facilities

- 2.1 Where the Lender grants any Credit Facilities to the Client, the Credit Facilities shall be revolving and shall be secured by the Collateral up to such extent (subject to the restrictions under any Applicable Laws and Regulations) as may be determined by the Lender (in its absolute and subjective discretion) from time to time provided that the Lender shall have the right to review such extent with reference to the financial position of the Client and such other relevant factors.
- 2.2 The Client further acknowledges and agrees to abide by the terms and conditions of the Loan Agreement and the provisions of any other agreement made with the Lender and/or Funderstone Group from time to time in relation to the granting and maintenance of such Credit Facilities.
- 2.3 The Lender shall have the absolute discretion to determine the value of the Collateral required to be provided by the Client, and/or to determine, amend or alter the principal amount and other terms of the Credit Facilities from time to time and/or to refuse to make any advance under the Credit Facilities (whether or not the existing facility limit has been exceeded) and/or to terminate and require immediate repayment of the Credit Facilities at any time. At all times, the amount outstanding under the Credit Facilities shall not exceed such extent as prescribed by the Lender pursuant to Clause 2.1 of Section III.
- 2.4 Notwithstanding any of the terms and conditions in the Agreement or the Loan Agreement, (i) the Credit Facilities are repayable on demand and may be varied or terminated in the absolute discretion of the Lender; and (ii) the Lender will not at any time be obliged to make any advances to the Client.
- 2.5 Without prejudice to the above, the Lender shall be under no obligation to make any advances to the Client under the Credit Facilities, if any of the following circumstances apply: -
- (a) if the Client is in default of any of the provisions of the Agreement, the Loan Agreement, or any other letter, agreement or document entered into between the Client and Funderstone Group;
 - (b) if in the opinion of Funderstone Group, there is or has been a material adverse change in the Client's financial condition or in the financial condition of any person which might adversely affect the Client's ability to discharge the Liabilities or perform its obligations under the Agreement, the Loan Agreement, or any other letter, agreement or document entered into between the Client and Funderstone Group;
 - (c) if making an advance to the Client would cause the applicable extent as prescribed by the Lender pursuant to Clause 2.1 of Section III to be exceeded; or
 - (d) if Funderstone Group in its absolute discretion considers it prudent or desirable for the protection of Funderstone Group.
- 2.6 Funderstone Group is instructed and authorised by the Client to draw on the Credit Facilities to settle any Liabilities, whether in respect of any Transaction, margin maintenance obligations for any positions as required by Funderstone Group, or payment of any commission or other costs and expenses owing to Funderstone Group.
- 2.7 For so long as any Liabilities remain outstanding, Funderstone Group shall be entitled at any time and from time to time to refuse any withdrawal of any or all of the Collateral or any other moneys and/or the Securities held by Funderstone Group for the account of the Client.
- 2.8 The Credit Facilities will be terminated upon the occurrence of any one or more of the following events:
- (a) the revocation of the Client's Standing Authority as contained in or provided under Schedule 2; or
 - (b) the non-renewal of such Standing Authority upon its expiry or when called upon to do so; or
 - (c) any termination in accordance with Section I, and any notice of termination for that purpose shall be deemed to be a notice of termination of the Credit Facilities.

Upon termination of the Credit Facilities, any outstanding Liabilities shall forthwith be repaid.

3. Margin & Fund

- 3.1 The Client agrees to provide and maintain such margin in the Margin Account (the "**Margin Requirement**") in cash, Securities and/or other assets in such form and amount and on such terms as Funderstone Group may in its absolute discretion require from time to time. Such Margin Requirement demanded or required by Funderstone Group may exceed any margin requirement prescribed by any Exchange or Clearing House or Funderstone Trading Agent or broker. Funderstone Group may change any Margin Requirement in its sole discretion and at any time without prior notice to the Client. If Funderstone Group determines that additional margin is required, the Client agrees to make payment to and/or deposit with Funderstone Group such additional margin forthwith upon demand. All funds provided by the Client as margin shall be cleared funds and all Securities provided by the Client as margin shall be Securities to which the Client has valid and unencumbered title. No previous Margin Requirement shall establish any precedent. Change on Margin Requirement shall apply to existing positions as well as to new positions after the date of such change.
- 3.2 All margin (additional or otherwise) provided and maintained by the Client pursuant to Clause 3.1 of Section III, and all monies and Securities of the Client which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by Funderstone Group shall form part of the Collateral as a continuing security in favour of Funderstone Group and the Lender for the payment and satisfaction of all Liabilities (whether under the Credit Facilities or otherwise).
- 3.3 Without prejudice to Clauses 3.5 to 3.11 of Section III, calls or demands for Margin Requirement must be met or satisfied by the Client forthwith upon demand by Funderstone Group. The Client shall on demand put Funderstone Group in funds or moneys or arrange for Funderstone Group to be put in funds or moneys in time to enable Funderstone Group to discharge any liability incurred or to be incurred in connection with trading, dealing or Transactions effected in relation to the Margin Account. The Client shall on demand reimburse Funderstone Group for all costs and expenses incurred by it in connection with the trading, dealing or Transactions effected in relation to the Margin Account and/or pay or settle any outstanding amount under the Margin Account.
- 3.4 Funderstone Group is not liable to pay interest on the moneys or funds paid to or received by Funderstone Group in respect of the Margin Account whether on deposit or however described. Funderstone Group is entitled to retain for its own benefit any interest or other realised income or increase in value earned or received in respect of such moneys or funds. Funderstone Group is entitled to charge and the Client agrees to pay interest to Funderstone Group in respect of any Deficit or any moneys or funds otherwise owing to Funderstone Group at any time at such rates and on such other terms as Funderstone Group announced in Funderstone Website and/or notifies the Client from time to time. Interest shall be payable on the last day of each calendar month or forthwith upon demand by Funderstone Group.
- 3.5 The Client shall monitor the Margin Account so that at all times the Margin Account shall contain a sufficient account balance to meet the Margin Requirement. Funderstone Group may reject any Instruction or order of the Client if the Client does not have a sufficient account balance to meet the Margin Requirement and may delay the processing of any Instruction or order while determining the correct margin status of the Margin Account. The Client shall maintain, without notice or demand from Funderstone Group, a sufficient account balance at all times so as to continuously meet the Margin Requirement. The Client must at all times satisfy whatever Margin Requirement calculated by Funderstone Group.
- 3.6 Funderstone Group has no obligation to notify the Client of any failure to meet the Margin Requirement prior to Funderstone Group exercising its rights, powers, discretion and remedies under the Agreement. The Client understands and accepts that Funderstone Group generally will not issue call or demand on Margin Requirement, that Funderstone Group generally will not credit the Margin Account to meet any deficiency on Margin Requirement, and that Funderstone Group is authorised to exercise any of its rights under clause 17 of Section I in order to satisfy Margin Requirement without prior notice to the Client.

- 3.7 In the event that the balance of the Margin Account has zero equity or is in deficit at any time, or the Margin Account does not have a sufficient account balance to meet Margin Requirement, Funderstone Group shall have the right, in its sole discretion, but not the obligation, to exercise any of its rights under clause 17 of Section I at any time and in such manner and in any Market as Funderstone Group deems necessary, without prior notice demand or call to the Client. The Client agrees to be responsible for, and promptly pay to Funderstone Group, any deficiency in the Margin Account that arises from such exercise of rights or remain after such exercise of rights. Funderstone Group shall not have any liability to the Client for any losses or damages sustained by the Client in connection with such exercise of rights (or if Funderstone Group experiences a delay in exercising, or does not exercise such rights).
- 3.8 The Client expressly waives and relinquishes any rights to receive prior notice or demand from Funderstone Group and agrees that any prior demand, notice, announcement or advertisement shall not be deemed a waiver of Funderstone Group's right to exercise any of its rights under clause 17 of Section I. The Client understands that, in the event that Funderstone Group exercise such rights, the Client shall have no right or opportunity to determine the manner of exercising such rights by Funderstone Group. Funderstone Group may, in its absolute and sole discretion, exercise such rights on any Exchange or Market, and Funderstone Group or its associated company may take the other side of any closing out, liquidating or settlement transaction. In the event that Funderstone Group exercise such rights, such exercise of rights shall establish the amount of the Client's gain or loss and indebtedness to Funderstone Group, if any. The Client shall reimburse and hold Funderstone Group harmless for all actions, omissions, costs, expenses, fees (including, legal costs), penalties, losses, claims or liabilities associated with any exercise of such rights by Funderstone Group. The Client shall be liable to and responsible for all resulting losses, notwithstanding Funderstone Group's delay in or failure to exercise such rights. If Funderstone Group executes an order for which the Client did not have sufficient funds, Funderstone Group has the right, without notice to the Client, to liquidate the Transaction and the Client shall be responsible for any loss as a result of such liquidation, including any costs, and shall not be entitled to any profit that results from such liquidation.
- 3.9 The Client irrevocably and unconditionally authorises Funderstone Group to transfer, debit or deduct any money in the Margin Account and/or the Account so as to pay, discharge, satisfy the Client's indebtedness, obligations and Liabilities to Funderstone Group arising from, incurred under and relating to the Agreement and/or the Loan Agreement, including the outstanding purchase moneys, fees (including market data fees), charges, expenses, commissions and interests payable by the Client under and pursuant to the Agreement and/or the Loan Agreement. The Client acknowledges and agrees that such deductions may affect the amount of money in the Margin Account to be applied against the Margin Requirement. Funderstone Group may exercise any of its rights under clause 17 of Section I if deduction of commissions, fees or other charges causes the Margin Account to have an insufficient balance to satisfy the Margin Requirement.
- 3.10 If Funderstone Group issues a call or demand for Margin Requirement to the Client, the Client must satisfy such call or demand immediately. The Client agrees to satisfy any call or demand for Margin Requirement issued by Funderstone Group by immediately depositing cleared funds in the Margin Account to pay, in full, the under-margined open position.
- 3.11 Funderstone Group shall also have the right to exercise any of its rights under clause 17 of Section I without prior notice to the Client in the same manner as provided above: (a) if any dispute arises concerning any trading or Transaction of the Client; (b) upon the Client's failure to timely discharge the Liabilities; (c) upon the Client's insolvency or filing of a petition in bankruptcy or for protection from creditors; (d) upon the appointment of a receiver, or (e) whenever Funderstone Group, in its absolute and sole discretion, deems necessary or advisable for the protection of Funderstone Group.

4. Default

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

- (a) an event described under clause 17.1 of Section I;
- (b) any failure by the Client to comply with Clause 3 of Section III;
- (c) the Client has not provided any margin (initial, maintenance or additional) or adjustments

(variation or otherwise) when the same become due or payable under the Agreement, or has failed or refused to comply with any request, call or demand made by Funderstone Group pursuant to the Agreement; and

- (d) at any time when Funderstone Group and/or Funderstone Trading Agent is or becomes under any obligation imposed by any relevant Exchange and/or Market and/or Clearing House and/or broker or any Applicable Laws and Regulations to do any of the acts mentioned in this Clause 4 of Section III.

5. Separate Accounts

The Transactions and assets booked under the Margin Account shall not be co-mingled with those booked under the Securities Account except as expressly provided for in the Agreement.

6. Application Financing

Section III shall be incorporated into Section II and shall apply mutatis mutandis to the Credit Facilities and Allotted Securities as defined in Section II provided that in the application of Section III as incorporated into such Section II, the definition of “**Collateral**” in Clause 1.1 of Section III shall be construed to include the following:

“all Allotted Securities and all monies in relation to the Application which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by Funderstone Group or nominees, including those monies and Securities that shall come into the possession, custody or control of Funderstone Group from time to time in relation to the Application (which shall include any additional or substituted Securities and all dividends, distributions or interest paid or payable, rights, interests, monies, entitlements, other payments or property accruing or offered at any time by way of redemption, bonus, preference, options or otherwise in respect of any such Securities or additional or substituted Securities)”

SECTION IV - TERMS AND CONDITIONS FOR STOCK OPTIONS TRADING

Section IV is additional and supplemental to the Section I. All Transactions effected, conducted, carried on and entered into by the Client with and through Funderstone Group and/or Funderstone Trading Agent for or on the Stock Options Account, the Stock Options Account opened and maintained by the Client with Funderstone Group, and the Exchange Traded Options Business to be provided by Funderstone Group to the Client shall be subject to and upon the Agreement. Where any conflict or inconsistency arises between any provision of Section IV and any provision of Section I, the provisions of Section IV shall prevail.

1. Definitions

1.1 In Section IV, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the SEHK Rules (including the Options Trading Rules, the Operational Trading Procedures and the Operational Clearing Procedures) and Section I. In addition, the following definitions shall apply:

"**Client Money Rules**" means the Securities and Futures (Client Money) Rules (Cap. 571I of the Laws of Hong Kong) as amended and supplemented from time to time;

"**Client Offset Claim Account**" shall have the meaning ascribed to it under clause 1.1 of Section VII;

"**Client Securities Rules**" means the Securities and Futures (Client Securities) Rules (Cap. 571H of the Laws of Hong Kong) as amended and supplemented from time to time;

"**DCASS**" means the Derivatives Clearing and Settlement System operated by SEOCH and HKFE Clearing Corporation Limited;

"**Operational Clearing Procedures**" means the Operational Clearing Procedures for Options Trading Exchange Participants of SEOCH as from time to time in force and as amended and supplemented from time to time;

"**Operational Trading Procedures**" means the Operational Trading Procedures for Options Trading Exchange Participants of SEHK as from time to time in force and as amended and supplemented from time to time;

"**Options Trading Rules**" means the Options Trading Rules of SEHK as from time to time in force and as amended and supplemented from time to time;

"**SEOCH**" means The SEHK Options Clearing House Limited including, where the context so requires, its agents, nominees, representatives, officers and employees; and

"**Stock Options Trading**" means the purchase, trading, dealing, closing, exercise, settlement and discharge of long stock options transactions, and the writing of stock options through the Stock Options Account or otherwise creating any short open position.

1.2 In Section IV: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) "subsidiary" shall bear the meaning given by the Companies Ordinance and "associated company" means, in respect of any person, any company (not being a subsidiary of that person) of which that person shall beneficially own twenty per cent (20%) or more of the issued share capital or in respect of which that person is entitled to appoint one or more directors or, in relation to any company, any company which is a subsidiary of a holding company of that first mentioned company;
- (c) reference to a Clause is to a clause of Section IV and reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such

information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;

- (d) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (e) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (f) the headings to the Clauses of Section IV are for convenience only and do not affect their interpretation or construction; and
- (g) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Agreement or suspension of any Account, such provision shall survive such termination or suspension.

- 1.3 Where it is necessary for the true construction or interpretation of any provision of the Agreement, all references to (i) "**Securities**" in Section I shall be construed as references to include Contracts; and (ii) "**Clearing Rules**" in Section I shall be construed as references to include the clearing rules of SEOCH as from time to time in force.

2. Law and Rules

- 2.1 All Exchange Traded Options Business shall be effected in accordance with all Applicable Laws and Regulations applying to Funderstone Group, including the SEHK Rules, the Options Trading Rules, the Operational Trading Procedures, the Operational Clearing Procedures, the Clearing Rules and the rules of HKSCC, and Clearing House Procedures for Futures/Options Contracts Traded on the Automated Trading System of the Exchange. In particular, SEOCH has authority under such Applicable Laws and Regulations to make adjustments to the terms of Contracts, and Funderstone Group shall notify the Client of any such adjustments which affect Client Contracts to which the Client is a party. The Client agrees that all actions taken by Funderstone Group, by SEHK, by SEOCH or by HKSCC in accordance with the Applicable Laws and Regulations shall be binding on the Client.
- 2.2 The Client agrees that the terms of the Standard Contract for the relevant options series shall apply to each Client Contract between Funderstone Group and the Client, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Applicable Laws and Regulations.

3. Instructions and Dealing Practice

- 3.1 Funderstone Group is hereby authorised to act upon the Instructions to create, exercise, settle and/or discharge Options Contracts for the Stock Options Account and otherwise deal with any margin, collateral, Securities, Premium, Options Contracts, receivables or monies held in or for the Stock Options Account subject to the Client Money Rules and Client Securities Rules.
- 3.2 The Client acknowledges and consents that Funderstone Group shall, at its absolute discretion, be entitled to claim margin offset for the Client's positions through the Client Offset Claim Account in DCASS.

4. Options Contracts

- 4.1 The Client hereby confirms that the Stock Options Account is operated solely for the Client's account and benefit, and not for the benefit of any other person. In respect of all Options Contracts effected on the Instructions, the Client shall pay Funderstone Group, within the time period notified by Funderstone Group, Premium, Funderstone Group's commission and any other charges, and applicable levies imposed by SEHK, as have been notified to the Client. If no time period is specified by Funderstone Group, then the Client is required to comply with such demand before expiry of two hours from the time of making the demand (or more quickly if Funderstone Group requires the Client to do so). Funderstone Group may require the Client to make arrangements for payment of Premium, Funderstone Group's commission and any other charges, and/or applicable levies imposed by SEHK in advance of accepting Instructions or may impose other requirements from time to time for the

payment of the above items as Funderstone Group in its absolute discretion thinks fit. Funderstone Group may deduct such Premium, commissions, charges and levies from the Stock Options Account or any Account.

- 4.2 Funderstone Group will provide product specifications for Options Contracts to the Client upon request. However, Funderstone Group may from time to time place limits on the open positions or delivery obligations that the Client may have without notice to the Client.
- 4.3 The Client acknowledges that:
- (a) Funderstone Group may be required to close out or give-up Client's Options Contracts to comply with position limits imposed by SEHK;
 - (b) if Funderstone Group goes into default, the default procedures of SEHK may result in Client Contracts being closed out or given-up, or replaced by Client's Option Contracts between the Client and other Options Exchange Participant(s); and
 - (c) where there is a change in the capital structure or composition of the issuer of the underlying Securities of an option class or in any other exceptional circumstances, SEOCH may make adjustments to the terms and conditions of that option class as are, in its opinion, necessary and desirable to ensure that all parties to Contracts comprised in open positions in that option class are treated fairly. The Client hereby acknowledges and agrees that all such adjustments shall be binding on the Client.
- 4.4 On exercise of a Client Contract by or against the Client, the Client shall perform the Client's delivery obligations under the relevant contract, in accordance with the Standard Contract and as notified by Funderstone Group. The Client may on or before 4:15 p.m. on the date of maturity of the Client Contract, notify Funderstone Group to exercise his rights under the Client Contract. Because the maturity date for different products is different, the Client should decide on his own when and whether he should exercise the Client Contract or not, Funderstone Group has no responsibility to inform the Client what to do on or before the maturity date, and the Client should bear his own loss and consequences.
- 4.5 The Client acknowledges that on the expiry day but only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH from time to time. The Client may instruct Funderstone Group to override such an "automatically generated exercise instruction" before the System Closure on the expiry day in accordance with the Operational Clearing Procedures.
- 4.6 The Client acknowledges that Funderstone Group may, at the Client's request, agree to the Client Contracts between Funderstone Group and the Client being replaced, in accordance with the Applicable Laws and Regulations, by Client Contracts between the Client and other Options Exchange Participant(s).
- 4.7 The Client acknowledges that, although all Options Contracts are to be executed on SEHK, the Client and Funderstone Group shall contract as principals under Client Contracts.
- 4.8 In respect of the Client's short positions, in cases where the Client Contract is validly exercised (including cases pursuant to Clause 4.9 of Section IV), the Client shall fulfill his obligations under the relevant Client Contract by 3:15 p.m. on the Business Day following the day of exercise. In default thereof, without prejudice to other rights or remedies that Funderstone Group may have against the Client, Funderstone Group may without demand or notice cover any liability of the Client under any short positions or deal with the same in the manner deemed most appropriate by Funderstone Group. The Client agrees that the Client will be responsible for all the expenses of Funderstone Group in connection with the above and that Funderstone Group will not be liable for any loss that may thereby be incurred.
- 4.9 The Client understands and agrees that in accordance with the Options Trading Rules and Clearing Rules, SEOCH may randomly select any Options Trading Exchange Participant to exercise a Client Contract in a short open position in which case, that Options Trading Exchange Participant shall randomly select a Client Contract from among all Client Contracts comprised in short open positions

of clients in the same option series as that Client Contract. The Client Contract so selected shall, by operation of the Agreement and the Options Trading Rules and Clearing Rules, for all purposes be treated as having been validly exercised at the time of such selection. Funderstone Group shall notify the Client of the details of such exercise as soon as possible.

- 4.10 Delivery obligation shall arise when a Client Contract is validly exercised. On exercise of a Client Contract by or against the Client, the Client will perform its delivery obligations under the relevant Contract in accordance with the Standard Contract and as the Client has been notified by Funderstone Group.
- 4.11 The Client hereby acknowledges that the Client shall be responsible to Funderstone Group for any losses, costs, fees and expenses (including legal costs) incurred by Funderstone Group (on an indemnity basis) in connection with the Client's failure to meet his obligations by the due date as described in this Clause 4.11 of Section IV.

5. Margin

- 5.1 The Client agrees to provide and maintain such margin in the Stock Options Account (the "**Margin**") in cash, Securities and/or other assets in such form and amount and on such terms as Funderstone Group may in its absolute discretion require from time to time as security for the Client's obligations under the Agreement. The amounts required by way of Margin should not be less than, but may exceed the amounts as may be required by the Applicable Laws and Regulations in respect of the Client's open positions and delivery obligations. Funderstone Group may change any Margin in its sole discretion and at any time without prior notice to the Client. If Funderstone Group determines that additional Margin is required, the Client agrees to make payment to and/or deposit with Funderstone Group such additional Margin forthwith upon demand. All funds provided by the Client as Margin shall be cleared funds and all Securities provided by the Client as Margin shall be Securities to which the Client has valid and unencumbered title. No previous Margin shall establish any precedent. Change on Margin shall apply to existing positions as well as to new positions after the date of such change.
- 5.2 If Funderstone Group accepts Securities by way of Margin, the Client shall on request provide Funderstone Group with such authority as Funderstone Group may require under the Applicable Laws and Regulations to authorise Funderstone Group to deliver such Securities, directly or through an Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from the Instructions; and Funderstone Group does not have any further authority from the Client to borrow or lend the Client's Securities or otherwise part with possession (except to the Client or on the Instructions) of any of the Client's Securities for any other purpose.
- 5.3 Without prejudice to Clauses 5.5 to 5.12 of Section IV, calls or demands for Margin must be met or satisfied by the Client forthwith upon demand by Funderstone Group. The Client shall on demand put Funderstone Group in funds or moneys or arrange for Funderstone Group to be put in funds or moneys in time to enable Funderstone Group to discharge any liability incurred or to be incurred in connection with Transactions effected in relation to the Stock Options Account. The Client shall on demand reimburse Funderstone Group for all costs and expenses incurred by it in connection with the Transactions effected in relation to the Stock Options Account and/or pay or settle any outstanding amount under the Stock Options Account.
- 5.4 Funderstone Group is not liable to pay interest on the moneys or funds paid to or received by Funderstone Group in respect of the Stock Options Account whether on deposit or however described. Funderstone Group is entitled to retain for its own benefit any interest or other realised income or increase in value earned or received in respect of such moneys or funds. Funderstone Group is entitled to charge and the Client agrees to pay interest to Funderstone Group in respect of any Deficit or any moneys or funds otherwise owing to Funderstone Group at any time at such rates and on such other terms as Funderstone Group announced in Funderstone Website and/or notifies the Client from time to time. Interest shall be payable on the last day of each calendar month or forthwith upon demand by Funderstone Group.
- 5.5 The Client shall monitor the Stock Options Account so that at all times the Stock Options Account shall contain a sufficient account balance to meet the Margin. Funderstone Group may reject any

Instruction or order of the Client if the Client does not have a sufficient account balance to meet the Margin and may delay the processing of any Instruction or order while determining the correct margin status of the Stock Options Account. The Client shall maintain, without notice or demand from Funderstone Group, a sufficient account balance at all times so as to continuously meet the Margin. The Client must at all times satisfy whatever Margin calculated by Funderstone Group.

- 5.6 Funderstone Group has no obligation to notify the Client of any failure to meet the Margin prior to Funderstone Group exercising its rights, powers, discretion and remedies under the Agreement. The Client understands and accepts that Funderstone Group generally will not issue call or demand on the Margin, that Funderstone Group generally will not credit the Stock Options Account to meet any deficiency on the Margin, and that Funderstone Group is authorised to exercise any of its rights under (a) clause 17 of Section I and/or (b) Clause 8 of Section IV in order to satisfy the Margin without prior notice to the Client.
- 5.7 In the event that the balance of the Stock Options Account has zero equity or is in deficit at any time, or the Stock Options Account does not have a sufficient account balance to meet the Margin, Funderstone Group shall have the right, in its sole discretion, but not the obligation, to exercise any of its rights under (a) clause 17 of Section I and/or (b) Clause 8 of Section IV at any time and in such manner and in any Market as Funderstone Group deems necessary, without prior notice demand or call to the Client. The Client agrees to be responsible for, and promptly pay to Funderstone Group, any deficiency in the Stock Options Account that arises from such exercise of rights or remain after such exercise of rights. Funderstone Group shall not have any liability to the Client for any losses or damages sustained by the Client in connection with such exercise of rights (or if Funderstone Group experiences a delay in exercising, or does not exercise such rights).
- 5.8 The Client expressly waives and relinquishes any rights to receive prior notice or demand from Funderstone Group and agrees that any prior demand, notice, announcement or advertisement shall not be deemed a waiver of Funderstone Group's right to exercise any of its rights under (a) clause 17 of Section I and/or (b) Clause 8 of Section IV. The Client understands that, in the event that Funderstone Group exercise such rights, the Client shall have no right or opportunity to determine the manner of exercising such rights by Funderstone Group. Funderstone Group may, in its absolute and sole discretion, exercise such rights on any Exchange or Market, and Funderstone Group or its associated company may take the other side of any closing out, liquidating or settlement transaction. In the event that Funderstone Group exercise such rights, such exercise of rights shall establish the amount of the Client's gain or loss and indebtedness to Funderstone Group, if any. The Client shall reimburse and hold Funderstone Group harmless for all actions, omissions, costs, expenses, fees (including, legal costs), penalties, losses, claims or liabilities associated with any exercise of such rights by Funderstone Group. The Client shall be liable to and responsible for all resulting losses, notwithstanding Funderstone Group's delay in or failure to exercise such rights. If Funderstone Group executes an order for which the Client did not have sufficient funds, Funderstone Group has the right, without notice to the Client, to liquidate the Transaction and the Client shall be responsible for any loss as a result of such liquidation, including any costs, and shall not be entitled to any profit that results from such liquidation.
- 5.9 The Client irrevocably and unconditionally authorises Funderstone Group to transfer, debit or deduct any money in the Stock Options Account and/or the Account so as to pay, discharge, satisfy the Client's indebtedness, obligations and Liabilities to Funderstone Group arising from, incurred under and relating to the Agreement, including the outstanding purchase moneys, fees (including market data fees), charges, expenses, commissions and interests payable by the Client under and pursuant to the Agreement. The Client acknowledges and agrees that such deductions may affect the amount of money in the Stock Options Account to be applied against the Margin. Funderstone Group may exercise any of its rights under (a) clause 17 of Section I and/or (b) Clause 8 of Section IV if deduction of commissions, fees or other charges causes the Stock Options Account to have an insufficient balance to satisfy the Margin.
- 5.10 If Funderstone Group issues a call or demand for Margin to the Client, the Client must satisfy such call or demand immediately. The Client agrees to satisfy any call or demand for Margin issued by Funderstone Group by immediately depositing cleared funds in the Stock Options Account to pay, in full, the under-margined open position.

- 5.11 Funderstone Group shall also have the right to exercise any of its rights under (a) clause 17 of Section I and/or (b) Clause 8 of Section IV without prior notice to the Client in the same manner as provided above: (a) if any dispute arises concerning any trading or Transaction of the Client; (b) upon the Client's failure to timely discharge the Liabilities; (c) upon the Client's insolvency or filing of a petition in bankruptcy or for protection from creditors; (d) upon the appointment of a receiver, or (e) whenever Funderstone Group, in its absolute and sole discretion, deems necessary or advisable for the protection of Funderstone Group.
- 5.12 Any failure by the Client to comply with this Clause 5 of Section IV shall constitute an Event of Default under clause 17 of Section I.

6. Foreign Currency Transactions

If the Client gives Instructions to Funderstone Group to enter into any Contract requiring a conversion from one currency to another, then: -

- (a) the costs thereof and any profit or loss arising as a result of fluctuations in the exchange rate of the relevant currency will be entirely for the account and risk of the Client;
- (b) all initial and subsequent deposits for Margin shall be made in such currency and in such amounts as Funderstone Group may require in its discretion; and
- (c) when such Options Contract is closed out, Funderstone Group shall debit or credit the Stock Options Account in such currency (as Funderstone Group may determine in its discretion) at such exchange rate as determined by Funderstone Group in its discretion.

7. Default

If the Client fails to comply with any of the Client's obligations and/or to meet the Liabilities under the Agreement, including failure to provide Margin, or on the occurrence of any Event of Default (in the sole and subjective judgment of Funderstone Group), Funderstone Group, in addition to its rights and powers under clause 17 of Section I, shall be entitled at their absolute discretions, without further notice or demand and in addition to and without prejudice to any other rights or powers conferred under the Agreement and/or the Loan Agreement, to forthwith: -

- (a) decline to accept further Instructions in respect of Exchange Traded Options Business;
- (b) close out some or all of the Client's Client Contracts with Funderstone Group;
- (c) enter into Contracts, or into any transactions in Securities, Commodities (as defined in Section VII), Exchange Contracts (as defined in Section VII), F/O Contracts (as defined in Section VII), in order to settle obligations arising or to hedge the risks to which Funderstone Group is exposed in relation to the Client's failure;
- (d) sell, realise or otherwise dispose of the Margin (whole or any part thereof) in such manner and for such consideration as Funderstone Group may in its absolute discretion think fit, and Funderstone Group does not have the responsibility to explain to the Client how it exercises its discretion, and apply the proceeds thereof to discharge all or part of the Liabilities; or
- (e) if the amount of the Margin is not sufficient, the Client must immediately increase the amount of the Margin at the request of Funderstone Group, otherwise, Funderstone Group has the right to claim all the loss and damages against the Client.

8. Closure of Positions

Without prejudice to Funderstone Group's rights under Clause 7 of Section IV, Funderstone Group may, without the Client's consent, close all or any of the Client's positions if Funderstone Group is of the opinion that there has been a change or development involving a prospective change:

- (a) in the local, national or international monetary, financial, economic or political conditions or foreign exchange controls which has resulted or is in the opinion of Funderstone Group likely to result in a material or adverse fluctuation in the stock market or stock options market in Hong Kong and/or overseas; or
- (b) which is or may be of a material adverse nature affecting the condition or operations of the

Client.

SECTION V – TERMS AND CONDITIONS FOR ELECTRONIC TRADING FACILITIES

Section V is additional and supplemental to Section I. The Electronic Trading Facilities to be provided by Funderstone Group shall be subject to and upon the Agreement. Where any conflict or inconsistency arises between any provision of Section V and any provision of the terms and conditions governing the relevant Account, Funderstone Group has absolute discretion to determine which terms and conditions shall prevail.

1. Definitions

1.1 In Section V, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Section I, Section IV and Section VII. In addition, the following definitions shall apply:

"**Agent Website**" means any and all websites provided or operated by Funderstone Trading Agent;

"**Client's System**" means all hardware and software system used by the Client in gaining access to Electronic Trading Facilities and/or E-Statement Service (including, any computer, modem, mobile phone and any program installed therein);

"**Electronic Trading Facilities**" means, as the case may be, (a) the internet trading service and facilities, including the Website, provided or operated by (i) Funderstone Group; and/or (ii) Funderstone Trading Agent for the purposes of Section I and/or Section IV and/or Section VII; and/or (b) trading service and facilities provided by Funderstone Group through the telecommunications and/or wireless transmission systems and facilities, including the Mobile Site or otherwise;

"**information**" means all kinds of information including messages, news, quotes, report, computer programs, software, images, illustrations, presentation, opinion, configuration, text and other materials;

"**Instruction**" means any instruction or order communicated by the Client or the Authorised Person to Funderstone Group through Electronic Trading Facilities (a) for Transactions; and/or (b) to check the portfolio and fund position in the relevant Account;

"**Mobile Site**" means the website provided or operated by Funderstone Group which shall be accessed by phone, whether mobile, portable or otherwise;

"**Password**" means the personal password of the Client used in conjunction with the User ID to gain access to Electronic Trading Facilities and/or other services provided by Funderstone Group;

"**relevant Account**" means the Account in relation to which Funderstone Group has agreed to provide Electronic Trading Facilities;

"**User ID**" means the personal identification of the Client used in conjunction with the Password to gain access to Electronic Trading Facilities and/or other services provided by Funderstone Group; and

"**Website**" means (a) Funderstone Website; and/or (b) Agent Website.

1.2 In Section V: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) "subsidiary" shall bear the meaning given by the Companies Ordinance and "associated company" means, in respect of any person, any company (not being a subsidiary of that person) of which that person shall beneficially own twenty per cent (20%) or more of the issued share capital or in respect of which that person is entitled to appoint one or more directors or, in relation to any company, any company which is a subsidiary of a holding company of that first mentioned company;
- (c) reference to a Clause is to a clause of Section V and reference to the Account Opening Form

is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;

- (d) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (e) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (f) the headings to the Clauses of Section V are for convenience only and do not affect their interpretation or construction; and
- (g) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Agreement or suspension of any Account, such provision shall survive such termination or suspension.

2. Applicable Rules and Regulations

All Instructions and Transactions made or entered into (i) by Funderstone Group with the Client; and (ii) by Funderstone Group and/or Funderstone Trading Agent on behalf of the Client through Electronic Trading Facilities shall be subject to, and in respect of the above, both Funderstone Group and the Client shall be bound by: -

- (a) the Agreement;
- (b) Funderstone Trading Agent Agreement, and the rules, regulations, procedures and policies of Funderstone Trading Agent relating and applicable to the Instructions and Transactions from time to time in force; and
- (c) Applicable Laws and Regulations.

If there shall be any conflict or inconsistency between any of the provisions of the Agreement and anything contained in paragraphs (a), (b) and/or (c) of Clause 2.1 of Section V, Funderstone Group may, in their absolute discretion, take or refuse to take any action, or demand the Client to take or refrain from taking any action to ensure compliance with the same.

3. Client's System

- 3.1 The Client shall be solely responsible for making available at the Client's own costs and risks the Client's System to gain access to, and support the Client's use of, Electronic Trading Facilities by using the Device.
- 3.2 The Client declares that the Client is the owner of or is otherwise authorised to use the Client's System for gaining access to Electronic Trading Facilities.
- 3.3 The Client shall at the Client's own costs and expenses ensure that the Client's System and Device are compatible with and properly connected to the system of Funderstone Group at all times and shall at the like costs and expenses maintain the Client's System in good operating conditions.
- 3.4 Funderstone Group shall not be responsible for any matter caused by the fault, failure or malfunctioning of the Client's System.
- 3.5 The Client shall only use the Client's System in Hong Kong or other Foreign Jurisdiction where Electronic Trading Facilities may lawfully be provided by Funderstone Group, and/or Funderstone Trading Agent and used by the Client.

4. Scope of Electronic Trading Facilities

- 4.1 The Client consents to use Electronic Trading Facilities as a medium of communication with Funderstone Group and to transmit or receive information, data and documents between Funderstone Group and the Client. All Instructions/orders communicated to Funderstone Group through Electronic

Trading Facilities shall be deemed to be sent by the Client. The Instructions shall be carried out by Funderstone Group and/or Funderstone Trading Agent on the terms and conditions governing the relevant Account.

- 4.2 Electronic Trading Facilities are offered for the sole and exclusive use of the Client and only in such jurisdictions and to such extent where and when they may be lawfully offered and processed under the Applicable Laws and Regulations.
- 4.3 Funderstone Group has the sole discretion to determine and vary the scope and manner of availability of Electronic Trading Facilities to be provided from time to time, and to prescribe and change the normal service hours for Electronic Trading Facilities and any daily cut-off time for any type of Transactions. Since Electronic Trading Facilities may be accessed worldwide, the daily cut-off time in Hong Kong shall prevail.
- 4.4 Any Instruction received by Funderstone Group after the prescribed daily cut-off time shall not be executed until the next processing day for Instruction of that kind.
- 4.5 Funderstone Group shall not be deemed to have received or have executed the Instructions unless so stated in Funderstone Group regular statements of the relevant Account and/or confirmation of execution given by Funderstone Group online and/or other means of advice. The Client agrees and acknowledges that it is the Client's sole responsibility to keep records of such statement, confirmation and/or advice given by Funderstone Group, and save for manifest error or unless proved to the contrary by the Client to Funderstone Group's satisfaction, Funderstone Group's record shall be deemed as conclusive and binding.
- 4.6 Without prejudice to any provision of Section V or other terms and conditions governing the relevant Account, the Client agrees that the Client is under a duty to promptly check and verify the contents of each of Funderstone Group's regular statements of the relevant Account and/or confirmation of execution given by Funderstone Group online and/or other means of advice, and report to Funderstone Group any discrepancies in writing within four (4) days from the date such statements, confirmation and/or advice was sent. If the Client fails to do so, the Client shall not be entitled to dispute any discrepancies in such statements, confirmation and/or advice and accepts such statements, confirmation and/or advice as final and conclusive and the same shall be binding on the Client for all purposes.
- 4.7 Without prejudice to any provision of Section V or other terms and conditions governing the relevant Account, such confirmation of execution given by Funderstone Group online and/or other means of advice shall be deemed received by the Client after transmission by Funderstone Group. For the avoidance of doubt, the Client agrees that it is the Client's duty to notify Funderstone Group immediately if the Client does not receive Funderstone Group's regular statements of the relevant Account or such online confirmation and/or other means of advice given by Funderstone Group in respect of any Transactions within the time usually required for receipt of similar statements, confirmation and/or advice.
- 4.8 Without prejudice to any provision of the terms and conditions governing the relevant Account which relate to communication or notice by or from Funderstone Group and the right of Funderstone Group to use any way or method of communication, for the purposes of Electronic Trading Facilities, each notice and communication from Funderstone Group to the Client sent by post to the last known address of the Client on Funderstone Group's record shall be deemed to have been duly delivered to the Client twenty-four (24) hours after it has been posted and if sent by electronic mail ("**E-mail**") or facsimile to the E-mail address or facsimile number provided by the Client respectively, upon it being sent unless it is otherwise shown to the contrary in Funderstone Group's internal records. For the avoidance of doubt any notice given by Funderstone Group to the Client shall be deemed to have been duly delivered by the posting of such notice on the Website or Mobile Site.
- 4.9 Notwithstanding any provision in Section V, Funderstone Group shall have the right exercisable at their sole discretion at any time, without notice to the Client, without limitation and without any liability to the Client, to limit, vary, suspend or terminate the Client's access to Electronic Trading Facilities or any function thereunder or to any information or data from any information or service provider or any

part of it, or to set limit on any Instruction that can be given and any Transaction that can be entered pursuant thereto, for any reason whatsoever, including any unauthorised use of any of the service, information, data, or any user identification or account number.

- 4.10 The Client understands and acknowledges that Electronic Trading Facilities are provided as an additional service in relation to Transactions effected, conducted, carried on and entered into by the Client with and through Funderstone Group, and shall not be considered as a substitute for other method(s) of giving instructions for such Transactions. In the event that Electronic Trading Facilities are not available for any reason whatsoever (whether or not within the control of Funderstone Group), the Client shall have no claim whatsoever against Funderstone Group for inability to use Electronic Trading Facilities and shall use other available means to give instructions for such Transactions.
- 4.11 Without prejudice to the generality of the foregoing, Funderstone Group shall be entitled to terminate or suspend Electronic Trading Facilities provided to the Client if: -
- (a) the Client commits any material breach of the Agreement, any other terms and conditions governing the relevant Account, the Loan Agreement, and/or Funderstone Trading Agent Agreement,
 - (b) the provision and/or maintenance of Electronic Trading Facilities to the Client shall be illegal or otherwise prohibited by law; or
 - (c) Funderstone Group's records show that the relevant Account has become dormant for such period prescribed by Funderstone Group.
- 4.12 The Client may request Funderstone Group in writing or via Electronic Trading Facilities to change the Password from time to time. The issuance or assignment of a new Password shall not be regarded as the commencement or creation of a new agreement between the Client and the Funderstone Group in respect of Electronic Trading Facilities.

5. Limitation on Electronic Trading Facilities

- 5.1 The Website, Mobile Site and/or Electronic Trading Facilities are intended to be offered in jurisdictions where and when they may be lawfully offered.
- 5.2 The Client may reside in any of those jurisdictions in which use of the Website, Mobile Site and/or Electronic Trading Facilities are unlawful, prohibited or in any way restricted. The Client acknowledges and agrees to check and observe all relevant restrictions which may apply to it.

6. Website and Mobile Site

- 6.1 The Client acknowledges that Funderstone Group may operate the Website and Mobile Site to facilitate the provision of Electronic Trading Facilities to the Client. The Website and Mobile Site are made available to the Client in Funderstone Group's discretion and the use of the Website and/or Mobile Site by the Client is subject to such terms and conditions as imposed and from time to time amended by Funderstone Group. Funderstone Group will notify the Client such terms and conditions and the amendments thereto, which shall be deemed duly notified to the Client by posting the same on the Website and/or Mobile Site and/or mailing or sending the same to the Client, as determined at Funderstone Group's sole discretion.
- 6.2 The Client acknowledges that all information and data posted on the Website and/or Mobile Site or otherwise made available on or through Electronic Trading Facilities, the Website and/or Mobile Site are provided on an "AS IS" and "AS AVAILABLE" basis. Funderstone Group expressly disclaims all warranties of any kind, whether express or by implication, including the implied warranties of merchantability, fitness for a particular purpose and non-infringement of any third party right. Such information and data (whether supplied by Funderstone Group or any third party) are for reference only and shall not in any circumstances be binding or intended for any Transaction, or regarded or used by the Client as professional or investment advice or a basis for making any Transaction decision, or any other purposes. The Client shall seek independent professional advice where necessary.

- 6.3 The Client acknowledges and agrees that any material, data and/or software downloaded or otherwise obtained from or through the use of the Website and/or Mobile Site is done at the Client's own discretion and risk. The Client undertakes to take all necessary precautions, including data backup and software testing, before using such software. Funderstone Group shall not be liable in any way to any damage to the Client's System or loss of data that may result from the download and/or use of such material, data or software (in particular, in respect of loss and damage due to computer virus or software malfunction).
- 6.4 Any hyperlinks from the Website and/or Mobile Site to other websites are for information purpose and convenience only. Funderstone Group accepts no liability for any loss or damage arising directly or indirectly (including incidental, consequential and special loss) from the accuracy, sequence, truth, reliability, adequacy, timeliness, completeness or otherwise of the information or loss arising directly or indirectly from defects within such websites. The inclusion of hyperlinks does not imply any endorsement by Funderstone Group of any materials on such websites.
- 6.5 The Client acknowledges and agrees that, in addition to Section V, Funderstone Group has absolute discretion to impose from time to time other terms and conditions in respect of the use of Electronic Trading Facilities which terms will not be contained herein but may at Funderstone Group's discretion be posted on the Website and/or Mobile Site and/or mailed or sent to the Client, as the case may be, and which shall be binding on the Client. Funderstone Group has absolute discretion at any time to amend or vary such terms and conditions and/or Section V which amendment or variation shall be deemed duly notified to the Client by posting the same on the Website and/or Mobile Site and/or mailing or sending the same to the Client, as determined at Funderstone Group's discretion. If the Client does not accept any amendment to such terms and conditions and/or Section V proposed by Funderstone Group, the Client shall (a) cease using Electronic Trading Facilities; and (b) terminate Electronic Trading Facilities by giving not less than fourteen (14) Business Days written notice to Funderstone Group (which shall only be effective after the actual receipt of such written notice by Funderstone Group) provided that all rights and obligations accrued to the Parties prior to such termination shall not be affected. The Client shall be deemed to have accepted the terms and conditions as amended or varied once the Client uses or continues to use Electronic Trading Facilities after the relevant terms and conditions become effective.
- 6.6 The Client acknowledges and agrees that the internet is, due to unpredictable traffic congestion or any other reasons, an inherently unreliable medium of communication and that such unreliability is beyond the control of Funderstone Group and Funderstone Group does not make any warranty as to the results that may be obtained from the use of the Website and/or Mobile Site or as to the accuracy or reliability of any information obtained through the Website and/or Mobile Site or that defects in the software available on the Website and/or Mobile Site will be corrected.

7. User Identification

- 7.1 The Client acknowledges that only the Client will be the authorised user of Electronic Trading Facilities in relation to the relevant Account and the Client may be required to use various identification and access codes, including Password, User ID and other identification to access the service (together referred to below as "**user identification**").
- 7.2 Funderstone Group is authorised (but not obligated) in their absolute discretion to act on any Instruction received in relation to the relevant Account without any duty or liability to verify the identity or authority of the person giving the Instruction or the validity and/or authenticity of such Instruction once the correct user identification of the Client has been inputted. The Client acknowledges and agrees that the Client shall be solely responsible for all Instructions entered through the Electronic Trading Facilities using the user identification and all Transactions entered pursuant thereto (whether or not such Instructions were actually given by the Client) and neither Funderstone Group nor its directors, officers, employees or agents shall have any liability to the Client, or to any other person whose claim may arise through the Client for any claims with respect to the handling or loss of any Instruction.
- 7.3 The Client shall be solely responsible for all costs and losses, whether directly or indirectly, arising out of or in connection with any unauthorised use of the Client's user identification. The Client shall also

have duty to notify Funderstone Group immediately of the Client's becoming aware of any loss, theft or unauthorised use of the Client's user identification.

8. Client's Responsibilities

The Client undertakes that: -

- (a) the Client shall be responsible for the confidentiality, application and proper use at all times of the Client's user identification, and shall take such action or do such act, matter or thing as is necessary including the following: -
 - (i) not to disclose the user identification to any other person or permit any other person to gain access to Electronic Trading Facilities;
 - (ii) not to send the user identification via E-mail;
 - (iii) not to disclose the user identification to anyone who claims to represent Funderstone Group or holds out as Funderstone Group's employee or authorised representative in any circumstance (it is not necessary for Funderstone Group's employee to know the user identification);
 - (iv) to destroy the original printed copy of the Password (if any);
 - (v) to change the initial Password when the Client first uses Electronic Trading Facilities and to change the Password periodically;
 - (vi) to promptly log out from Electronic Trading Facilities once the Client has finished using Electronic Trading Facilities; and
 - (vii) not to leave the Client's System unattended while using Electronic Trading Facilities .
- (b) the Client shall not use or attempt to use Electronic Trading Facilities for any purpose other than it was permitted by Funderstone Group;
- (c) the Client shall as soon as practicable report to Funderstone Group any loss or unauthorised disclosure of the user identification by phone and confirm in writing thereafter within twenty-four (24) hours or such other period as Funderstone Group may prescribe from time to time;
- (d) the Client agrees and acknowledges that it shall be fully responsible for any accidental or unauthorised disclosure of the user identification to any other person;
- (e) the Client shall not, and shall not attempt to tamper with, modify, decompile, disassemble, reverse-engineer, damage, alter or gain unauthorised access to any part of Electronic Trading Facilities, the Website, Mobile Site and/or any software comprised in them;
- (f) the Client undertakes to notify Funderstone Group immediately if the Client becomes aware of any of the actions described in Clause 8(e) of Section V is being perpetrated by any other person; and
- (g) the Client undertakes that should it experience any problems (whether technical or otherwise) in accessing to and/or using the Electronic Trading Facilities, it shall attempt to use an alternative method to communicate with Funderstone Group for the purpose of executing any Instruction or Transaction and inform Funderstone Group of such problem.

9. Third Party Information

9.1 The Client acknowledges that any information and data provided through Electronic Trading Facilities relating to Securities and/or Commodities and/or Exchange Contracts and/or F/O Contracts and/or Markets has been obtained from Exchanges and Markets and from other third party information or service providers appointed by Funderstone Group from time to time and that such information and data are or may be protected by copyright and other intellectual property laws, and are provided for the Client's personal non-commercial use only, and the Client shall not: -

- (a) download, reproduce, duplicate, provide, transmit, retransmit, disseminate, sell, transfer, disclose, assign, convey, lease, sub-license, share, loan, distribute, publish, broadcast, cablecast, circulate or commercially exploit any such information or data in any way without the consent of Funderstone Group or such information or service providers;
- (b) remove, obliterate, erase, relocate or modify in any way any such information or data including any trademark or copyright notice; or
- (c) incorporate or combine any such information or data with any other programs.

9.2 The Client acknowledges that the real-time quote service and the message alert service (to receive

message alert when the prices of such Securities and/or Commodities and/or Exchange Contracts and/or F/O Contracts as specified by the Client reach a preset target price) that may be available through the Electronic Trading Facilities is provided by a third party appointed by Funderstone Group from time to time. The Client agrees that Funderstone Group shall not be responsible for any losses the Client or any other person may suffer for the failure of sending out the message alert and/or as a result of relying on any real time quote on prices of Securities and/or Commodities and/or Exchange Contracts and/or F/O Contracts, and/or any information which may be available to the Client through the Electronic Trading Facilities.

- 9.3 Neither Funderstone Group nor any information or service provider or any third party warrants, represents or guarantees the accuracy, reliability, adequacy, timeliness and completeness of any information or data provided through Electronic Trading Facilities and/or the Website and/or Mobile Site or whether any such information or data is fit for any purpose. Funderstone Group and all such information or service providers expressly disclaim all liabilities whatsoever arising from or in connection with any reliance on any such information or data.

10. Intellectual Property

All proprietary and copyright and other intellectual property rights in or subsisting in Electronic Trading Facilities, the Website and the Mobile Site, are the exclusive property of Funderstone Group or the relevant information or service providers. No right, title or interest other than the right to access Electronic Trading Facilities and/or the Website and/or Mobile Site subject to the Agreement is conveyed or transferred to the Client. The Client shall not make any representation or do any act which may be taken to indicate that the Client has any such right, title or interest.

11. Limitation of Liabilities

- 11.1 Unless due to the wilful default of Funderstone Group, its directors, officers, employees and agents and only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly and solely therefrom or the amount of the relevant Transaction (whichever is less), Funderstone Group shall not assume any liability or responsibility whatsoever to the Client or any other person for the consequences arising from or in connection with: (a) use of Electronic Trading Facilities and/or access to any information or data through Electronic Trading Facilities and/or the Website and/or the Mobile Site as a result of such use by the Client or any other person whether or not authorised; (b) any interruption, interception, suspension, delay, loss, unavailability, mutilation or other failure in providing Electronic Trading Facilities, in transmitting Instructions or information or data relating to Electronic Trading Facilities or in connecting with the Website and/or the Mobile Site (whether or not within the control of Funderstone Group) including failure of any communication network or computer downtime, act or omission of any third party information or service providers, housekeeping, computer virus, unauthorised access by any person (including hacker), upgrade or preventive or remedial maintenance activities, mechanical failure, power failure, malfunction, breakdown, or inadequacy of equipment, installation or facilities, or any law, rules, regulations, codes, directions, regulatory guidelines or government order (whether or not having the force of law); (c) transmission, posting and/or storage of any information and/or data relating to the Client, Electronic Trading Facilities and/or Transactions conducted by the Client in relation or pursuant to the Electronic Trading Facilities through or in any system, equipment or instrument of any communication network provider; and (d) act of god, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party's control.
- 11.2 Funderstone Group shall not in any circumstance and in any way be liable to the Client for any loss of use, revenue, profits, savings or opportunity or any other incidental, consequential, special or indirect loss or damages arising from the Electronic Trading Facilities irrespective of how such loss may be caused.

12. Indemnity

- 12.1 Without prejudice to any other provision hereof and/or clause 23 of Section I, and unless due to the wilful default of Funderstone Group, the Client shall fully indemnify and keep indemnified Funderstone

Group and its subsidiaries (if any), associated company, officers, employees and agents against all liabilities, claims, demand, losses, damages, costs, charges and expenses of any kind (including legal costs) on a full indemnity basis which may be incurred and all actions or proceedings which may be brought by or against Funderstone Group arising from, in connection with or otherwise as a result of the provision of Electronic Trading Facilities and/or the Website and/or the Mobile Site and/or access to the information or data thereon and/or the exercise or preservation of the Funderstone Group's powers and rights Funderstone Group may have.

- 12.2 In any event, Funderstone Group shall not be liable for the Client's failure in observing the above obligations and the Client shall fully indemnify Funderstone Group in respect of any direct or indirect loss or cost of whatsoever nature that Funderstone Group may suffer or incur as a result thereof. For the avoidance of doubt, it is the responsibility of the Client to take its own initiative to contact Funderstone Group to check the status of any Instructions given through Electronic Trading Facilities.
- 12.3 If the Client gives any Instruction to Funderstone Group outside Hong Kong, the 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 the Instruction is given, and the Client agrees that, when in doubt, the Client shall consult its legal advisers and other professionals of the relevant jurisdiction. The Client accepts that there may be Taxes or charges payable to relevant Authority in respect to any Instruction given outside Hong Kong, and the Client agrees to pay such Taxes or charges.

13. Charges and Expenses

- 13.1 The Client shall pay all subscription, service and use fees, if any, that Funderstone Group may charge from time to time for the use of Electronic Trading Facilities. If the Client fails to pay any sum due and payable by the Client to Funderstone Group arising out of the use of Electronic Trading Facilities, without prejudice to clause 23 of Section I, the Client shall be liable to indemnify Funderstone Group, on a full indemnity basis, for all costs and expenses (including legal costs) incurred by Funderstone Group in recovering such sum. Funderstone Group is entitled at any time and without giving notice or obtaining consent from the Client, to set-off or transfer any credit balance in any Accounts towards satisfaction of any indebtedness or Liabilities by the Client to Funderstone Group arising out of the use of Electronic Trading Facilities.
- 13.2 The Client irrevocably authorises Funderstone Group to (but Funderstone Group is not obliged to) withdraw or otherwise deduct such sums of money, including any related costs and expenses, from any Account (regardless of there being a debit balances, credit balances or otherwise in the said Account) as shall be necessary to complete any Transactions.

14. No Warranty

Funderstone Group does not in any way warrant that (a) any services provided in connection with or any of the Client's use of the Electronic Trading Facilities and/or the Website and/or the Mobile Site will be free of errors, interception or interruption; or that (b) the information, data, or other materials provided, used or accessible in connection with the Electronic Trading Facilities and/or the Website and/or the Mobile Site will be free of viruses, disabling devices or other contaminants. The Client acknowledges that Funderstone Group's internal records of the relevant Account, related Transactions and information shall be conclusive save for obvious error or unless the contrary is established by the Client to the Funderstone Group's satisfaction. For the avoidance of doubt, Funderstone Group may use such updated information as may be available at the time of executing any Instructions for any Transactions, and such Transactions shall be binding on the Client notwithstanding different information may have been quoted by Funderstone Group via the Electronic Trading Facilities and/or the Website and/or the Mobile Site.

15. Authorised Person and Authorised Signatories

The Client, the Authorised Person and its authorised signatories who have signed and executed the Account Opening Form on behalf of the Client agree to assume all liabilities and obligations of the Client under the Agreement on a joint and several basis and all Transactions effected by Funderstone Group pursuant to the Agreement shall be binding on the Client, the Authorised Person and such

authorised signatories in all aspects.

16. Joint Account

Where the Client is a joint account holder of the relevant Account, all joint account holders of the relevant Account agree to assume all liabilities and obligations of the Client under the Agreement on a joint and several basis and all Transactions effected by Funderstone Group pursuant to the Agreement shall be binding on all joint account holders in all aspects.

17. Disclosure

Immediately upon request by Funderstone Group, the Client shall inform Funderstone Group, or other regulators as directed by Funderstone Group, of the identity, address, occupation and contact details of the person for whom the Transaction was effected by the Client and of the person with the ultimate beneficial interest in the Transaction. The Client shall also inform Funderstone Group, or the regulators as directed by Funderstone Group, of the identity, address, occupation and contact details of any third party who originated the Transaction.

18. Third Party Service

18.1 The Client agrees that Funderstone Group may accept from any other third party engaged in any Transaction or providing any services in respect of the Electronic Trading Facilities and/or the Website and/or the Mobile Site any rebate or allowance of any fee, brokerage or commission or the likes payable in respect thereof and Funderstone Group shall be entitled to retain any profit or other benefit arising by way of fees, brokerage, commissions, rebate, perquisites, or otherwise obtained or received by them in connection with or arising whether directly or indirectly from the Electronic Trading Facilities and/or the Website and/or the Mobile Site.

18.2 The Client agrees to the disclosing, transferring or otherwise making available of all personal data and other information relating to the Client and the Account to any other third party engaged in any Transaction or providing any service in respect of the Electronic Trading Facilities and/or the Website and/or the Mobile Site and the Client's Transactions and dealings with the aforesaid among any one or more of the aforesaid and their subsidiaries, group members and agents thereof whether in or outside Hong Kong relating to or for the purpose of providing the Electronic Trading Facilities services and all related service.

SECTION VI – TERMS AND CONDITIONS FOR E-STATEMENT SERVICE

Section VI is additional and supplemental to Section I. The E-Statement Service to be provided by Funderstone Group, under which the Client shall receive statements of the relevant Account via the Client's electronic mail ("**E-mail**") at the E-mail address provided by the Client, shall be subject to and upon the Agreement. Where any conflict or inconsistency arises between any provision of Section VI and any provision of the terms and conditions governing the relevant Account, Funderstone Group has absolute discretion to determine which terms and conditions shall prevail.

1. Definitions

1.1 In Section VI, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Section I, Section IV and Section VII. In addition, the following definitions shall apply:

"**relevant Account**" means the Account in relation to which Funderstone Group has agreed to provide E-Statement Service.

1.2 In Section VI: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) reference to a Clause is to a clause of Section VI and reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (c) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (d) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (e) the headings to the Clauses of Section VI are for convenience only and do not affect their interpretation or construction; and
- (f) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Agreement or suspension of any Account, such provision shall survive such termination or suspension.

2. Client's System

- 2.1. The Client shall be solely responsible for making available at the Client's own costs and risks the Client's System to receive the E-Statement, and to support the Client's use of, the E-Statement Service.
- 2.2. The Client declares that the Client is the owner of or is otherwise authorised to use the Client's System for the purposes stated in Clause 2.1 of Section VI.
- 2.3. The Client shall at the Client's own costs and expenses ensure that the Client's System is compatible with and properly connected to the system of Funderstone Group at all times and shall at the like costs and expenses maintain the Client's System in good operating conditions.
- 2.4. Funderstone Group shall not be responsible for any matter caused by the fault, failure or malfunctioning of the Client's System.
- 2.5. The Client shall only use the Client's System in Hong Kong or other jurisdiction where the E-Statement Service may lawfully be provided by Funderstone Group and used by the Client.

3. E-Statement Service

- 3.1. The Client shall abide by any and all laws, rules, regulations and official issuances applicable to the E-Statement Service, now existing or which may hereafter be enacted, issued or enforced, as well as such other terms and conditions governing the use of other facilities, benefits or services which Funderstone Group may from time to time make available to the Client in connection with the E-Statement Service.
- 3.2. The Client consents to use the E-Statement Service, and understands that the E-Statement Service means that Funderstone Group will send to the Client statements of the relevant Account through the medium of the E-mail address accessed via the Client's computer terminal in a file attached to the electronic message ("**E-Statement**") and the Client shall no longer receive hard copies of the statements of the relevant Account by post.
- 3.3. The E-Statement Service is offered for the sole and exclusive use of the Client and only in such jurisdictions and to such extent where and when the E-Statement Service may be lawfully offered and processed under the Applicable Laws and Regulations.
- 3.4. The Client understands that the E-Statement Service shall only be available to clients with telecommunication equipment/computer terminal acceptable to Funderstone Group.
- 3.5. Funderstone Group reserve the right to restrict the number of E-mail address(es) which may be provided by the Client to Funderstone Group for receiving the E-Statement from time to time and different restrictions may apply to different types of clients.
- 3.6. The Client understands that the E-Statement Service may without notice to the Client be suspended for any reason including any breakdown, maintenance, modification, expansion and/or enhancement work initiated by Funderstone Group's system or by the internet service provider(s) concerned in relation to their network. The Client agrees that Funderstone Group will not assume any liability or responsibility for any such suspensions.
- 3.7. Funderstone Group shall use reasonable effort to ensure that the E-Statement Service is secure and cannot be accessed by unauthorised third parties. However, the Client acknowledges that Funderstone Group does not warrant the security, secrecy or confidentiality of any information transmitted through any applicable telecommunication channel, internet service provider, network system or such other equivalent system in any jurisdiction.
- 3.8. The Client understands that Funderstone Group is unable to know whether someone other than the Client has access to the E-Statement using the user name and/or password of the Client's E-mail address. The Client shall not permit or allow any other person to have access to the Client's E-mail address for any purpose. The Client shall be responsible for the confidentiality and use of user name and password of the Client's E-mail address.
- 3.9. The Client agrees to notify Funderstone Group in writing (or in such manner as Funderstone Group may from time to time prescribe) of any change in the particulars provided to Funderstone Group including the Client's E-mail address(es) and the Client shall notify Funderstone Group forthwith upon the disconnection or suspension of any of the Client's E-mail address(es) provided to Funderstone Group.
- 3.10. Funderstone Group and/or any of Funderstone Group's relevant service provider(s) will not assume any liability or responsibility for any failure or delay in transmitting information to the Client or for any error or inaccuracy in such information unless it results from any wilful default on the part of Funderstone Group or such service provider. In particular, Funderstone Group and/or any such service provider shall not assume any liability or responsibility for consequences arising from any cause or in connection with: (a) use of E-Statement Service and/or access to any information or data through E-Statement Service as a result of such use by the Client or any other person whether or not authorised; (b) any interruption, interception, suspension, delay, loss, unavailability, mutilation or other failure in providing E-Statement Service, in transmitting information or data relating to E-Statement

Service (whether or not within the control of Funderstone Group) including failure of any communication network or computer downtime, act or omission of any third party information or service providers, housekeeping, computer virus, unauthorised access by any person (including hacker), upgrade or preventive or remedial maintenance activities, mechanical failure, power failure, malfunction, breakdown, or inadequacy of equipment, installation or facilities, or any law, rules, regulations, codes, directions, regulatory guidelines or government order (whether or not having the force of law); and (c) transmission, posting and/or storage of any information and/or data relating to the Client and/or E-Statement Service through or in any system, equipment or instrument of any communication network provider; and (d) act of god, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party's control.

4. Cancellation

- 4.1. The Client understands that the cancellation of use of the E-Statement Service may be effected by Funderstone Group or the Client in accordance with Clauses 4.2 and 4.3 of Section VI.
- 4.2. Funderstone Group reserve the right to cancel the Client's enrollment to the E-Statement Service. Funderstone Group shall, prior to canceling the Client's enrollment in to the E-Statements Service, give reasonable notice to the Client of such cancellation through electronic or paper document.
- 4.3. The Client may cancel its enrollment to the E-Statement Service by giving Funderstone Group at least fourteen (14) Business Days' prior written notice. The aforesaid prior written notice shall be a valid and effective prior written notice only and only if such notice shall be actually received by Funderstone Group and the effective date for cancellation of the E-Statement Service stated therein shall be at least seven (7) Business Days after the date of receipt of such notice by Funderstone Group.
- 4.4. Funderstone Group reserve the right to suspend or terminate the E-Statement Service at any time without giving any prior notice and reason.

SECTION VII - TERMS AND CONDITIONS FOR FUTURES TRADING

Section VII is additional and supplemental to the Section I. All transactions, purchase, investment, sale, trading, entering, exchange, acquisition, holding, transfer, making, clearing, settlement, disposal or dealing in, of and with all kinds of Commodities and/or Exchange Contracts and/or F/O Contracts effected, conducted, carried on and entered into by the Client with and through Funderstone Group and/or Funderstone Trading Agent, and the Account opened and maintained by the Client with Funderstone Group shall be subject to and upon the Agreement. Where any conflict or inconsistency arises between any provision of Section VII and any provision in Section I and/or the Loan Agreement, the provisions of Section VII shall prevail.

1. Definitions

1.1 In Section VII, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Section I. In addition, the following definitions shall apply:

"**approved debt securities**" means the approved debt securities as defined in HKFE Rules;

"**Business Day**" means (a) in respect of notices made or given under the Agreement, a day (other than Saturday and Sunday and a day on which a black rainstorm warning or a number 8 or higher typhoon signal is hoisted before 2:00 p.m. in Hong Kong) on which banks are open for business in Hong Kong; (b) in respect of Transactions on HKFE, a day on which HKFE is open for the business of dealing in F/O Contracts; and (c) in respect of Transactions on a Foreign Futures Exchange, a day on which such Foreign Futures Exchange is open for the business of dealing in F/O Contracts ;

"**closed out contract**" means either: -

- (a) a closed out contract as defined in HKFE Rules or, if applicable, as defined in the relevant Foreign FE Rules;
- (b) any F/O Contract in respect of which the Client, Funderstone Group, Funderstone Trading Agent or the relevant person or authority (in each case, either voluntarily or compulsorily under the rules of the relevant Exchange or Clearing House, or the relevant laws, rules, regulations or procedures, or in pursuance of the Agreement) enters into a second F/O Contract on identical terms to the first-mentioned F/O Contract, except: -
 - (i) that the price may not be the same as the price specified in the first-mentioned F/O Contract; and
 - (ii) that the Client, Funderstone Group, Funderstone Trading Agent or the said relevant person or authority takes the opposite side to the side he or it holds under the first-mentioned F/O Contract;
for the express purpose of crystallizing the profit or loss on that first-mentioned F/O Contract or for the purpose of offsetting or ending that first-mentioned F/O Contract;
or
- (c) an F/O Contract deemed to be a closed out contract pursuant to the rules, regulations or bylaws of the relevant Foreign Futures Exchange or the relevant Foreign Clearing House; and "**close out**", "**closing out**" or "**closed out**" shall be construed accordingly;

"**Client Offset Claim Account**" means the client offset claim account established and maintained by HKFE Clearing Corporation Limited upon the request of its participant. The Client Offset Claim Account is for recording positions of individual clients of the participant which are of an offset nature;

"**Commodity**" means (a) a property as defined in SFO, and/or (b) a commodity as defined in HKFE Rules, and/or (c) any items, interests, rights and properties, agricultural products, assets, goods, things, commodities, oil, lands, securities, metals, currencies, shares, interest rates, indices (whether stock market or otherwise), products, ratings, references, derivatives, or other financial contracts, energy, physical assets, right or authority, and/or (d) any other items or descriptions as announced by Funderstone Group as commodity for the purpose of the Agreement from time to time, and shall where the case requires include a F/O Contract in respect of any of the above and in each case

whether or not any of the above is capable of being delivered, and "**Commodities**" shall be construed accordingly;

"**Event of Default**" has the meaning ascribed thereto in Clause 10.1 of Section VII;

"**Exchange Contract**" means, as the case may be, (a) an Exchange Contract as defined in HKFE Rules, and/or (b) a contract for a Commodity approved by the relevant Foreign Futures Exchange for trading on a Market and which may result in a F/O Contract;

"**F.O. Business**" means F.O. Business as defined in HKFE Rules;

"**F/O Contract**" means, as the case may be, (a) a Futures/Options Contract or F/O Contract as defined in HKFE Rules, and/or (b) a Futures Contract and/or an Option Contract;

"**Foreign Futures Exchange**" means a commodity, futures or options contracts exchange which is permitted to operate in a Foreign Jurisdiction by the law of that Foreign Jurisdiction including, where the context so requires, its agents, nominees, representatives, officers and employees;

"**Foreign Futures Laws**" means the relevant laws, legislations, rules and regulations of the relevant Foreign Jurisdiction relating to the Transactions;

"**Foreign FE Rules**" means the rules, regulations, bylaws and procedures of or made by the Foreign Futures Exchange, and any amendments, supplements, variations or modifications thereto from time to time in force;

"**Futures Contract**" means (a) a futures contract as defined in SFO, and/or (b) a Futures Contract or future as defined in HKFE Rules, and/or (c) a futures contract as defined in or deemed or ascribed as such in the relevant Foreign Futures Laws and/or the relevant Foreign FE Rules and/or relevant Clearing Rules, and/or (d) a contract executed on any Exchange, the effect of which is that: (i) one party agrees to deliver to the other party at an agreed future time an agreed Commodity or quantity of a Commodity at an agreed price; or (ii) 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 of the contract, the difference being determined in accordance with the rules of the Exchange in which the contract is made;

"**HKCC**" means HKFE Clearing Corporation Limited (being the body appointed by or established and operated by HKFE to provide clearing and settlement services to members of HKFE in respect of Exchange Contracts and/or F/O Contracts) including, where the context so requires, its agents, nominees, representatives, officers and employees;

"**HK-DCASS**" means the Derivatives Clearing and Settlement System operated by HKCC and The SEHK Options Clearing House Limited from time to time;

"**HKFE**" means Hong Kong Futures Exchange Limited including, where the context so requires, its agents, nominees, representatives, officers and employees;

"**HKFE Rules**" means the rules, regulations and procedures of or made by HKFE, and any amendments, supplements, variations or modifications thereto from time to time in force;

"**open contract**" or "**open position**" means, as the case may be, (a) an open contract or open position as defined in HKFE Rules, and/or (b) an Exchange Contract or a F/O Contract other than a closed out contract;

"**Option Contract**" means, as the case may be, (a) an option contract or option as defined in HKFE Rules, and/or (b) an option contract as defined in or deemed or ascribed as such in the relevant Foreign Futures Laws and/or the relevant Foreign FE Rules and/or relevant Clearing Rules, and/or (c) a contract executed between one party (the "**first party**") and another party (the "**second party**") on any 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 worth more than the agreed price, such payment being determined in accordance with the rules of the Exchange in which the contract is made; or
- (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 Commodity, such payment being determined in accordance with the rules of the Exchange in which the contract is made; and

"**Sub-account Number**" means the designated account number issued by designated banks as selected by Funderstone Group from time to time and the Client may rely on such designated bank account number to transfer moneys or funds to Funderstone Group in accordance with the Trading Account Terms.

1.2 In Schedule VII: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) "subsidiary" shall bear the meaning given by the Companies Ordinance and "associated company" means, in respect of any person, any company (not being a subsidiary of that person) of which that person shall beneficially own twenty per cent (20%) or more of the issued share capital or in respect of which that person is entitled to appoint one or more directors or, in relation to any company, any company which is a subsidiary of a holding company of that first mentioned company;
- (c) reference to a Clause is to a clause of Schedule VII, reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (d) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (e) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (f) the headings to the Clauses of Section VII are for convenience only and do not affect the interpretation or construction of such Clauses; and
- (g) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Agreement or suspension of any Account, such provision shall survive such termination or suspension.

1.3 Where it is necessary for the true construction or interpretation of any provision of the Agreement, all references to:

- (a) "**Applicable Laws and Regulations**" in Section I shall be construed as references to include:
 - (i) the memorandum and articles of association of HKFE, HKFE Rules, Regulations (as defined in the HKFE Rules), Procedures (as defined in the HKFE Rules), Clearing Rules in Hong Kong and the customs, usages, rulings and procedures of HKFE;
 - (ii) the constitution of the relevant Foreign Futures Exchange, the relevant Foreign FE

Rules, the Clearing Rules in the relevant Foreign Jurisdiction and the Market (and their respective Clearing House, if any) and the customs, usages, rulings and procedures of the relevant Foreign Futures Exchange, where the Instructions and Transactions are executed, performed, cleared or settled;

- (iii) any laws, rules and regulations in any competent Foreign Jurisdiction (including the relevant Foreign Futures Laws where the Instructions and Transactions are executed, performed, cleared or settled); and
 - (iv) rules, guidelines and code of practices of any Authority in any competent Foreign Jurisdiction (including Foreign Futures Laws or other guidance issued under the foregoing, any associated intergovernmental agreement, any similar or associated non-U.S. law or any agreement, undertaking or obligations, or any policies or directions);
- (b) "**Clearing House**" in Section I shall be construed as references to include, as the case may be, (a) in relation to HKFE, HKCC; and/or (b) in relation to a Foreign Futures Exchange, the relevant Foreign Clearing House providing similar services of HKCC to such Foreign Futures Exchange in that Foreign Jurisdiction;
 - (c) "**Clearing Rules**" means, as the case may be, (a) the general rules, operational procedures and other applicable rules, procedures and regulations of HK-DCASS from time to time in force; and/or (b) the rules, procedures and regulations of the relevant Foreign Clearing System, from time to time in force;
 - (d) "**Clearing System**" means, as the case may be, (a) HK-DCASS; and/or (b) the relevant Foreign Clearing System;
 - (e) "**Exchange**" means, as the case may be, (a) HKFE; and/or (b) the relevant Foreign Futures Exchange;
 - (f) "**Foreign Clearing House**" in Section I shall be construed as references to include the clearing or settlement house, corporation, organisation or body (being appointed, authorised or engaged by or established and operated by a Foreign Futures Exchange to provide clearing and settlement services to that Foreign Futures Exchange in respect of Commodities and/or Exchange Contracts and/or F/O Contracts) including, where the context so requires, its agents, nominees, representatives, officers and employees;
 - (g) "**Hong Kong Regulators**" in Section I shall be construed as references to include HKFE;
 - (h) "**Market**" in Section I shall be construed as references to include any commodity, futures or options contracts exchange (including HKFE), market, over-the-counter market, responsible association of dealers or corporation, whether within or outside Hong Kong, so dealing in Commodities and/or Exchange Contracts and/or F/O Contracts as to provide a market for Commodities and/or Exchange Contracts and/or F/O Contracts;
 - (i) "**Securities**" in Section I shall be construed as references to include Commodities, Exchange Contracts and/or F/O Contracts;
 - (j) "**Transaction**" in Section I shall be construed as references to include any transaction, purchase, investment, sale, trading, entering, exchange, acquisition, holding, transfer, making, clearing, settlement, disposal or dealing in, of and with any Commodities and/or Exchange Contracts and/or F/O Contracts and generally dealing in any and all kinds of Commodities and/or Exchange Contracts and/or F/O Contracts (irrespective of whether it falls under the definition of "dealing in futures contracts" as defined under Schedule 5 of the SFO); and
 - (k) "**Retained Properties**" as defined in Section I shall be construed as references to include (a) all Commodities, Exchange Contracts and F/O Contracts (and all the Client's interest, title, rights, powers, benefits thereto, thereof and therein) which are now or will in future be made, entered or acquired by Funderstone Group on behalf of the Client for any purpose whatsoever, or be held in, deposited with or transferred into the Account (including the Futures Account) by, for or attributable to the Client for any purpose, and/or which will be held by, deposited with or transferred to Funderstone Group by, for or attributable to the Client for any purpose whatsoever all respectively together with all proceeds, moneys or funds received in connection with the settlement, clearing, performance, purchase, sale, acquisition, entering, transfer, disposal, exchange, closing out, trading or dealing with, of or in such Commodities, Exchange Contracts or F/O Contracts; and/or (b) all the Client's properties, assets, moneys, funds, receivables, sums, title, interests, powers, options, benefits and rights of, to and in the Account (including the Futures Account).

2. Applicable Rules and Regulations

- 2.1 All Instructions and Transactions made or entered into (i) by Funderstone Group with the Client; and (ii) by Funderstone Group and/or Funderstone Trading Agent on behalf of the Client shall be subject to, and in respect of the above, both Funderstone Group and the Client shall be bound by: -
- (a) the Agreement;
 - (b) Funderstone Trading Agent Agreement, and the rules, regulations, procedures and policies of Funderstone Trading Agent relating and applicable to the Transactions from time to time in force;
 - (c) any agreement made between, inter alia, (1) Funderstone Group; and (2) any market data feed service providers (including but not limited to an Exchange and/or its associated companies);
 - (d) any agreement made between, inter alia, (1) Funderstone Group; and (2) any other service providers/agents providing services relating or applicable to the Instructions and/or Transactions; and
 - (e) Applicable Laws and Regulations.

- 2.2 If there shall be any conflict or inconsistency between any of the provisions of the Agreement and anything contained in paragraphs (b), (c), (d) or (e) of Clause 2.1 of Section VII, Funderstone Group may, in its absolute discretion, take or refuse to take any action, or demand the Client to take or refrain from taking any action to ensure compliance with the same.

3. Form of Instructions

The Client acknowledges and consents that Funderstone Group shall, at its absolute discretion, be entitled to claim margin offset for the Client's positions through the Client Offset Claim Account in DCASS.

4. Transactions

- 4.1 Funderstone Group may post the specification of Commodities, Exchange Contracts and/or F/O Contracts on the Funderstone Website from time to time. The Client acknowledges that it will be responsible to read and fully understand such specification before giving Instructions and shall review such specification regularly to obtain timely notice of any amendment. The Client further acknowledges that such specification and amendment shall be binding on the Client.
- 4.2 If any relevant Exchange and/or Clearing House and/or agent on or through whom any Exchange Contract and/or F/O Contract has been entered into by Funderstone Group on behalf of the Client requires any alteration in any terms or conditions of such contract, Funderstone Group may take all such action as it shall in its absolute discretion consider necessary or desirable to comply therewith or to avoid or mitigate loss thereunder. All such actions shall be binding upon the Client.
- 4.3 Funderstone Group and/or Funderstone Trading Agent may not have access to every Market at which a particular product, Commodity, Exchange Contract or F/O Contract may trade. Exchanges or Market makers may fail or refuse to honour their quoted or posted prices. Exchanges may re-route Client's orders out of automated execution systems for manual handling (in which case execution or representation of Client's order may be substantially delayed). Exchange or Market rules, policies, procedures or decisions or system delays or failures may prevent Client's order from being executed, may cause a delay in the execution or performance of the Instruction or may cause the Instruction not to be executed at the best price. In no event shall Funderstone Group be liable to the Client for any action, inaction, decision or ruling of any Exchange, Market, Clearing House or regulatory authority.
- 4.4 Notwithstanding any provision contained herein to the contrary, Instructions are to be received and executed on the understanding that no taking or making of delivery of the Commodity will be made or required in respect of any Exchange Contract or F/O Contract entered into by Funderstone Group on behalf of the Client, and that only cash settlement or payment shall be made or required in respect of such contract. The Client will be required to make or receive payment of money unless the Client's initial position is closed out. Every Exchange Contract or F/O Contract entered into by Funderstone Group on behalf of the Client is made on the understanding that both Funderstone Group and the

Client contemplate performance thereof by cash settlement or payment and, as between Funderstone Group and the Client, shall be deemed to contain obligations on the Client and Funderstone Group to make settlement of such contract by paying or receiving money or fund. In respect of open position maturing in current month, the Client shall, at least five (5) Business Days prior to the last trading day in the case of long position and at least five (5) Business Days prior to the last trading day in the case of short position, either give Instruction to Funderstone Group to close out the same or deliver to Funderstone Group all moneys, funds or documents deliverable by the Client under such contract in order to enable due settlement (by cash) of such contract by Funderstone Group in accordance with Applicable Laws and Regulations (including the rules and regulations of the relevant Exchange or Clearing House and Foreign Futures Laws). If the Client fails to provide Funderstone Group with such Instruction, moneys, funds, or documents within the period as aforesaid, Funderstone Group may without notice either close out the relevant contract or pay or receive moneys or funds on behalf of the Client upon such terms and by such methods as Funderstone Group shall in its absolute discretion determine. If the Client fails to provide Funderstone Group with such Instruction to Funderstone Group and such failure renders or makes Funderstone Group becoming obliged to take or make delivery of the Commodity under the relevant Exchange Contract or F/O Contract, Funderstone Group will make all necessary arrangements and actions to terminate, cancel, discharge, released such obligation of BE Futures to the effect that no taking or making of delivery of the Commodity will be made or required at the risks, costs, and expenses of the Client. The Client shall keep Funderstone Group indemnified in respect of all costs, losses, claims, penalties, fines, Taxes, damages and expenses incurred by Funderstone Group as a result of action taken by Funderstone Group pursuant to this Clause 4.4 of Section VII.

- 4.5 If Funderstone Group or its agent (as the case may be) shall for any reason whatsoever fail to receive payment of all or any amount of money or fund (whether from the relevant Exchange and/or Clearing House and/or any other person) due to be paid to the Client in respect of any Exchange Contract and/or F/O Contract entered into by Funderstone Group on behalf of the Client on the due date for payment in accordance with the Applicable Laws and Regulations (including the rules and regulations of the relevant Exchange and/or Clearing House and/or Foreign Futures Laws), Funderstone Group's obligations to make payment of any money or fund to the Client in respect of such Exchange Contract and/or F/O Contract shall thereupon and by virtue of such failure become obligations to make payment of such amount of money or fund equal to the amount of money or fund as is actually received by Funderstone Group in respect thereof.
- 4.6 Funderstone Group is not obliged to provide the Client with information with respect to any position of the Client and (except as directed by the Client) has no obligation but shall have the right at the discretion of Funderstone Group to close out any position in the Futures Account on behalf of the Client. Nothing herein contained shall place Funderstone Group under any duty to disclose to the Client any fact or thing which comes to its notice in the course of acting in any capacity for any other person or in its own capacity.
- 4.7 Upon the demand by Funderstone Group, the Client shall forthwith supply to Funderstone Group in relation to any Exchange Contract or F/O Contract entered into by Funderstone Group on the Client's behalf such information in relation to the settlement and/or (in the case of an Option Contract) exercise of any such contract which has not been closed out or, as the case may be, exercised, as Funderstone Group may request.

5. Margin & Fund

- 5.1 The Client agrees to provide and maintain such margin, variation adjustment and Interest Rate Cash Adjustments (as defined in HKFE Rules) (collectively the "**Margin Requirements**" and each of them "**Margin Requirement**") in the Futures Account and/or such collateral, guarantees and other security to the Futures Account in such form and amount and on such terms as Funderstone Group may in its absolute discretion require from time to time. Such Margin Requirement(s) demanded or required by Funderstone Group may exceed any margin requirement, variation adjustment or Interest Rate Cash Adjustments prescribed by any Exchange or Clearing House or Funderstone Trading Agent or broker. Funderstone Group may change any Margin Requirement in its sole discretion and at any time without prior notice to the Client. If Funderstone Group determines that additional margin, variation adjustment or Interest Rate Cash Adjustments is required, the Client agrees to make payment to

and/or deposit with Funderstone Group such additional margin, variation adjustment or Interest Rate Cash Adjustments forthwith upon demand. All funds provided by the Client as margin shall be cleared funds and all Securities provided by the Client as margin shall be Securities to which the Client has valid and unencumbered title. No previous Margin Requirement(s) shall establish any precedent. Change on Margin Requirement(s) shall apply to existing positions as well as to new positions after the date of such change.

- 5.2 Without prejudice to Clauses 5.8 to 5.14 of Section VII, calls or demands for Margin Requirement must be met or satisfied by the Client forthwith upon demand by Funderstone Group. Funderstone Group may close out the open position in respect of which any call or demand for Margin Requirement is not met or satisfied. The Client shall on demand put Funderstone Group in funds or moneys or arrange for Funderstone Group to be put in funds or moneys in time to enable Funderstone Group to discharge any liability incurred or to be incurred in connection with trading, dealing or Transactions effected in relation to the Futures Account. The Client shall on demand reimburse Funderstone Group for all costs and expenses incurred by it in connection with the trading, dealing or Transactions effected in relation to the Futures Account and/or pay or settle any outstanding amount under the Futures Account.
- 5.3 Funderstone Group may be required to report to HKFE and/or Foreign Futures Exchange particulars of all open positions in respect of which the Client has failed on two successive occasions to meet calls or demands for Margin Requirement or additional Margin Requirement as demanded by Funderstone Group within the period specified by Funderstone Group.
- 5.4 Funderstone Group is not liable to pay interest on the moneys or funds paid to or received by Funderstone Group in respect of the Futures Account whether on deposit or however described. Funderstone Group is entitled to retain for its own benefit any interest or other realised income or increase in value earned or received in respect of such moneys or funds. Funderstone Group is entitled to charge and the Client agrees to pay interest to Funderstone Group in respect of any Deficit or any moneys or funds otherwise owing to Funderstone Group at any time at such rates and on such other terms as Funderstone Group announced in Funderstone Website and/or notifies the Client from time to time. Interest shall be payable on the last day of each calendar month or forthwith upon demand by Funderstone Group.
- 5.5 All money, securities and other property received by Funderstone Group from the Client or from any other person (including a Clearing House) for the account of the Client shall be held by Funderstone Group as trustee and segregated from Funderstone Group's own assets. All these assets so held by Funderstone Group shall not form part of the assets of Funderstone Group for insolvency or winding up purposes, but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of Funderstone Group's business or assets.
- 5.6 All monies, approved debt securities or approved securities received by Funderstone Group from the Client or from any other person, including HKCC, shall be held in the manner specified under paragraphs 7 to 12 of Schedule 4 to the Code. The Client hereby authorises Funderstone Group to apply any such monies, approved debt securities or approved securities in the manner specified under paragraphs 14 to 15 of Schedule 4 to the Code. In particular, Funderstone Group may apply such monies, approved debt securities or approved securities in or towards meeting Funderstone Group's obligations to any party insofar as such obligations arise in connection with or incidental to the F.O. Business transacted on the Client's behalf.
- 5.7 The Client acknowledges that in respect of any account of Funderstone Group maintained with HKCC, whether or not such account is maintained wholly or partly in respect of the F.O. Business transacted on behalf of the Client and whether or not monies, approved debt securities or approved securities paid or deposited by the Client has been paid to or deposited with HKCC, as between Funderstone Group and HKCC, Funderstone Group deals as principal and accordingly no such account is impressed with any trust or other equitable interest in favour of the Client and monies, approved debt securities or approved securities paid to or deposited with HKCC are thereby freed from the trust referred to in Clause 5.5 of Section VII.
- 5.8 The Client shall monitor the Futures Account so that at all times the Futures Account shall contain a

sufficient account balance to meet the applicable Margin Requirements. Funderstone Group may reject any Instruction or order of the Client if the Client does not have a sufficient account balance to meet Margin Requirements and may delay the processing of any Instruction or order while determining the correct margin status of the Futures Account. The Client shall maintain, without notice or demand from Funderstone Group, a sufficient account balance at all times so as to continuously meet the Margin Requirements. The Client must at all times satisfy whatever Margin Requirement calculated by Funderstone Group.

- 5.9 Funderstone Group has no obligation to notify the Client of any failure to meet the Margin Requirement prior to Funderstone Group exercising its rights, powers, discretion and remedies under the Agreement. The Client understands that Funderstone Group generally will not issue call or demand on Margin Requirement, that Funderstone Group generally will not credit the Futures Account to meet any deficiency on Margin Requirement, and that Funderstone Group is authorised to close out, liquidate or settle open contracts or open positions in the Futures Account and/or exercise any of its rights under Clause 10 of Section VII in order to satisfy Margin Requirements without prior notice to the Client.
- 5.10 In the event that the balance of the Futures Account has zero equity or is in deficit at any time, or the Futures Account does not have a sufficient account balance to meet Margin Requirements, Funderstone Group shall have the right, in its sole discretion, but not the obligation, to close out, liquidate or settle all or any part of the Client's positions in the Futures Account and/or exercise any of its rights under Clause 10 of Section VII at any time and in such manner and in any Market as Funderstone Group deems necessary, without prior notice demand or call to the Client. The Client agrees to be responsible for, and promptly pay to Funderstone Group, any deficiency in the Futures Account that arises from such closing out, liquidation, settlement or exercise of rights or remains after such closing out, liquidation, settlement or exercise of rights. Funderstone Group shall not have any liability to the Client for any losses or damages sustained by the Client in connection with such closing out, liquidation, settlement or exercise of rights (or if Funderstone Group experiences a delay in effecting, or does not effect, such closing out, liquidation or settlement, or in exercising, or does not exercise such rights) even if the Client subsequently re-established its position at a less favorable price or point.
- 5.11 The Client expressly waives and relinquishes any rights to receive prior notice or demand from Funderstone Group and agrees that any prior demand, notice, announcement or advertisement shall not be deemed a waiver of Funderstone Group's right to close out, liquidate or settle any open position of the Client or exercise any of its rights under Clause 10 of Section VII. The Client understands that, in the event open position is closed out, liquidated or settled by Funderstone Group or Funderstone Group exercises such rights, the Client shall have no right or opportunity to determine the open position to be liquidated, the order or manner of closing out, liquidation or settlement or the manner of exercising such rights by Funderstone Group. Funderstone Group may, in its absolute and sole discretion, effect closing out, liquidation or settlement, or exercise such rights on any Exchange or Market, and Funderstone Group or its associated company may take the other side of such closing out, liquidating or settlement transaction. In the event that Funderstone Group closes out, liquidates or settles any or all open positions in the Futures Account or exercises such rights, such closing out, liquidation or settlement or exercise of rights shall establish the amount of the Client's gain or loss and indebtedness to Funderstone Group, if any. The Client shall reimburse and hold Funderstone Group harmless for all actions, omissions, costs, expenses, fees (including, but not limited to, legal fees), penalties, losses, claims or liabilities associated with any such Transaction undertaken by Funderstone Group or any exercise of such rights by Funderstone Group. The Client shall be liable to and responsible for all resulting losses on the Client's positions, notwithstanding Funderstone Group's delay in or failure to close out, liquidate or settle any such open positions or exercise such rights. If Funderstone Group executes an order for which the Client did not have sufficient funds, Funderstone Group has the right, without notice to the Client, to liquidate the Transaction and the Client shall be responsible for any loss as a result of such liquidation, including any costs, and shall not be entitled to any profit that results from such liquidation.
- 5.12 The Client irrevocably and unconditionally authorizes Funderstone Group transfer, debit or deduct any money in the Futures Account and/or the Account so as to pay, discharge, satisfy the Client's indebtedness, obligations and Liabilities to Funderstone Group arising from, incurred under and

relating to the Agreement and/or the Loan Agreement, including but not limited to the outstanding purchase moneys, fees (including but not limited to market data fees), charges, expenses, commissions and interests payable by the Client under and pursuant to the Agreement and/or the Loan Agreement. The Client acknowledges and agrees that such deductions may affect the amount of money in the Futures Account to be applied against the Margin Requirements. The Client's open positions are subject to closing out, liquidation or settlement as described herein, and Funderstone Group may exercise any of its rights under Clause 10 of Section VII, if deduction of commissions, fees or other charges causes the Futures Account to have an insufficient balance to satisfy the Margin Requirements.

- 5.13 If Funderstone Group issues a call or demand for Margin Requirement to the Client, the Client must satisfy such call or demand immediately. The Client agrees to satisfy any call or demand for Margin Requirement issued by Funderstone Group by immediately depositing cleared funds in the Futures Account to pay, in full, the under-margined open position. Notwithstanding such call or demand for Margin Requirement, the Client acknowledges that Funderstone Group, in its sole discretion, may close out, liquidate or settle the Client's open positions, or exercise any of its rights under Clause 10 of Section VII, at any time.
- 5.14 Funderstone Group shall also have the right to close out, liquidate or settle all or any part of the Client's open positions or exercise any of its rights under Clause 10 of Section VII without prior notice to the Client in the same manner as provided above: (a) if any dispute arises concerning any trading or Transaction of the Client; (b) upon Client's failure to timely discharge its obligations to Funderstone Group; (c) upon the Client's insolvency or filing of a petition in bankruptcy or for protection from creditors; (d) upon the appointment of a receiver, or (e) whenever Funderstone Group, in its absolute and sole discretion, deems necessary or advisable for the protection of Funderstone Group.

6. Foreign Currency Transactions

If the Client gives Instructions to Funderstone Group to enter into any Transaction requiring a conversion from one currency to another (whether from Hong Kong dollars to a Foreign Currency or vice versa, or from a Foreign Currency to another Foreign Currency), then: -

- (a) the costs thereof and any profit or loss arising as a result of fluctuations in the exchange rate of the relevant currency will be entirely for the account and risk of the Client;
- (b) all initial and subsequent deposits for margin or variation requirement shall be made in such currency and in such amounts as Funderstone Group may require in its discretion; and
- (c) when an open contract is closed out, Funderstone Group shall debit or credit the Futures Account in such currency (as Funderstone Group may determine in its discretion) at such exchange rate as determined by Funderstone Group in its discretion.

7. Disclosure

- 7.1 The Client acknowledges that HKFE Rules contain provisions requiring Funderstone Group upon the request of HKFE or SFC or in certain circumstances to disclose the name, Beneficial Identity of a Client (as defined in HKFE Rules) and such other information concerning the Client as HKFE or SFC may require. The Client shall immediately on demand supply to Funderstone Group the name, the Beneficial Identity of a Client and such information concerning the Client as Funderstone Group may require in order for Funderstone Group to comply with HKFE Rules, the Regulations (as defined in HKFE Rules), the Procedures (as defined in HKFE Rules) and the Ordinance (as defined in HKFE Rules). The Client agrees that in the event Funderstone Group fails to comply with the disclosure requirement under Rule 606(a) or 613(a) of HKFE Rules, the Chief Executive (as defined in HKFE Rules) may require the closing out of positions on behalf of the Client or the imposition of a margin surcharge on the positions of the Client.
- 7.2 The Client acknowledges that the Foreign FE Rules may contain provisions requiring Funderstone Group upon the request of such Foreign Futures Exchange or in certain circumstances to disclose the name, beneficial identity of the Client and such other information concerning the Client as such Foreign Futures Exchange may require. The Client shall immediately on demand supply to Funderstone Group the name, the beneficial identity of the Client and such information concerning the

Client as Funderstone Group may require in order for Funderstone Group to comply with the rules and regulations of such Foreign Futures Exchange. The Client agrees that in the event Funderstone Group fails to comply with such disclosure requirement, the relevant authority may require the closing out of positions on behalf of the Client or the imposition of a margin surcharge on the positions of the Client.

7.3 Funderstone Group and the Client hereby agree that this Clause 7 of Section VII shall continue in effect notwithstanding the termination of this Agreement or suspension of any Account.

8. Lien

8.1 At any time as Funderstone Group shall determine appropriate and/or upon the occurrence (in the sole and subjective judgment of Funderstone Group) of any Event of Default, the Lien shall be immediately enforceable and Funderstone Group, without prejudice to any of the rights or powers of Funderstone Group under the Agreement, the Loan Agreement or other documents, shall have the right, without notice to the Client, to: (a) appropriate, pay, deduct, transfer or set-off the whole or any part of any funds or moneys comprised in the Retained Properties at any time and from time to time in or towards payment, satisfaction or discharge of any money, fund, indebtedness, obligation or liability secured by the Lien, and/or (b) sell, dispose of, liquidate, transfer, trade, deal with or close out (and Funderstone Group is authorised to do all such things necessary in connection with such sale, disposal, liquidation, transfer, trading, dealing or closing out) the Retained Properties or any part thereof (to be selected by Funderstone Group in its absolute discretion) at any time and from time to time either together or in parcels and either by dealings at any broker's board through any Market or by public or private means or in such other manner and for such consideration (whether payable or deliverable immediately or by installments and whether for cash or other valuable consideration or both) and on such terms and conditions as Funderstone Group shall think fit in its absolute discretion without being in any way liable to the Client for any loss occasioned thereby however arising. Without limiting the generality of the foregoing, Funderstone Group is hereby specifically authorised to dispose of, liquidate, transfer, trade, deal with and/or close out the Futures Account, all Commodities and/or Exchange Contracts and/or F/O Contracts comprised in the Retained Properties or held in the Futures Account, and all positions in the Futures Account without notice to the Client.

8.2 In any sale, disposal, liquidation, transfer, trading, dealing or closing out pursuant to clause 15 of Section I, this Clause 8.1 of Section VII or the Agreement, if less than all the Retained Properties are to be sold, disposed of, liquidated, transferred or closed out, Funderstone Group shall in its absolute discretion select which part of the Retained Properties are to be sold, disposed of, liquidated, transferred, traded, dealt with or closed out at any time and from time to time.

8.3 The Client agrees that Funderstone Group shall have the full and absolute right and discretion to determine at what time and day to exercise or enforce its right and power to carry out or execute the sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out pursuant to clause 15 of Section I, this Clause 8 of Section VII or the Agreement. The Client shall not have any right to claim against Funderstone Group in respect of any loss arising out of any sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out pursuant to the Agreement, howsoever such loss may have been caused, and whether or not a better price or position could or might have been obtained on the sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out of any of the Retained Properties by either deferring or advancing the time or date of such sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out or otherwise howsoever.

9. Client's Representations, Undertakings and Warranties

9.1 The Client represents and warrants that he is not an officer or employee of HKFE, SFC, any Clearing House, Market, Exchange, board of trade, or by any corporation of which any Exchange owns a majority of the share capital, or (unless written consent to such trading is filed with Funderstone Group) employed by a member of any Exchange or by a firm registered on any Exchange.

9.2 Without prejudice to clause 16.2 of Section I, the Client represents and warrants that for so long as the Client maintains the Account (including the Futures Account) and on the giving of each Instruction:

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- (a) the Client will be the ultimate originator of all Transactions and is dealing on its own account as beneficial owner of the relevant Commodities and/or Exchange Contract and/or F/O Contract and the Futures Account and that no one other than the Client has any interest in the relevant Commodities and/or Exchange Contract and/or F/O Contract in or held for the Futures Account;
- (b) the Client has or will have good and unencumbered title as beneficial owner to all assets which the Client instructs Funderstone Group to sell or otherwise dispose of for the Futures Account in accordance with the Agreement and undertakes to deliver Commodities and/or Exchange Contracts, F/O Contracts and/or such assets in time for Funderstone Group to comply with the rules of the relevant Exchange applicable thereto;
- (c) the Client has determined that trading in Commodities and/or Exchange Contracts and/or F/O Contracts is appropriate for the Client, is prudent in all respects, and does not and will not violate any statute, rule, regulation, judgment, or decree, agreement or undertaking to which the Client is subject or bound; and
- (d) the Client is not carrying on any money laundering or terrorist activities. The Transactions are not relating to or in connection with any money laundering or terrorist activities. The moneys, investment or Commodities, Exchange Contracts, F/O Contracts, property and assets in the Futures Account does not arise out of, relating to or in connection with money laundering or terrorists activities.

10. Default

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

- (a) an event described under clause 17.1 of Section I;
- (b) any failure by the Client to comply with Clause 5 of Section VII;
- (c) the Client fails to submit to Funderstone Group any documents or deliver any Commodity, Exchange Contract and/or F/O Contract to Funderstone Group, when called upon to do so or on the due date;
- (d) the Client has not provided any margin (initial, maintenance or additional) or adjustments (variation or otherwise) when the same become due or payable under the Agreement, or has failed or refused to comply with any request, call or demand made by Funderstone Group pursuant to the Agreement; and
- (e) at any time when Funderstone Group and/or Funderstone Trading Agent is or becomes under any obligation imposed by any relevant Exchange and/or Market and/or Clearing House and/or broker or any Applicable Laws and Regulations to do any of the acts mentioned in this Clause 10 of Section VII.

10.2 If an Event of Default (in the sole and subjective judgment of Funderstone Group) occurs, then all amounts owing by the Client to Funderstone Group shall become immediately payable on demand, and interest will accrue, at the rate specified in clause 6.13 of Section I, on the amounts outstanding from time to time, the further performance by Funderstone Group of any of its outstanding obligations to the Client under the Agreement (whether for payment of money or otherwise) shall be conditional upon the Client having fully discharged all its obligations to Funderstone Group under the Agreement, and Funderstone Group shall be entitled at its absolute discretions, without further notice or demand and in addition to and without prejudice to any other rights or powers conferred under the Agreement and/or the Loan Agreement (if any), to forthwith: -

- (a) take such action or do such act, matter or thing as stipulated under clause 17.2 of Section I;
- (b) close out or perform any or all open contracts in the Futures Account;
- (c) sell, purchase, transfer in, transfer out, trade, dispose of, deal with, settle, clear all or any Commodities, Exchange Contracts and/or F/O Contracts;
- (d) call upon or enforce any security which may have been issued, made or created in favour of Funderstone Group as security for the Client's obligations, indebtedness or Liabilities under the Agreement;
- (e) exercise any or all the rights and powers of Funderstone Group under the Agreement;

- (f) cancel any or all outstanding instructions, orders or any other commitments made on behalf of the Client;
- (g) take any actions, or do any acts, matters or things as authorised, instructed, directed, appointed or empowered under the Agreement; and/or
- (h) take such actions, or do such acts, matters or things as Funderstone Group shall think fit in relation to the Retained Properties and/or the Charged Properties (if any).

10.3 Any sale, purchase, transfer, trading, disposal, dealing, settlement, clearing and/or closing out of any Commodities and/or Exchange Contracts and/or F/O Contracts and/or open contract and/or property and/or assets shall be made according to the judgment of and at the discretion of Funderstone Group. In all cases, a prior demand or call, or prior notice of the time or place of sale, purchase, transfer, trading, disposal, dealing, settlement, clearing and/or closing out shall not be considered as waiver of the right of Funderstone Group herein provided.

10.4 Funderstone Group may at its absolute discretion apply the net proceeds (after deduction of all fees, costs and expenses incurred in connection with the exercise of the powers conferred on Funderstone Group by clause 17 of Section I and this Clause 10 of Section VII) actually received by Funderstone Group pursuant to the exercise of powers under clause 17 of Section I and this Clause 10 of Section VII in reduction of the Liabilities in such order or manner as Funderstone Group considers fit.

10.5 Funderstone Group shall have absolute discretion in all matters relating to the exercise of its rights under clause 17 of Section I and this Clause 10 of Section VII, and may sell any securities, Commodities, Exchange Contracts or F/O Contracts on a single or collective basis. The Client hereby waives all claims and demands (if any) against Funderstone Group in respect of any loss, involuntary or otherwise, directly arising from the exercise by Funderstone Group of the powers conferred by clause 17 of Section I and this Clause 10 of Section VII, howsoever such loss may have been caused (other than through wilful default of Funderstone Group, or the reckless disregard of the obligations of Funderstone Group under clause 17 of Section I and this Clause 10 of Section VII), whether in relation to the timing or manner of the exercise of such powers or otherwise.

10.6 The Client shall be liable for any Deficit that may exist after Funderstone Group has exercised any or any combination of rights in clause 17 of Section I and this Clause 10 of Section VII, and any cost or expense (including legal costs) incurred by Funderstone Group, on a full indemnity basis, related to such exercise.

10.7 On the exercise of the rights of Funderstone Group under clause 17 of Section I and this Clause 10 of Section VII, Funderstone Group shall not be obliged to deliver to the Client any Commodities, Exchange Contracts, F/O Contracts, property or assets, or any money or fund due to the Client until the Client's obligations, indebtedness and Liabilities under the Agreement have been fully paid, satisfied or discharged.

11. **Disclaimer**

11.1 Neither Funderstone Group nor any of its directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for any direct, indirect or consequential loss, expense or damages suffered by the Client as a result of any relevant Exchange and/or Market and/or Clearing House and/or broker ceasing for any reason to recognize the existence of any Exchange Contracts and/or F/O Contracts entered into by Funderstone Group on behalf of the Client, or failing to perform or close out any such contracts provided that such cessation or failure shall not affect the Client's obligations hereunder in respect of any such contracts or other obligations or liabilities of the Client arising therefrom.

11.2 Without limiting the generality of Clause 11.1 of Section VII, neither Funderstone Group nor any of its directors, employees or agents shall have any liability whatsoever for any direct, indirect or consequential loss, expense or damages suffered by the Client (including losses and liabilities resulting from Transactions executed by any brokers or dealers) unless due to fraud or wilful default on the part of Funderstone Group.

12. **Use of Client Information**

Without prejudice to clause 22 of Section I, Funderstone Group will keep information relating to the Client and the Futures Account confidential, but is authorised to use such information for the following purposes including but not limited to: (a) the daily operation of the Futures Account and the services provided to the Client; (b) conducting credit enquiries on the Client; (c) ensuring ongoing credit worthiness of the Client; (d) designing and marketing services or related products; (e) collection of amounts outstanding from the Client and those providing security for the Client's obligations; (f) make disclosure under the requirements of any laws binding on Funderstone Group; and (g) purposes relating thereto. Funderstone Group may provide any such information to the following persons including but not limited to (i) its auditors, legal advisers, brokers or dealers instructed by Funderstone Group on behalf of the Client, (ii) the HKFE or any regulatory bodies, (iii) any Market in which Commodities and/or Exchange Contracts and/or F/O Contracts are traded for the Futures Account, (iv) any regulatory authority (including the Hong Kong Regulators and the Foreign Regulators) to comply with their requirements or requests for information, (v) any employee, agent, contractor, sub-contractor or third party service provider who provides administrative, telecommunications, computer, payment, clearing or other services to Funderstone Group in connection with the operation of its business; and (vi) any other person under a duty of confidentiality to Funderstone Group which have undertaken to keep such information confidential. Funderstone Group shall not be liable in any way to the Client for any disclosure made pursuant to this Clause 12 of Section VII.

13. **Liability and Indemnity**

Without prejudice to clause 23 of Section I, The Client shall indemnify and keep indemnified Funderstone Group and its directors, officers, delegates, agents, employees, nominees, correspondents or representatives ("**Indemnified Persons**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, legal expenses and other expenses or disbursements of any kind or nature whatsoever (including, all reasonable costs, charges and expenses incurred in disputing or defending any of the foregoing) (other than those resulting from fraud or wilful default on the part of Funderstone Group) which may be imposed on, incurred by or asserted against any of the Indemnified Persons directly or indirectly arising out of or in connection with a purchaser or any other person by reason of any defect in the title of the Client to the Commodities, Exchange Contracts and/or F/O Contracts.

14. **Funderstone Group's Interests**

- 14.1 Funderstone Group may, subject to the Applicable Laws and Regulations (including the SFO), take the opposite position to the Client's order in relation to any Exchange Contract and/or F/O Contract, whether on Funderstone Group's own account or other clients of Funderstone Group, provided that such trade is executed competitively on or through the facilities of HKFE in accordance with the HKFE Rules or the facilities of any other Exchange in accordance with the rules and regulations of such other Exchange.
- 14.2 The Client acknowledges and agrees that, when Funderstone Group executes an Instruction on behalf of the Client to purchase or sell Commodities and/or Exchange Contracts and/or F/O Contracts, Funderstone Group, its directors, officers, employees and agents may execute such Instruction for an account in which any such person has a direct or indirect interest, subject to the limitations and conditions, if any, contained in the constitution, rules, regulations, customs, usages, rulings, and interpretations then in force of the relevant Exchanges or Markets upon which such Instruction is executed, and subject to the limitations and conditions, if any, contained in any applicable regulations lawfully promulgated by such Exchanges or Markets.
- 14.3 In the absence of fraud or wilful misconduct on the part of Funderstone Group, Funderstone Group shall not be liable to the Client for any claims against Funderstone Group, any of its nominees, subsidiaries or associated companies in relation to any Transaction referred to in Clauses 14.1 and 14.2 of Section VII including any claims to the effect that Funderstone Group, any of its nominees, subsidiaries or associated companies shall account to the Client for any emoluments, commissions, profits or any other benefits whatsoever earned or received by Funderstone Group, any of its nominees, subsidiaries or associated companies in relation to any such Transactions.

15. Relevant Provisions

15.1 Without prejudice and in addition to any other provisions of the Agreement, all Transactions entered into on HKFE shall be subject to the following provisions: -

- (a) Every Exchange Contract shall be subject to the charge of an Investor Compensation Fund (as defined in HKFE Rules) levy and a levy pursuant to SFO, the cost of both of which shall be borne by the Client;
- (b) If the Client suffers pecuniary loss by reason of Funderstone Group's default, the liability of the Investor Compensation Fund (as defined in HKFE Rules) will be restricted to valid claims as provided for in SFO 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 the Client by reason of such a default will necessarily be recouped from the Investor Compensation Fund (as defined in HKFE Rules) in full, in part or at all;
- (c) In respect of Transactions related to the business of dealing in Exchange Contracts and/or F/O Contracts which are entered into on Markets other than those operated by HKFE, such Transactions will be subject to the rules and regulations of those Markets and not those of HKFE, with the result that the 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 HKFE Rules, the Regulations (as defined in HKFE Rules) and the Procedures (as defined in HKFE Rules);
- (d) The Client acknowledges that subject to the provisions of SFO and any applicable law, Funderstone Group may take the opposite position to the Client's order in relation to any Exchange Contract and/or F/O Contract, whether on Funderstone Group's own account or for the account of its associated company or other clients of Funderstone Group, provided that such trade is executed competitively on or through the facilities of HKFE in accordance with HKFE Rules, Regulations (as defined in HKFE Rules) and the Procedures (as defined in HKFE Rules) or the facilities of any other Exchange in accordance with the rules of such other Exchange;
- (e) The Client agrees and acknowledges that HKCC may do all things necessary to transfer any open positions held by Funderstone Group on behalf of the Client and any money and security standing to the credit of the Account to another exchange participant of HKFE in the event of the rights of Funderstone Group as an exchange participant of HKFE are suspended or revoked;
- (f) The Client acknowledges that Funderstone Group is bound by HKFE Rules which permit HKFE to take steps to limit the positions or require the closing out of contracts of the Client who in the opinion of HKFE are accumulating positions which are or may be detrimental to any particular Market (as defined in HKFE Rules) or Markets or which are or may be capable of adversely affecting the fair and orderly operation of any Market or Markets as the case may be;
- (g) Funderstone Group shall provide to the Client Contract Specifications (as defined in HKFE Rules), a full explanation of margin procedures and the circumstances under which a Client's position may be closed without the Client consent; and
- (h) The Client acknowledges and accepts that if Funderstone Group exceeds any trading limits or position limits imposed pursuant to HKFE Rules, the Chief Executive (as defined in HKFE Rules) shall be entitled to require Funderstone Group to close out or to effect the transfer in accordance with the Clearing House Rules (as defined in HKFE Rules) to another member of such number of open positions (which may include all or part of the open positions of the Client) as will in the opinion the Chief Executive (as defined in HKFE Rules) result in Funderstone Group complying with the position limits.

15.2 Without prejudice and in addition to any other provisions of the Agreement, all Transactions entered into Markets other than those operated by HKFE shall be subject to the following provisions: -

- (a) The Client acknowledges and agrees that such Transactions will be subject to the Foreign FE Rules, with the result that the 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 HKFE Rules, the Regulations (as defined in HKFE Rules) and the Procedures (as

- defined in HKFE Rules);
- (b) The Client acknowledges that subject to any Applicable Laws and Regulations, Funderstone Group may take the opposite position to the Client's order in relation to any Exchange Contract and/or F/O Contract, whether on Funderstone Group's own account or for the account of its associated company or other clients of Funderstone Group, provided that such trade is executed competitively on or through the facilities of Foreign Futures Exchange in accordance with the Foreign FE Rules;
 - (c) The Client agrees and acknowledges that the Clearing House other than HKCC may do all things necessary to transfer any open positions held by Funderstone Group on behalf of the Client and any money and security standing to the credit of the Account to another member of the relevant Foreign Futures Exchange in the event of the membership rights of Funderstone Group is suspended or revoked by those Foreign Futures Exchange;
 - (d) The Client authorizes Funderstone Group to apply any moneys, approved debt securities or approved securities which the Client may pay to Funderstone Group in the manner specified in the relevant Foreign FE Rules and, in particular, Funderstone Group may apply such moneys, approved debt securities or approved securities in or towards meeting Funderstone Group's obligations to any party insofar as such obligations arise in connection with or incidental to the business of dealing in Exchange Contracts and/or F/O Contracts transacted on the Client's behalf;
 - (e) The Client acknowledges that Funderstone Group is bound by the relevant Foreign FE Rules which may permit such Foreign Futures Exchange to take steps to limit the positions or require the closing out of contracts of the Client who in the opinion of such Foreign Futures Exchange are accumulating positions which are or may be detrimental to any particular Market or Markets or which are or may be capable of adversely affecting the fair and orderly operation of any Market or Markets as the case may be;
 - (f) The Client acknowledges and agrees that the contract specifications, product specifications, prospectus, risk disclosure statements, disclaimers, full explanation of margin procedures and the circumstances under which a Client's position may be closed without the Client's consent may be posted on the Funderstone Website from time to time which shall be binding on the Client; and
 - (g) The Client acknowledges and accepts that if Funderstone Group exceeds any trading limits or position limits imposed pursuant to the Foreign FE Rules, the relevant authority shall be entitled to require Funderstone Group to close out or to effect the transfer in accordance with the Clearing Rules to another member of such number of open positions (which may include all or part of the open positions of the Client) as will in the opinion such Foreign Futures Exchange result in Funderstone Group complying with the position limits.

16. Authorisation

16.1 Without prejudice to clause 33.1 of Section I, the Client irrevocably and unconditionally directs, instructs and authorizes Funderstone Group to, from time to time, do the following acts and things: -

- (a) to sell, purchase, enter into, make, dispose of, deal with, trade, transfer, liquidate, close out, clear or settle all or any Commodities and/or Exchange Contracts and/or F/O Contracts and/or positions in the Futures Account; and
- (b) to sell, purchase, deal with, trade, dispose of, realize, transfer in or out all or any securities, properties or assets in the Futures Account.

16.2 The Client agrees and accepts that all the acts, things and matters done or made by Funderstone Group pursuant to this Clause 16 of Section VII shall be and be treated and deemed the acts, things, and matters done or made by the Client, and shall be absolutely binding on the Client in all respects and for all purposes.

17. Submission to Rules and Regulations

17.1 In respect of Transactions on HKFE: -

- (a) every Transaction executed on the HKFE will be subject to a transaction charge, the cost of

- which shall be borne by the Client;
- (b) every Transaction executed on the HKFE will be subject to other levies the HKFE may impose from time to time; and
- (c) Funderstone Group is authorised to collect the appropriate transaction charge or other levies in paragraphs (a) and (b) above in accordance with the HKFE Rules from time to time.

17.2 In respect of Transactions on a Foreign Futures Exchange: -

- (a) every Transaction executed on a Foreign Futures Exchange will be subject to a transaction charge, the cost of which shall be borne by the Client;
- (b) every Transaction executed on a Foreign Futures Exchange will be subject to other levies such Foreign Futures Exchange may impose from time to time; and
- (c) Funderstone Group is authorised to collect the appropriate transaction charge or other levies in paragraphs (a) and (b) above in accordance with the Foreign FE Rules from time to time.

SECTION VIII - TERMS AND CONDITIONS FOR CREDIT AND SECURITY

The provision or grant of Credit Facilities by the Lender to the Client for conducting Transactions by utilizing the Credit Facilities in accordance with the Agreement shall be subject to and upon the Loan Agreement.

1. Definitions

1.1 In Section VIII, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Section I, Section II and Section III. In addition, the following definitions shall apply:

"Funderstone Financed Securities" means (a) Securities purchased, invested, sold, exchanged, acquired, disposed, held, transferred, made, entered, cleared, settled, traded or dealt with, of or in by Funderstone Group and/or Funderstone Trading Agent on behalf of the Client, and (b) the moneys or funds for the margins (initial, maintenance or additional) or adjustments (variation or otherwise) of, or for the entire or partial payment of the transaction, purchase, investment, sale, exchange, acquisition, disposal, deposit, holding, transfer, making, entering, clearing, settlement, trading or dealing in, of or with such Securities, which (i.e. such moneys or funds) are partially or entirely financed or supported by the Lender directly or indirectly;

"Charge" shall have the meaning as ascribed to and defined in Clause 6.1 of Section VIII;

"Event of Default" shall have the meaning as ascribed to and defined in Clause 19.1 of Section VIII;

"Indebtedness" means all moneys, sums, funds, amounts, debts, obligations and liabilities whatsoever and interest thereon which are now or shall at any time hereafter be or become from time to time due, payable or outstanding to the Lender and/or Funderstone Group from the Client under or pursuant to the Loan Agreement, including all moneys, sums, funds, amounts, debts, obligations and liabilities whatsoever and interest thereon agreed and covenanted by the Client with the Lender and/or Funderstone Group to pay, repay, discharge or satisfy under or pursuant to Clauses 2 and 3 of Section VIII and other provisions of the Loan Agreement, and/or secured by the Charge; and

"Parties" means the Lender and the Client, and each of them is referred to as **"Party"**.

1.2 In Section VIII: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) reference to a Clause is to a clause of Section VIII and reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (c) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (d) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (e) the headings to the Clauses of Section VIII are for convenience only and do not affect their interpretation or construction; and
- (f) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Loan Agreement, such provision shall survive the termination of the Loan Agreement.

2. Credit Facilities

- 2.1 Subject to Clause 2.2 of Section VIII, the Lender (jointly and severally), relying on the agreements, covenants, representations, warranties and undertakings of the Client in the Loan Agreement, agrees to make available or continue to make available from time to time Credit Facilities up to such extent to be determined by the Lender from time to time to the Client for the purpose of conducting Transactions, and for payments of any moneys, funds or indebtedness to or under any Account subject to and upon the terms and conditions of the Loan Agreement and/or other agreements made between the Client on the one part and Funderstone Group on the other part.
- 2.2 Notwithstanding anything contained herein to the contrary (in particular Clause 2.1 of Section VIII) and without prejudice to any other rights and powers of the Lender herein contained or otherwise conferred by the laws of Hong Kong, the Lender hereby reserves its absolute, unfettered and overriding right, exercisable (jointly or severally) at any time and from time to time and even in the absence of an Event of Default, to revise or change (whether increasing, reducing or otherwise) the Credit Facilities or any other facilities, loans, credits or advances, without notice to the Client, and/or to withdraw, stop, terminate or cancel any part or the whole of the Credit Facilities or any other facilities, loans, credits or advances without notice to the Client. In the event of the Lender exercising the aforesaid rights, then (a) the Credit Facilities or any other facilities, loans, credits or advances shall automatically be revised, changed, withdrawn, stopped, terminated or cancelled, and the Credit Facilities or any other facilities, loans, credits or advances shall thereafter only be available to the Client as revised or changed by the Lender or (as the case may be) shall not thereafter be available to the Client, and (b) the Client shall forthwith repay to the Lender such amount as demanded by the Lender or (as the case may be) the entire of the Indebtedness. For the avoidance of doubt, it is hereby agreed and declared that all the Client's rights and benefits under the Loan Agreement shall be subject always to the Lender's absolute, unfettered and overriding right (exercisable jointly and severally) of revision, change, withdrawal, stop, termination, cancellation and repayment as mentioned in this Clause 2.2 of Section VIII.

3. Covenant for Repayment & Repayable on Demand

- 3.1 In consideration of the agreement by the Lender to make available or continue to make available from time to time the Credit Facilities or any other facilities, loans, credits or advances to the Client subject to and upon the terms and conditions of the Loan Agreement (in particular Clause 2.2 of Section VIII) and notwithstanding anything contained herein or in any other representation, agreement or document made by the Lender or Funderstone Group to the contrary, the Client hereby covenants and agrees with the Lender and Funderstone Group that the Client shall on demand by the Lender and/or Funderstone Group (whether any such obligation or liability shall be the sole obligation or liability of the Client or shall be a joint obligation or liability of the Client with any other person, firm or corporation) pay, repay, discharge, satisfy, perform or fulfill in favour of the Lender and/or Funderstone Group the following: -
- (a) all past, present and future loans, advances, indebtedness, obligations and liabilities of the Client and/or the Client Group Company to the Lender under the Credit Facilities or any other facilities, loans, credits or advances made or granted by the Lender to or for the accommodation or use of the Client and/or the Client Group Company;
 - (b) all past, present and future loans, advances, indebtedness, obligations and liabilities of the Client and/or the Client Group Company to Funderstone Group under any facilities, loans, credits or advances made or granted by Funderstone Group to or for the accommodation or use of the Client and/or the Client Group Company;
 - (c) all other obligations, liabilities or indebtedness whatsoever or however arising of the Client and the Client Group Company to Funderstone Trading Agent and/or Funderstone Group whether past, present or future, actual or contingent; and
 - (d) all costs, fees, charges and expenses owed to or incurred directly or indirectly by the Lender, Funderstone Trading Agent and/or Funderstone Group in relation to the Loan Agreement or any security held by the Lender and/or Funderstone Group in connection with the Credit Facilities or any other facilities, loans, credits or advances granted to or made available to the Client and/or the Client Group Company by the Lender and/or Funderstone Group, or in relation to the enforcement of any such security or in relation to any such indebtedness, obligations or liabilities on a full and unlimited indemnity basis (and not on the footing of party and party or any other kind of taxation);

together with interest, commission, expenses and charges on all of the foregoing.

- 3.2 Notwithstanding anything contained in the Loan Agreement, the Indebtedness, Credit Facilities and/or all other facilities, loans, credits, advances, moneys, funds, accounts and acceptances owing or outstanding from the Client to the Lender and/or to Funderstone Group shall be and becoming due and payable to the Lender and/or Funderstone Group on demand by the Lender and/or Funderstone Group. For the avoidance of doubt, it is hereby agreed and declared that all the Client's rights and benefits under the Loan Agreement shall be subject always to the Lender's or Funderstone Group's absolute, unfettered and overriding right of requesting or demanding payment or repayment on demand as mentioned in this Clause 3.2 of Section VIII.

4. Interest

- 4.1 The Client agrees to pay interest to the Lender in respect of any amount, moneys, funds, indebtedness or liabilities owing to the Lender at such rate and calculated in such manner as shall be specified or determined by the Lender from time to time. Any variation of the rate of interest or manner of calculation shall be effected by the Lender without notice to the Client. The interest accrued shall be debited to any Account and thenceforward such accrued interest shall bear interest at such rate and calculated in such manner as shall be specified or determined by the Lender from time to time. All the interests charged by the Lender under this Clause 4.1 of Section VIII shall become due and payable forthwith on demand by the Lender.

- 4.2 If default is made in the payment or discharge of any principal moneys, funds, interest, indebtedness or liabilities hereunder, the Lender is entitled to charge interest on such amount of any principal moneys, funds, indebtedness, liabilities and interest due to the Lender from the date of default until the date of payment or discharge (after as well as before judgment) at such rate and calculated in such manner as shall be specified or determined by the Lender from time to time.

5. Authorisation

- 5.1 The Client irrevocably and unconditionally instructs, directs, authorises and agrees to the following: -
- (a) the Lender shall, and/or Funderstone Group shall demand, direct, instruct and request the Lender to, pay, credit or transfer (upon and subject to the terms and conditions of the Loan Agreement) to Funderstone Group from time to time or on the settlement day or due payment day the necessary moneys or funds to pay, settle or discharge any moneys or funds due or payable by the Client to Funderstone Group in respect of: (i) demand or request by Funderstone Group for margins (initial, maintenance or additional), adjustments (variation or otherwise) or other payments, (ii) transaction, purchase, investment, sale, exchange, acquisition, disposal, holding, transfer, deposit, clearing, settlement, trading or dealing in, of or with Securities through Funderstone Group and/or Funderstone Trading Agent by, for or attributable to the Client, (iii) Applications by, for or attributable to the Client, or (iv) any other reasons or purposes, so that on such payment, credit or transfer of moneys or funds by the Lender, the Client shall be liable to pay or repay (in accordance with the terms and conditions of the Loan Agreement) the Lender such moneys or funds so paid, credited or transferred;
 - (b) Funderstone Group shall, and/or the Lender shall demand, direct, request and instruct Funderstone Group to, deposit, deliver or transfer to the Lender or into the Securities Account and/or Margin Account: (i) all Funderstone Financed Securities, (ii) Securities which are now or shall in future be acquired or held by Funderstone Group on behalf of the Client, or be deposited with or transferred to Funderstone Group by, for or attributable to the Client for any purpose whatsoever, or (iii) receivables, moneys or funds in any Account, to the intent that the same shall upon and from such deposit, delivery or transfer become the subject security or the Charged Properties under the Charge and stand as a continuing security for the payment, discharge or satisfaction of the Indebtedness and the Client's indebtedness, obligations and liabilities to the Lender and/or Funderstone Group;
 - (c) subject to any other rights or claims of Funderstone Group and subject to the discretion of the Lender, any Funderstone Financed Securities or Securities in the Securities Account and/or Margin Account or otherwise attributable to the Client shall be delivered or transferred back to

the Account upon sale, transfer, disposal, trading, clearing or settlement of the same or upon any other purpose as determined by Funderstone Group. The Client instructs and authorises the Lender to demand and request Funderstone Group, and instructs and authorises Funderstone Group, to deliver, transfer, debit, deduct, use or pay the proceeds of sale, moneys or funds received in connection with such sale, transfer, disposal, trading, clearing or settlement of such Funderstone Financed Securities or Securities or such other purpose, or moneys or funds in any Account to and with the Lender as the Lender shall direct from time to time and/or towards payment, discharge or satisfaction of the Indebtedness or the Client's indebtedness, obligations and liabilities to the Lender and/or Funderstone Group; and

- (d) the Lender shall (at any time as it thinks fit) instruct, direct, demand and request Funderstone Group to, and Funderstone Group shall (upon request, instruction, direction or demand of the Lender from time to time), perform, fulfill and comply with all instructions, directions, requests and demands made by the Lender in relation to: (i) any Account, (ii) Funderstone Financed Securities, (iii) Securities which are now or shall in future be acquired or held by Funderstone Group and/or Funderstone Trading Agent on behalf of the Client, or be deposited with or transferred to Funderstone Group and/or Funderstone Trading Agent by, for or attributable to the Client for any purpose whatsoever, and (iv) receivables, moneys or funds in any Account.

5.2 The Client irrevocably and unconditionally instructs, directs, authorises and agrees that Funderstone Group shall (at any time as it thinks fit), and/or the Lender shall (at any time as it thinks fit) request, direct, demand and instruct Funderstone Group to and Funderstone Group shall (upon request, direction, instruction or demand of the Lender from time to time) deliver, transfer, debit, deduct or pay from any Account to the Lender and/or Funderstone Group such receivables, moneys or funds as the Lender and/or Funderstone Group shall direct or determine from time to time and/or in or towards the total or partial satisfaction, payment or discharge of the Indebtedness or any moneys, indebtedness, outstanding amounts, obligations or liabilities incurred, owing, due or payable by or from the Client or the Client Group Company to or in favour of the Lender and/or Funderstone Group from time to time.

5.3 The Client irrevocably and unconditionally instructs, directs, authorises and agrees to the following: -

- (a) the Lender shall, and/or Funderstone Group shall demand, direct, instruct and request the Lender to, pay, credit, or transfer (upon and subject to the terms and conditions of the Loan Agreement) to Funderstone Group from time to time or on the settlement day or due payment day the necessary moneys or funds to pay, settle or discharge any moneys or funds due or payable by the Client to Funderstone Group in respect of: (i) demand or request by Funderstone Group for margins (initial, maintenance or additional), adjustments (variation or otherwise) or other payments, (ii) transaction, purchase, investment, sale, exchange, acquisition, disposal, holding, deposit, transfer, making, entering, clearing, settlement, closing out, trading or dealing in, of or with Securities by, for or attributable to the Client, or (iii) any other reasons or purposes, so that on such payment, credit or transfer of moneys or funds by the Lender, the Client shall be liable to pay or repay (in accordance with the terms and conditions of the Loan Agreement) the Lender such moneys or funds so paid, credited or transferred;
- (b) Funderstone Group shall, and/or the Lender shall demand, direct, request and instruct Funderstone Group to, hold, deposit, transfer, trade or deal with (i) all Funderstone Financed Securities; (ii) Securities which are now or shall in future be made, entered, acquired or held by Funderstone Group on behalf of the Client, or be held by, deposited with or transferred to Funderstone Group by, for or attributable to the Client for any purpose whatsoever, or (iii) receivables, moneys or funds in any Account, to the intent that the same shall be or become the subject security or the Charged Properties under the Charge and stand as a continuing security for the payment, discharge or satisfaction of the Indebtedness and the Client's indebtedness, obligations and liabilities to the Lender and/or Funderstone Group;
- (c) the Client instructs and authorises the Lender to demand and request Funderstone Group, and instructs and authorises Funderstone Group, to deliver, transfer, debit, deduct, pay or use the proceeds, moneys or funds received in connection with the settlement, clearing, performance, purchase, sale, acquisition, entering, transferring, disposing, exchanging, closing out, trading or dealing with, of or in Funderstone Financed Securities or any other purpose, or moneys or funds in any Account to or with the Lender as the Lender shall direct from time to time and/or towards payment, discharge or satisfaction of the Indebtedness or

the Client's indebtedness, obligations and liabilities to the Lender and/or Funderstone Group;
and

- (d) the Lender shall (at any time as it thinks fit) instruct, direct, demand and request Funderstone Group to, and Funderstone Group shall (upon request, instruction, direction or demand of the Lender from time to time), perform, fulfill and comply with all instructions, directions, requests and demands made by the Lender in relation to: (i) any Account, (ii) Funderstone Financed Securities, (iii) Securities which are now or shall in future be made, entered, acquired or held by Funderstone Group and/or Funderstone Trading Agent on behalf of the Client, or be held by, deposited with or transferred to Funderstone Group and/or Funderstone Trading Agent by, for or attributable to the Client for any purpose whatsoever, and (iv) receivables, moneys or funds in any Account.

5.4 The Client irrevocably or unconditionally directs, authorises, instructs and agrees that Funderstone Group shall (at any time as it thinks fit), and/or the Lender shall (at any time as it thinks fit) request, direct, demand and instruct Funderstone Group to and Funderstone Group shall (upon request, direction, instruction or demand of the Lender from time to time) deliver, transfer, debit, deduct or pay from any Account to the Lender and/or Funderstone Group such receivables, moneys or funds as the Lender and/or Funderstone Group shall direct or determine from time to time and/or in or towards the total or partial satisfaction, payment or discharge of the Indebtedness or any moneys, indebtedness, outstanding amounts, obligations or liabilities incurred, owing, due or payable by or from the Client or the Client Group Company to or in favour of the Lender and/or Funderstone Group from time to time.

5.5 The Client agrees and accepts that all the acts, things and matters done or made by Funderstone Group pursuant to this Clause 5.5 of Section VIII shall be and be treated and deemed the acts, things, and matters done or made by the Client, and shall be absolutely binding on the Client in all respects and for all purposes. The Client also agrees and accepts that all the moneys, funds, loans, advances, acceptance and amounts made, advanced or granted by the Lender pursuant to this Clause 5.5 of Section VIII shall be and be treated or deemed as moneys, funds, loans, advances, acceptance and amounts made, advanced or granted by the Lender to the Client upon and subject to the terms and conditions of the Loan Agreement, and shall be absolutely binding on the Client in all respects and for all purposes.

6. Charge Over Properties in the Accounts

6.1 In consideration of the Lender agreeing to make available or continue to make available to the Client the Credit Facilities or any other facilities, loans, credits or advances, the Client, as beneficial owner, hereby charges and agrees to charge to the Lender (in its own capacity or as agent of Funderstone Group) by way of first legal charge, and hereby assigns, transfers and releases and agrees to assign, transfer and release to the Lender (in its own capacity or as agent of Funderstone Group) the following: -

- (a) all Funderstone Financed Securities (and all the Client's interest, title, rights, powers, benefits thereto, thereof and therein) together with all further or other Securities in substitution therefor or in addition thereto, all accretions thereto, all interest, rights, moneys, dividends, distributions paid, payable, accrued thereon and derived therefrom, all proceeds of sale thereof, and all moneys or funds received in connection with transfer, disposal or trading thereof;
- (b) all Securities (and all the Client's interest, title, rights, powers, benefits thereto, thereof and therein) which are now or will in future be deposited with, held in or transferred into the Securities Account, the Margin Account and/or any Account by, for or attributable to the Client for any purpose whatsoever together with all further or other Securities in substitution therefor or in addition thereto, all accretions thereto, all interest, rights, moneys, dividends, distributions paid, payable, accrued thereon and derived therefrom, all proceeds of sale thereof, and all moneys or funds received in connection with transfer, disposal or trading thereof;
- (c) all Securities (and all the Client's interest, title, rights, powers, benefits thereto, thereof and therein) which are now or will in future be deposited with or transferred to Funderstone Group and/or Funderstone Trading Agent by, for or attributable to the Client for any purpose whatsoever, or which have been or will in future be acquired or held by Funderstone Group

- and/or Funderstone Trading Agent on behalf of the Client for any purpose whatsoever both together with all further or other Securities in substitution therefor or in addition thereto, all accretions thereto, all interest, rights, moneys, dividends, distributions paid, payable, accrued thereon and derived therefrom, all proceeds of sale thereof, and all moneys or funds received in connection with transfer, disposal or trading thereof;
- (d) all Funderstone Financed Securities (and all the Client's interest, title, rights, powers, benefits thereto, thereof and therein) together with all proceeds, moneys or funds received in connection with the settlement, clearing, performance, purchase, sale, acquisition, entering, transfer, disposal, exchange, closing out, trading or dealing in, of or with such Funderstone Financed Securities;
 - (e) all Securities (and all the Client's interest, title, rights, powers, benefits thereto, thereof and therein) which are now or will in future be held in, deposited with or transferred into the Securities Account and/or any Account by, for or attributable to the Client for any purpose whatsoever together with all proceeds, moneys or funds received in connection with the settlement, clearing, performance, purchase, sale, acquisition, entering, transfer, disposal, exchange, closing out, trading or dealing in, of or with such Securities;
 - (f) all Securities (and all the Client's interest, title, rights, powers, benefits thereto, thereof and therein) which are now or will in future be made, entered or acquired by Funderstone Group, and/or Funderstone Trading Agent on behalf of the Client for any purpose whatsoever, or be held by, deposited with or transferred to Funderstone Group and/or Funderstone Trading Agent by, for or attributable to the Client for any purpose whatsoever together with all proceeds, moneys or funds received in connection with the settlement, clearing, performance, purchase, sale, acquisition, entering, transfer, disposal, exchange, closing out, trading or dealing in, of or with such Securities;
 - (g) all the Client's moneys, funds, receivables, sums, title, interests, powers, options, benefits and rights of, to and in any Account; and
 - (h) all the moneys, funds, receivables, sums, properties, assets, things, goods, chattels, undertakings, negotiable instruments, financial instruments or documents, commercial instruments or documents, deeds, instruments, documents, matters, interests, powers and rights of the Client which are now or will in future be acquired by, deposited with, delivered to, transferred to, held by, possessed by, retained by or kept by Funderstone Group;

((a), (b), (c), (d), (e), (f), (g) and (h) above are collectively referred to as the "**Charged Properties**") as continuing security (the "**Charge**") for: (i) the due and punctual performance and fulfilment of all obligations or liabilities of the Client under the Loan Agreement, the Agreement and other agreement with Funderstone Group, (ii) the payment, repayment, satisfaction and/or discharge on demand of the Indebtedness, facilities, loans, advances, credits, moneys, funds, indebtedness, obligations and liabilities (whether past, present or future, or whether absolute or contingent) which are now or at any time hereafter shall be due, owing or incurred from or by the Client or the Client Group Company to or in favour of Funderstone Group under or pursuant to the Loan Agreement, the Agreement, other agreement with Funderstone Group or any other agreement or document, or on any account or in any manner whatsoever (whether alone or jointly with any other person and in whatever name, style or firm), and (iii) the payment, repayment, satisfaction and/or discharge on demand of the Indebtedness, facilities, loans, advances, credits, moneys, funds, indebtedness, obligations and liabilities (whether past, present or future, or whether absolute or contingent) which are now or at any time hereafter shall be due, owing or incurred from or by the Client or the Client Group Company under or in Securities Account, Margin Account, and/or any Account (whether alone or jointly with any other person and in whatever name, style or firm) together with interest thereon and legal costs and expenses of Funderstone Group (the "**Secured Liabilities**").

6.2 The Client agrees that the Lender, pursuant to the provisions of the Loan Agreement, is entitled to transfer, or procure, demand or request to transfer the Charged Properties to Funderstone Group and/or its nominee through any clearing and settlement system or other manner. The Client agrees and covenants to deliver to the Lender such documents as the Lender shall require to effect such transfer of the Charged Properties to Funderstone Group and/or its nominee.

6.3 The Client agrees: -

- (a) any dividend, interest, payment, money or fund forming or deriving from all or part of the

- Charged Properties which may be received by the Client shall be held by the Client on trust for the Lender and shall be paid over or delivered to the Lender on demand; and
- (b) notwithstanding Clause 6.3(a) of Section VIII, upon the occurrence of any of the Events of Default and/or the Charge becoming enforceable, the Lender and its nominee shall (and the Client as primary obligor and not merely as guarantor irrevocably instruct and authorise the Lender or its nominee to) collect and receive all dividend, interest, payment, money or fund on or with respect to the Charged Properties, and the Lender or its nominee shall be entitled to use and apply all the said dividend, interest, payment, money or fund so collected or received in payment, discharge or satisfaction of the Indebtedness.

7. Title to Charged Properties

The Client represents and warrants to the Lender that subject to any security interest of the Lender created pursuant to the Loan Agreement, the Charged Properties are legally and beneficially owned by the Client, that the Client has good right to charge, assign, transfer and release the same to the Lender, that the same are and will remain free from any lien, charge, equity, option, mortgage, third party right or encumbrance of any kind, and that any stocks, shares and other Securities comprised in the Charged Properties are and will be fully paid up.

8. Voting Right and Call

- 8.1 The Lender or its nominees is entitled to exercise at its discretion (in the Client's name or otherwise at any time and without any further consent or authority of the Client) in respect of the Charged Properties any voting rights and all powers and rights given to trustees by the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) (as amended or supplemented from time to time).
- 8.2 The Client during the continuance of the Charge shall pay all calls or other payments due in respect of any of the Charged Properties and in the event of default the Lender (if it thinks fit) shall make such payments on the Client's behalf. Any moneys or funds so paid by the Lender shall be repayable by the Client on demand.

9. Sufficient Securities

The Client agrees and undertakes to deposit at all times sufficient Securities, security, properties and moneys with the Lender. In the event that the Lender is in the opinion that the Charged Properties are insufficient or unsatisfactory, the Client agrees and undertakes that upon demand by the Lender the Client shall forthwith pay to the Lender such sum in cash or at the option of the Lender to deliver to the Lender such additional Securities, security, properties or moneys as are acceptable to the Lender as security in addition to or in substitution for the Charged Properties, and to procure the registration thereof with any appropriate Authority.

10. Enforcement of Charge

- 10.1 At any time as the Lender or Funderstone Group shall determine appropriate and/or upon the occurrence (in the sole and subjective judgment of the Lender) of any Event of Default, the Charge shall be immediately enforceable and the Lender, without prejudice to any of the rights or powers of the Lender under the Loan Agreement or other documents, shall have the right, without notice to the Client, to: (i) appropriate, pay, deduct, transfer or offset the whole or any part of any funds or moneys comprised in the Charged Properties at any time and from time to time in or towards payment, satisfaction or discharge of the Indebtedness or any money, fund, indebtedness, obligation or liability secured by the Charge, and/or (ii) sell, dispose of, liquidate, transfer, trade, deal with or close out (and the Lender is authorised to do all such things necessary in connection with such sale, disposal, liquidation, transfer, trading, dealing or closing out) the Charged Properties or any part thereof (to be selected by the Lender in its absolute discretion) at any time and from time to time either together or in parcels and either by dealings at any broker's board through SEHK, Foreign Stock Exchange or other Exchange or by public or private means or in such other manner and for such consideration (whether payable or deliverable immediately or by instalments and whether for cash or other valuable consideration or both) and on such terms and conditions as the Lender shall think fit in its absolute discretion without being in any way responsible for any loss occasioned thereby however arising.

Without limiting the generality of the foregoing, the Lender is hereby specifically authorised to give instructions or directions to Funderstone Group to sell, dispose of, liquidate, transfer, trade, deal with and/or close out the Securities Account and/or Margin Account (as the case may be), all Securities comprised in the Charged Properties or held in the Securities Account and/or Margin Account and/or any Account (as the case may be), and all positions in the Margin Account and/or any Account (as the case may be) without notice to the Client.

- 10.2 Without prejudice to the generality of Clause 10.1 of Section VIII, the Lender shall be entitled to appropriate, sell, dispose of, liquidate, transfer, trade, deal with or close out the Charged Properties or any part thereof at any time and from time to time at market price or market conditions thereof to, with or in favour of the Lender and/or Funderstone Group without being in any way responsible for any loss occasioned thereby however arising and without being accountable for any profit made by the Lender and/or Funderstone Group.
- 10.3 In any sale, disposal, liquidation, transfer, trading, dealing or closing out pursuant to this Clause 10.3 of Section VIII or the Loan Agreement, if less than all the Charged Properties are to be sold, disposed of, liquidated, transferred or closed out, the Lender shall in its absolute discretion select which part of the Charged Properties are to be sold, disposed of, liquidated, transferred, traded, dealt with or closed out at any time and from time to time.
- 10.4 The Client agrees that the Lender and/or Funderstone Group shall have the full and absolute right and discretion to determine at what time and day to exercise or enforce its right and power to carry out or execute the sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out pursuant to this Clause 10.4 of Section VIII or the Loan Agreement. The Client shall not have any right to claim against the Lender and/or Funderstone Group in respect of any loss arising out of any sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out pursuant to the Loan Agreement, howsoever such loss may have been caused, and whether or not a better price or position could or might have been obtained on the sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out of any of the Charged Properties by either deferring or advancing the time or date of such sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out or otherwise howsoever.
- 10.5 If the proceeds, moneys or funds realised or received by exercise or enforcement of the Charge shall be insufficient to pay, discharge or satisfy the Indebtedness and the indebtedness, obligations or liabilities of the Client or the Client Group Company to the Lender and/or Funderstone Group, then nothing herein contained shall prejudice the rights or powers of the Lender and/or Funderstone Group against the Client or the Client Group Company for recovery of such insufficiency or deficiency. The Client agrees and undertakes to make good and pay on demand to the Lender such insufficiency or deficiency.
- 10.6 No failure, delay or omission on the part of the Lender and/or Funderstone Group in exercising or enforcing any right, power, privilege or remedy under or in respect of the Loan Agreement shall impair such right, power, privilege or remedy, or be construed or operated as a waiver of it. Any single or partial exercise or enforcement of any such right, power, privilege or remedy shall not preclude any further exercise of it or the exercise of any other right, power, privilege or remedy.

11. Proceeds on Enforcement

The proceeds, moneys or funds realised or received by the exercise or enforcement of the Charge pursuant to the Loan Agreement or any part thereof shall be held or retained by the Lender in such manner and for such period of time as shall be determined by the Lender in its absolute discretion and/or shall be applied or used (without limitation) in the following payments but in such order of priority and at such time as shall be determined by the Lender in its absolute discretion: -

- (a) payment or discharge of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage incurred by the Lender in transferring, selling, disposing, liquidating, trading, dealing or closing out all or any of the Charged Properties or in perfecting title thereto;
- (b) payment, discharge or satisfaction of the Secured Liabilities;

- (c) payment, discharge or satisfaction of the Indebtedness, and all other moneys, funds, indebtedness, obligations and liabilities due, payable owing or incurred by the Client and/or the Client Group Company to the Lender and/or Funderstone Group;
- (d) payment or discharge of interest for the time being accruing due; and
- (e) payment, discharge or satisfaction of such obligations, indebtedness, moneys and liabilities of the Client and/or the Client Group Company.

12. Release of Charged Properties

- 12.1 Subject to: (a) the payment of the whole of the Indebtedness and all interests as provided in the Loan Agreement, (b) the payment of all such moneys or funds due, payable or owing to the Lender and/or Funderstone Group under the Loan Agreement, (c) the payment, discharge or satisfaction of all indebtedness, obligations or liabilities of the Client and/or the Client Group Company under the Loan Agreement, (d) the payment, discharge or satisfaction of all the Secured Liabilities, and (e) the due performance or fulfilment of all the obligations and liabilities of the Client under the Loan Agreement, the Lender shall, at any time after such payments, discharge, performance, fulfilment or satisfaction and upon written request of the Client and at the cost of the Client, release, discharge or return the Charged Properties or any part thereof to the Client and upon such release, discharge or return the Lender shall not be bound to release, discharge or return to the Client Securities identical with those acquired by, deposited with, held by or transferred to the Lender so long as the Charged Properties or any part thereof released, discharged or returned to the Client are of the same type, kind, class, denomination and nominal amount and rank pari passu with those originally acquired by, deposited with, held by or transferred to the Lender (subject always to any capital re-organisation which may have occurred in the meantime).
- 12.2 The Client agrees that in the event that the Lender and/or Funderstone Group shall have made a mistake or an error in the Client's favour in calculating the moneys or funds due to the Lender and/or Funderstone Group or in respect of Securities released, discharged or returned then such release, discharge and return shall have no effect and the Charge shall remain in full force and effect.

13. Additional & Continuing Security

- 13.1 The Charge is in addition to and without prejudice to any collateral or security which the Lender shall now or hereafter hold from or on account of the Client. Such collateral or security to which the Lender shall be otherwise entitled (including any collateral or security created or made prior to the date of the Loan Agreement on the Charged Properties) or the liability of any person not being a party hereto for all or any part of the indebtedness, obligations and liabilities hereby secured shall not be in any way prejudiced or affected by the Charge. The Lender shall have full power at its discretion to deal with, exchange, release, modify or abstain from perfecting or enforcing any such collateral or security or rights which the Lender shall now or hereafter have from or against such person or to give time for payment or any indulgence to any such person without discharging or in any way affecting the Client's indebtedness, obligations and liabilities or the Charge or security created hereunder. All moneys or funds received by the Lender from the Client or any person liable to pay the same shall be applied by the Lender to any account or any transactions to which the same shall be applicable.
- 13.2 The Charge shall be a continuing security notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of the Indebtedness or any sum of money owing by the Client to the Lender and notwithstanding the closing of any Account, the reopening of a closed account with the Lender or Funderstone Group or the opening of any account by the Client (either alone or jointly with others) with the Lender or Funderstone Group, and shall extend to cover all or any indebtedness, moneys or funds due or payable from the Client to the Lender and/or Funderstone Group on any account or otherwise as herein provided.
- 13.3 No change in the constitution of the Client nor of the persons, firms or companies or other entity for whose indebtedness, obligations and liabilities the Charge shall at any time stand as security shall affect the validity of or discharge the Charge. If the Client is a firm and in the event of dissolution of the firm the Charge shall apply to all the indebtedness, obligations and liabilities incurred by the firm or in the firm name until the actual receipt by the Lender of written notice of dissolution, provided always that such notice of dissolution shall not affect the indebtedness, obligations and liabilities

incurred by the Client prior to actual receipt by the Lender of such notice. If, however, the dissolution is by reason only of the introduction of a partner into the firm the Charge shall continue and in addition to the indebtedness, obligations and liabilities of the old firm shall apply to all indebtedness, obligations and liabilities due, payable or incurred from or by the new firm thereby constituted as though there had been no change in the firm as previously constituted.

- 13.4 All rights and powers of the Lender hereunder and the Charge shall remain in full force and effect notwithstanding any neglect or delay in the enforcement thereof or any indulgence or forbearance given or continued to be given to the Client.

14. Protection & Indemnity

- 14.1 The Lender shall not be answerable or responsible for the loss of or damage to or diminution in value of any of the Charged Properties however arising whilst the same are in the possession, custody, retention or control of the Lender or its agents.
- 14.2 Without prejudice to clause 23 of Section I, if any action or proceeding is commenced or any claim or demand is made by any person against the Client in connection with any matter herein contained or the Charged Properties or any part thereof or against the Lender in connection with any matter herein contained or the Charged Properties or any part thereof, the Client agrees to indemnify the Lender against any loss, costs or expenses including all legal or other professional fees which shall be incurred by the Lender in connection therewith. If any such action or proceeding is commenced or claim or demand is made, the Lender shall be entitled (but not obliged or bound) to take such reasonable steps as it shall deem advisable including the withholding of payment or delivery to the Client of any part or all of the money or fund or the Charged Properties and the cancellation or non-compliance with any orders or instructions which the Client may have given or may give to the Lender.

15. Information of Client

- 15.1 From time to time, it is necessary for the Client to supply the Lender with data in connection with the opening or continuation of the Accounts and the establishment, continuation of Credit Facilities or loans or provision of finance services. Failure to supply such data may result in the Lender and/or Funderstone Group being unable to open or continue the Accounts or establish, continue Credit Facilities, loans, credits, advances or provide finance services. It is also the case that data are collected from the Client in the ordinary course of the continuation of the credit or finance relationship.
- 15.2 The purposes for which data relating to the Client may be used are (without limitation) as follows: (a) the daily operation of the Accounts and the services and Credit Facilities provided to the Client; (b) conducting credit checks; (c) ensuring ongoing credit worthiness of the Client; (d) designing and marketing services or related products; (e) determining the amount of indebtedness owed to or by the Client; (f) collection of amounts outstanding from the Client and those providing security for the Client's obligations; (g) meeting the requirements to make disclosure under the requirements of any law binding on the Lender; and (h) purposes relating thereto.
- 15.3 Data or information held by the Lender relating to the Client and/or the Accounts will be kept confidential but the Lender may provide such information to (without limitation) the following: (a) any employee, agent, contractor, sub-contractor or third party service provider who provides administrative, telecommunications, computer, payment, clearing or other services to the Lender in connection with the operation of its business; (b) any other person under a duty of confidentiality to the Lender including Funderstone Group which has undertaken to keep such information confidential; (c) any actual or proposed assignee of the Lender or participant or sub-participant or transferee of the Lender's rights in respect of the Client; and (d) the relevant regulatory bodies, if so requested by such regulatory bodies.
- 15.4 Under and in accordance with the terms of the Personal Data (Privacy) Ordinance any individual: (i) has the right to check whether the Lender holds data about him and the right of access to such data; (ii) has the right to require the Lender to correct any data relating to him which is inaccurate; and (iii) has the right to ascertain the Lender's policies and practices in relation to data and to be informed of the kind of personal data held by the Lender.

16. Dealing, Mortgage and Custody of Charged Properties

16.1 The Client irrevocably and unconditionally consents, agrees and authorises the Lender and/or Funderstone Group at any time and from time to time to -

- (a) deposit, mortgage, charge, pledge, create any security interest over, transfer, assign or release the Charged Properties or any part thereof (either separately or together with other Securities, and/or properties or assets) by way of collateral or security or otherwise for facilities, credits, loans or advances (of any amount, for any period of time and upon any terms) made or continued to be made to the Lender and/or Funderstone Group without notice to the Client;
- (b) use, borrow or lend the Charged Properties or any part thereof (either separately or together with other Securities and/or properties or assets) for the purpose of performing or fulfilling settlement or clearing obligations of Funderstone Group between the members of SEHK or the relevant Clearing House without notice to the Client;
- (c) use, borrow or lend the Charged Properties or any part thereof (either separately or together with other Securities and/or properties or assets) for the purpose of performing or fulfilling settlement or clearing obligations of Funderstone Group and/or Funderstone Trading Agent between the members of Foreign Stock Exchange or the relevant Clearing House without notice to the Client;
- (d) use, borrow or lend the Charged Properties or any part thereof (either separately or together with other Securities and/or properties or assets) for the purpose of performing or fulfilling margins (initial, maintenance or additional) or adjustments (variation or otherwise) requirements on Funderstone Group, or settlement or clearing obligations of Funderstone Group between the members of HKFE or the relevant Exchange or Clearing House without notice to the Client;
- (e) use, borrow or lend the Charged Properties or any part thereof (either separately or together with other Securities and/or properties or assets) for the purpose of performing or fulfilling margins (initial, maintenance or additional) or adjustments (variation or otherwise) requirements on Funderstone Group and/or Funderstone Group Trading Agent, or settlement or clearing obligations of Funderstone Group and/or Funderstone Group Trading Agent between the members of Foreign Futures Exchange or the relevant Clearing House without notice to the Client;
- (f) use, borrow or lend the Charged Properties or any part thereof (either separately or together with other properties or assets) for the purpose of performing or fulfilling settlement or clearing obligations of Funderstone Group between the members of the Market or the relevant Clearing House without notice to the Client;
- (g) use, borrow or lend the Charged Properties or any part thereof (either separately or together with other properties or assets) for the purpose of performing or fulfilling margins (initial, maintenance or additional) or adjustments (variation or otherwise) requirements on Funderstone Group and/or Funderstone Trading Agent, or settlement or clearing obligations of Funderstone Group and/or Funderstone Trading Agent between the members of Market or the relevant Clearing House without notice to the Client;
- (h) use, borrow or lend the Charged Properties or any part thereof (either separately or together with other properties or assets) for the purpose of performing or fulfilling settlement or clearing obligations of Funderstone Group between the members of the Market or the relevant Clearing House without notice to the Client;
- (i) use, borrow or lend the Charged Properties or any part thereof (either separately or together with other properties or assets) for the purpose of performing or fulfilling margins (initial, maintenance or additional) or adjustments (variation or otherwise) requirements on Funderstone Group and/ Funderstone Trading Agent, or settlement or clearing obligations of Funderstone Group and/or Funderstone Trading Agent between the members of Market or the relevant Clearing House without notice to the Client;
- (j) deliver, transfer or deposit the Charged Properties or any part thereof (either separately or together with other Securities and/or properties or assets) with any agent or contractor for custodial purpose at the risk, cost, charge or expense of the Client without notice to the Client; and
- (k) use, deal with, deposit, mortgage, charge, pledge, create any security interest over, transfer,

assign, lend or release the Charged Properties or any part thereof (either separately or together with other Securities and/or properties or assets) for any purpose or reason whatsoever, in such manner or way, for such period of time, upon such terms, for such consideration, for such benefit or advantage as Funderstone Group shall (in its absolute discretion) think fit without notice to the Client.

16.2 The Client agrees and acknowledges that all the risks of the Charged Properties are remaining with the Client and that neither the Lender nor Funderstone Group nor their respective agent or contractor shall be under any obligation to insure any of them against any kind of risks, which obligation is remained with the Client.

16.3 The Client understands, accepts, agrees and acknowledges that all the risks, consequences, effects and results of the consents, agreements, authorisations and acknowledgments contained in this Clause 16.3 of Section VIII, and in particular understands, accepts, agrees and acknowledges that the Charged Properties or any part thereof may be subject to mortgage, charge, pledge, lien, security interest or third party interest or right, and the release, discharge or return of the Charged Properties or any part thereof may be subject to the discharge, release or satisfaction of such mortgage, charge, pledge, lien, security interest or third party interest or right.

17. Liquidation of Accounts

17.1 At any time as the Lender and/or Funderstone Group shall determine appropriate and/or upon the occurrence (in the sole and subjective judgment of the Lender) of any Event of Default, the Lender or Funderstone Group shall have the right, without notice and in their respective absolute discretion, to: -

- (a) take such action or do such act, matter or thing as it shall consider necessary or desirable to comply with or to perform, cancel or satisfy any obligations of the Lender and/or Funderstone Group to the Client or any obligations of the Client, the Lender and/or Funderstone Group to the relevant Exchange and/or Clearing House and/or Market and/or broker, as the case may be, in respect of any outstanding transaction of or dealing in the Securities or in respect of any open contract (such action includes closing out and/or performing such open contract);
- (b) close out or perform any or all open contracts in the Accounts;
- (c) sell, purchase, transfer in, transfer out, trade, dispose of, deal with, settle, clear all or any Securities; and/or
- (d) cancel any outstanding orders in order to close the Margin Account or any Account.

Any sale, purchase, disposal, trading, dealing, transfer and/or closing out of the Securities or open contract shall be made according to the judgment of and at the discretion of the Lender or Funderstone Group, either by direct sale, purchase, disposal, trading, dealing, transfer or closing out at any time or in the same contract month or on any Exchange or market where such business is then usually transacted. In all cases, a prior demand or call, or prior notice of the time or place of sale, purchase, disposal, trading, dealing, transfer or closing out shall not be considered as waiver of the right of the Lender or Funderstone Group herein provided.

17.2 On the exercise of the rights of the Lender and the Funderstone Group under Clause 17.1 of Section VIII, all moneys or funds owing to the Lender and/or Funderstone Group hereunder shall become immediately payable and the Lender or Funderstone Group shall not be obliged to deliver to the Client any amount of the Securities until all indebtedness, obligations and liabilities of the Client to the Lender and/or Funderstone Group under the Loan Agreement are paid, satisfied or discharged.

18. Offset and Combination of Accounts

18.1 Notwithstanding anything contained in the Loan Agreement or in any other document between Funderstone Group and the Client, the Client irrevocably and unconditionally authorises and directs the Lender to, with or without notice, offset and withhold from and apply the Charged Properties, receivables, moneys, funds, properties and/or assets held in or for the Margin Account and/or any Account against and in whole or partial payment, discharge or satisfaction of any indebtedness, obligations or liability (of whatsoever nature whether primary, collateral, several, joint or in other

currencies and whether or not in connection with the Margin Account and/or any Account) owed by the Client to the Lender and/or Funderstone Group.

18.2 Without prejudice to the generality of Clause 18.1 of Section VIII, if the Client has more than one Account, Funderstone Group is hereby authorised by the Client to at any time combine or consolidate all or any of the Margin Account, and Accounts and offset or transfer any of the Charged Properties, receivables, moneys, funds, properties and/or assets in any one or more of the Margin Account and/or Accounts in or towards payment, discharge or satisfaction of any indebtedness, obligations or liabilities of whatsoever nature to Funderstone Group in respect of any of the Margin Account or other accounts. Where any such combination, consolidation, offset or transfer requires the conversion of one currency into another, such conversion shall be calculated at the spot rate of exchange (as conclusively determined by Funderstone Group) prevailing in such foreign exchange market as Funderstone Group shall determine to be relevant on the date of the combination, consolidation, offset or transfer.

19. Default

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

- (a) at any time when the Lender shall, in its sole discretion, consider it necessary for the protection of the Lender and/or Funderstone Group;
- (b) the Client fails or refuses to pay or settle any outstanding amount, money, fund, purchase price or other payment becoming due or payable under the Loan Agreement, the Agreement or any other agreement with Funderstone Group;
- (c) the Client has failed or refused, on demand, to settle or pay any outstanding amount, money or debit balance on any of the Account;
- (d) the Client violates or fails to perform on a timely basis any term, undertaking, agreement, covenant or condition on its part to be performed under the Loan Agreement and/or the Agreement;
- (e) the Client fails or refuses to discharge, pay, satisfy or perform any of the Client's liability, obligation or indebtedness under the Loan Agreement, the Agreement or any other agreement with Funderstone Group;
- (f) the Client has not provided any margin (initial, maintenance or additional) or adjustments (variation or otherwise) when the same become due or payable under the Loan Agreement, the Agreement, or has failed or refused to comply with any request, call or demand made by Funderstone Group pursuant to the Loan Agreement and/or the Agreement;
- (g) breach, refusal, failure or default of or by the Client in complying with, fulfilling, performing or observing any term or condition of the Loan Agreement, the Agreement or any other document with Funderstone Group;
- (h) any representation or warranty made in the Loan Agreement, the Agreement or in any document delivered to Funderstone Group being or becoming incomplete, untrue or incorrect;
- (i) any consent or authorisation required by the Client to enter into the Loan Agreement and/or the Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
- (j) the filing or commencement of a petition or application in bankruptcy, liquidation or winding up, petition or application for the appointment of a receiver, or the commencement of other similar proceedings against the Client;
- (k) the Charge or any security created or any part thereof respectively in relation to the indebtedness, obligations or liabilities under the Loan Agreement being avoided or discontinued;
- (l) any deterioration or impairment (in the Lender's subjective opinion) or any decline or depreciation (in the Lender's opinion) in the value or market price (whether actual or reasonably anticipated) of the Charged Properties or any security or any part thereof respectively;
- (m) the levying of attachment or charge against any Account;
- (n) any third party asserts a claim, right or interest in respect of any moneys or funds in any Account;
- (o) the Client takes advantage of any bankruptcy, liquidation, reorganisation, moratorium, insolvency or similar law or makes or proposes to make any arrangements or compositions

for the benefit of any of the Client's creditors, or is the subject of any order, judgment or decree entered by any court providing for the winding up, reorganisation, liquidation or appointment of a liquidator, trustee in bankruptcy or receiver of the Client or a substantial part of the Client's business or assets;

- (p) the Client becomes insolvent or dissolved for any reason whatsoever, merges or becomes consolidated with any non-affiliated party, or sells all or a substantial portion of its business or assets;
- (q) the death, liquidation or judicial declaration of incompetence of the Client;
- (r) any action or proceeding is commenced or any claim or demand is made by any person against the Client in connection with any matter herein contained or the Charged Properties or any part thereof or against the Lender in connection with any matter herein contained or the Charged Properties or any part thereof;
- (s) the occurrence of an "Event of Default" as defined in Section I;
- (t) any adverse change (in the opinion of the Lender) in the corporate structure, business, assets, financial condition, and general condition or prospects of the Client;
- (u) at any time when Funderstone Group and/or Funderstone Trading Agent is or becomes under any obligation imposed by any relevant Exchange and/or Clearing House and/or Market and/or broker or any Applicable Laws and Regulations to do any of the acts mentioned in Clauses 17 and 19 of Section VIII; and
- (v) the occurrence of any event which, in the opinion of the Lender, may or shall jeopardise, prejudice or affect any of the rights, interests or benefits of Funderstone Group.

19.2 If an Event of Default (in the sole and subjective judgment of the Lender) occurs, then all amounts owing by the Client to the Lender and/or Funderstone Group shall become immediately payable on demand, and interest will accrue, at the rate specified in Clause 4 of Section VIII, on the amounts outstanding from time to time, the further performance by the Lender and/or Funderstone Group of any of their outstanding obligations to the Client under the Loan Agreement and/or the Agreement (whether for payment of money or otherwise) shall be conditional upon the Client having fully discharged all its obligations to the Lender and/or Funderstone Group under the Loan Agreement and/or the Agreement, and the Lender and/or Funderstone Group shall be entitled at their absolute discretions, without further notice or demand and in addition to and without prejudice to any other rights or powers conferred under the Loan Agreement and/or the Agreement, to forthwith: -

- (a) satisfy any obligations the Client may have to the Lender and/or Funderstone Group (either directly or by way of guarantee or other security) by selling, realizing or otherwise dealing with, in such manner as the Lender and/or Funderstone Group in their absolute discretion may determine, all or part of any property or assets held by Funderstone Group for any purpose in any of the Accounts, and to apply the proceeds in reduction of all or part of any Indebtedness;
- (b) take such action or do such act, matter or thing as it shall consider necessary or desirable to comply with or to perform, cancel or satisfy any obligations of the Lender and/or Funderstone Group to the Client or any obligations of the Client, the Lender and/or Funderstone Group to the relevant Exchange and/or Clearing House and/or Market and/or broker, as the case may be, in respect of any outstanding Transactions or in respect of any open contract (such action includes closing out and/or performing such open contract)
- (c) suspend the obligations of the Lender and/or Funderstone Group to perform pursuant to the Loan Agreement and/or the Agreement;
- (d) revise, change, withdraw, stop or cancel the Credit Facilities, facilities, advances, credits or loans made or granted to the Client, or any part thereof respectively;
- (e) demand payment, repayment, discharge, satisfaction, performance or fulfillment of the Indebtedness and/or other amount, interest, sum, moneys or funds owing by the Client to the Lender and/or Funderstone Group;
- (f) enforce the Charge and/or the security constituted or created under and pursuant to the Loan Agreement and/or the Agreement;
- (g) liquidate any Account;
- (h) close out or perform any or all open contracts in the Accounts;
- (i) sell, purchase, transfer in, transfer out, trade, dispose of, deal with, settle, clear all or any Securities, properties and/or assets in the Accounts;
- (j) call upon or enforce any security which may have been issued, made or created in favour of

- the Lender and/or Funderstone Group as security for the Indebtedness or the indebtedness, liabilities or obligations of the Client under the Loan Agreement and/or the Agreement;
- (k) exercise the right of offset and combination in respect of any of the Accounts;
 - (l) exercise any options held by Funderstone Group on behalf of the Client;
 - (m) immediately terminate the Loan Agreement and/or the Agreement and/or other agreement with Funderstone Group;
 - (n) exercise any or all the rights and powers of the Lender and/or Funderstone Group under the Loan Agreement and/or the Agreement;
 - (o) cancel any or all outstanding instructions, orders or any other commitments made on behalf of the Client;
 - (p) take any actions, or do any acts, matters or things as authorised, instructed, directed, appointed or empowered under the Loan Agreement and/or the Agreement;
 - (q) take such actions, or do such acts, matters or things as the Lender and/or Funderstone Group shall think fit in relation to the Charged Properties; and/or
 - (r) take or not to take any actions, or do or not to do any acts, matters or things as the Lender and/or Funderstone Group shall think fit.

20. Representation, Undertaking and Warranty

The Client represents, warrants and undertakes with the Lender and Funderstone Group that: -

- (a) the Client is duly incorporated, validly existing and in good standing under the laws of the place of its incorporation. The Client has power and authority to carry on the Client's business which the Client now conducts or proposes to conduct and the business under the Loan Agreement and/or the Agreement, and to own, acquire, enter into or hold Securities, property and assets;
- (b) the Client has full power and authority to enter into, sign, execute, perform and fulfill the Client's duties and obligations under the Loan Agreement and the Agreement, and to purchase, invest, sell, trade, exchange, acquire, enter, make, hold, deposit, transfer, dispose, clear, settle or deal in, of and with all kinds of Securities in accordance with and subject to the terms and conditions of the Agreement, and to incur indebtedness and liabilities as a result;
- (c) all necessary corporate and other action have been taken, and all necessary shareholder and other consent have been given to authorise the entering, signing, execution, performance and fulfilment of the Loan Agreement and the Agreement. The Loan Agreement and the Agreement when signed or executed by the Client will constitute valid and legally binding obligations of the Client in accordance with its terms and conditions;
- (d) the financial statement and accounts of the Client supplied to the Lender have been prepared in accordance with accounting policies consistently applied, and present a true, fair and accurate view on the operation of the Client for the relevant accounting period and the financial position of the Client at the end of such accounting period;
- (e) the meeting of the board of directors of the Client (certified extract minutes of which have been supplied to the Lender) resolving, inter alia, the approval, entering into, signing, execution, performance and fulfilment of the Loan Agreement and/or the Agreement was duly convened and held on or prior to the date of the Loan Agreement and/or the Agreement and such resolutions which were duly passed thereat in accordance with its constitutional documents have been entered in its minutes book and are in full force and effect;
- (f) other than the Client, no one has interest in the Accounts;
- (g) all information stated in the Loan Agreement and the Agreement or provided by the Client in connection with the opening of the Accounts are true, complete and correct;
- (h) the specimen signature(s) on the Account Opening Form is/are the genuine signature(s) of the authorised signer(s) whom is duly authorised by the board of directors of the Client that Funderstone Group shall dispense with making enquiries, verification or investigation in relation to the authorisation of signature(s);
- (i) the Client undertakes to absolve and exonerate Funderstone Group from all blames and liabilities and to indemnify Funderstone Group against all losses, damages, liabilities, claims, demands and costs arising out or in respect or as a result of Funderstone Group agreeing to accept and act on the said resolution as effectively and duly passed and the said signature(s) as genuine and to dispense with making enquiries in relation thereto;
- (j) the Client entering into the Loan Agreement and the Agreement does not and will not violate

- or exceed any borrowing or similar limit or other power or restriction granted or imposed by any Applicable Laws and Regulations to the Client; and
- (k) all necessary consents or authorisation which may be required for the entering and execution of the Loan Agreement and the Agreement have been obtained and are and shall continue in full force and effect.

21. Further Assurance

The Client agrees and undertakes with the Lender that upon the request of the Lender, the Client shall or shall procure such person who is acceptable to the Lender at the Client's own costs and expenses forthwith and at any time hereafter, whether before or after the Charge shall have become enforceable, execute, do and pass, or cause or procure to be executed, done or passed such legal or other mortgages, charges, pledges, assignments, transfers, assurances, powers of attorney, deeds, documents, letters, resolutions, acts and things in favour or for the benefit of the Lender as the Lender shall require (a) in connection with the implementation, execution and enforcement of any of the term and any right in favour of the Lender under the Loan Agreement, and (b) over or in respect of the Charged Properties or any of them as further security for the Indebtedness or (as the Lender shall require) for perfecting the security hereby constituted or vesting the full benefits of the Charged Properties or any of them in the Lender, the Lender's nominee(s) or (after the Charge has become enforceable) any purchaser thereof. Such mortgages, charges, pledges, assignments, transfers, assurances, powers of attorney, deeds, documents, letters, resolutions, acts and things shall be prepared by the Lender, at the cost and expense of the Client, and shall contain such provisions as the Lender shall require, for which purposes the Client appoints the Lender as the duly authorised representative of and on behalf of the Client.

22. More than One Person

Where the Client consists of more than one person (whether a partnership or otherwise): -

- (a) each of them shall be bound though any other of such persons intended to be bound is not, for whatever reason, so bound. References to the Client shall be construed to any or each of them;
- (b) each of them shall be jointly and severally liable to and responsible for the liabilities, obligations and indebtedness under the Loan Agreement;
- (c) the rights, powers, claims, demands, instructions, directions, decisions and/or authorisations under the Loan Agreement shall be exercised, performed or made by any of them separately and independently with any other of such persons. The act, conduct, instructions, directions, decisions and/or authorisations of any of such persons shall be jointly and severally binding on any or all of such persons;
- (d) the Lender and/or Funderstone Group shall be entitled to deal separately with any of them on any matter including the discharge, satisfaction or performance of any liability, obligation or indebtedness to any extent without affecting the liability of any other of such persons;
- (e) each one of them shall waive in favour of Funderstone Group the right of proof in competition with the Funderstone Group in the bankruptcy or insolvency of the other(s) and none of them shall take from the other(s) any counter-security without prior written consent from Funderstone Group;
- (f) the discharge, satisfaction or performance of any liability, obligation or indebtedness under the Loan Agreement by Funderstone Group in favour of or for the benefit of any of such persons shall be and be deemed to be full and sufficient discharge, satisfaction or performance of such liability, obligation or indebtedness in favour of or for the benefit of any or all of such persons. The payment of money or fund by Funderstone Group toward or in favour of any of such persons shall be and be deemed to be full and sufficient discharge, satisfaction or performance of such payment of money or fund toward or in favour of any or all of such persons; and
- (g) subject to the consent or discretion of the Lender, any of such persons is entitled to deposit or transfer any Securities to or out the Accounts. Any one of such persons is not entitled to claim or assert interest, benefit, ownership or title to any particular or specific Securities in the Accounts separately or independently with any other of such persons.

23. Power of Attorney

- 23.1 The Client willingly and irrevocably appoints and constitutes each and Funderstone Group as its lawful attorney to do and execute all such acts, deeds, documents or things on behalf of the Client as it considers necessary or desirable in connection with the implementation, execution and enforcement of any of the terms, rights and powers conferred by the Loan Agreement and agrees to ratify or confirm all such acts, deeds, documents or things by Funderstone Group, including the following: -
- (a) to sign or execute any documents and do all acts and things which may be required or which the Lender thinks fit for carrying out any obligations of the Client under the Agreement, the Loan Agreement or otherwise or for realizing any security given to the Lender or for giving to the Lender and/or Funderstone Group the full benefit of the Agreement and the Loan Agreement; and
 - (b) to make any claim or take any action which the Lender may consider necessary or desirable in connection with any transaction contemplated by, or related to, the Agreement, the Loan Agreement or in connection with any asset subject to lien or security in favour of the Lender, in each case on such terms as the Lender may in its sole discretion consider appropriate.
- 23.2 The Client also agrees that this power of attorney is in addition to and in no way limits or restricts any rights which Funderstone Group may have under any other agreement between the Client and Funderstone Group.
- 23.3 The Client declares that the powers conferred upon Funderstone Group under the Loan Agreement shall be given the widest interpretation and may be exercised by any person authorised by Funderstone Group for such purpose.
- 23.4 The Client hereby further declares that the authority herein contained shall remain in full force and effect until the termination of the Loan Agreement in accordance with the Loan Agreement.

24. Termination

- 24.1 The Client shall only terminate the Loan Agreement by a valid and effective prior written notice to the Lender. The aforesaid prior written notice shall be a valid and effective prior written notice only and only if such notice shall be actually received by the Lender and the effective date for termination of the Loan Agreement stated therein shall be at least seven (7) Business Days after the date of receipt of such notice by the Lender. The Loan Agreement shall be terminated by the Lender at its discretion and at any time by notice given by the Lender to the Client without the need to give reasons for such termination.
- 24.2 The termination of the Loan Agreement shall not affect or prejudice: -
- (a) the liabilities, obligations or indebtedness of the Client existing, arisen or incurred at the time under the Loan Agreement or any agreement made with Funderstone Group on or before the termination of the Loan Agreement, including the indebtedness, liabilities or obligations of the Client arising out of or in connection with any open positions or outstanding transactions at the time of the termination of the Loan Agreement;
 - (b) the liabilities, obligations or indebtedness of the Client arising out of or in connection with any agreements, warranties, representations, undertakings and indemnities given by the Client under the Loan Agreement, the Agreement or any agreement made with Funderstone Group;
 - (c) the rights and powers to close out, transfer or settle all the open positions or outstanding transactions of the Client, and the rights and powers to take such action or do all such acts and things incidental or in relation to the closing out, transfer or settlement mentioned in this Clause 24.2(c) of Section VIII; and
 - (d) the rights and powers to take such action or do all such acts and things incidental or in relation to the termination, conclusion, consolidation, clearing or settlement of all the Client's liabilities, obligations or indebtedness under the Loan Agreement, or the rights and powers to take such action or do all such acts and things incidental or in relation to the termination of the Loan Agreement.

25. Miscellaneous Provisions

- 25.1 The provisions of the Loan Agreement shall be binding on and ensure to the benefit of the successor, assign and personal representative of each Party provided that the Client shall not assign, transfer, alienate, charge or otherwise dispose of any of the interest, rights, benefits, liabilities or obligations hereunder without the prior written consent of the Lender, and the Lender and/or Funderstone Group may at any time assign, alienate or otherwise dispose of all or a part only of their respective interest, rights, benefits, liabilities and obligations under the Loan Agreement to any person without the prior consent or approval of the Client. Any assignee, transferee or successor of the Lender and/or Funderstone Group shall have the same interest, rights, benefits, liabilities and remedies as if it were the Lender and/or Funderstone Group. The Lender and/or Funderstone Group may delegate or sub-contract the performance of its obligations hereunder as it thinks fit.
- 25.2 Any provision of the Loan Agreement becoming prohibited by or unlawful or unenforceable under any Applicable Laws and Regulations actually applied by any court of competent jurisdiction shall, to the extent required by such law, be severed from the Loan Agreement and rendered ineffective so far as is possible without modifying the remaining provisions of the Loan Agreement. Where, however, the provisions of any such Applicable Laws and Regulations may be waived, they are waived by the Parties to the full extent permitted by such law to the end that the Loan Agreement shall be a valid and binding agreement enforceable in accordance with its terms and conditions.
- 25.3 Without prejudice to other provisions of the Loan Agreement relating to communication or notice by or from the Lender or Funderstone Group and the right of the Lender or Funderstone Group to use any way or method of communication, any report, confirmation, statements, notice and other communication from the Lender or Funderstone Group to the Client under the Loan Agreement may be delivered personally or sent by post or fax or electronic mail (“E-mail”) addressed to the Client at the address or fax number or E-mail address set out in the Account Opening Form, at its registered office or at such other address or fax number or E-mail address as may have been notified in writing by the Client to the Lender (such notification shall only take effect 24 hours after the actual receipt of the same by the Lender). Any such report, confirmation, statements, notice and other communication shall be deemed to have been received by the Client (a) if hand delivered, when delivered, (b) if given by post, 24 hours after the same has been posted, or (c) if given by fax or E-mail, at the same time when it is dispatched. The contents of such report, confirmation, statements, notice or communication or statement of account issued by the Lender or Funderstone Group shall be or be deemed correct, accurate and conclusive and no objection thereto shall be made by the Client unless written objection is actually received by the Lender or Funderstone Group within 24 hours after hand delivery or transmission by fax or E-mail, or in case of posting 48 hours thereafter.
- 25.4 Any letter, notice, documents or other communication from the Client to the Lender or Funderstone Group shall take effect only on actual receipt of the same by the Lender or Funderstone Group (as the case may be).
- 25.5 The Loan Agreement supersede all prior engagements, arrangements, agreements and contracts whether oral or in writing whatsoever made by the Lender. No warranties or representations express or implied are or have been made or given by the Lender or by anybody on his behalf relating to the subject of the Loan Agreement prior to the signing hereof. If any such warranty or representation express or implied has been made the same is withdrawn or deemed to have been withdrawn immediately before the Lender entering into the Loan Agreement. However, the Loan Agreement do and will not supersede any prior engagements, arrangements, agreements and contracts whether oral or in writing whatsoever and whether past, present or future made by the Client with or in favour of the Lender and/or Funderstone Group, and do and will not affect or prejudice any or all the liabilities, obligations or indebtedness whether oral or in writing whatsoever and whether past, present or future of the Client to the Lender and/or Funderstone Group.
- 25.6 In the event of death or liquidation of the Client or in the event of the Client being rendered incapable or disabled from managing and administering the Client’s property or affairs then prior to the actual receipt by the Lender of written notice of death, liquidation or incapacity or disability of the Client, Funderstone Group may, but not obliged to, continue to act upon the instructions of the Client

as if the Client were still alive, existing or capable of managing and administering the Client's property or affairs.

- 25.7 The rights, remedies, powers and privileges of the Lender and the Funderstone Group under the Loan Agreement are cumulative and not exclusive of any rights or remedies provided by law. No time, indulgence or forbearance granted by the Lender and/or Funderstone Group shall operate to waive any of its rights under the Loan Agreement nor shall any single or partial exercise thereof preclude any other or further exercise thereof.
- 25.8 The Lender shall have absolute rights to amend, delete or substitute any of the terms herein or add new terms to the Loan Agreement and/or the Agreement. An amendment notice and the revised Loan Agreement and/or Agreement will be posted at the "**Important Terms**" column of Funderstone Website at <http://www.funderstonesec.com/>. In addition, the Lender will notify the Client on such revision. The Client should visit the Funderstone Website from time to time for obtaining the latest Loan Agreement and/or Agreement and read the terms thereof. Such amendment, deletion, substitution or addition shall be deemed as effective and incorporated herein (and shall form part of the Loan Agreement and/or Agreement) on the date of publication of such amendment notice. The Client may raise written objection within fourteen (14) days after the publication of such amendment notice at the Funderstone Website. Failing which, it shall be deemed an acceptance of such amendment, deletion, substitution or addition.
- 25.9 Time shall in every respect be of the essence of the liabilities and obligations of the Client under the Loan Agreement.
- 25.10 In the event of any discrepancy between the English version and the Chinese version, the English version shall prevail.

26. Governing Law and Jurisdiction

- 26.1 The Loan Agreement shall be governed by and construed in accordance with the laws of Hong Kong. The Client and Funderstone Group hereby irrevocably submit to the exclusive jurisdiction of the courts of Hong Kong as regards any claim, matter or proceedings arising under the Loan Agreement. The Client agrees that the rulings, orders, decisions and/or judgments of the courts of Hong Kong shall be final and conclusive.
- 26.2 The Client agrees that the Lender is entitled to enforce and execute the judgment of the courts of Hong Kong in any jurisdiction as it thinks fit. The Client hereby further agrees not to oppose in any legal proceedings arising under the Loan Agreement (including the legal proceedings in other jurisdiction for enforcement of judgment) and not to appeal the judgments of the courts of Hong Kong or other jurisdictions.
- 26.3 The Client agrees that any writ, summons, order, judgment or other document shall be and be deemed duly and sufficiently served on the Client if addressed to the Client and left at or sent by post to the address of the Client set out in the Account Opening Form or last known to the Lender. The foregoing shall not limit the Lender's right to serve process on the Client in any manner permitted by laws of the relevant jurisdiction.

SCHEDULE 1 – RISK DISCLOSURE STATEMENTS

These Risk Disclosure Statements form part of the terms and conditions for Trading Account of Funderstone Group (“**Trading Account Terms**”) and are additional and supplemental to Section I of the Trading Account Terms.

The Client represents (which representation will be deemed to be repeated on each date that a Transaction is entered into) to Funderstone Group that these Risk Disclosure Statements have been fully explained to it and that it has been invited to seek independent legal and financial advice in relation to the matters as more particularly set out in these Risk Disclosure Statements. The Client further declares that the Client has carefully read these Risk Disclosure Statements and fully understands and accepts the content of the same and agrees to be bound by the same.

RISK OF SECURITIES TRADING

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

RISK INVOLVED IN IPO AND PLACING

If it is required to convert the funds of IPO and/or placing from one currency into another currency, investors are exposed to exchange rate risk and may suffer loss as a result of the fluctuations in exchange rate.

FOREIGN EXCHANGE RISK INVOLVED IN IPO AND PLACING

If the Offer Securities (as defined in Section II) are denominated in Foreign Currency (as defined in Section II) or in both Hong Kong Dollar and Foreign Currency, investors are exposed to exchange rate risk and may suffer loss as a result of the fluctuations in exchange rate.

RISK OF TRADING GROWTH ENTERPRISE MARKET (“GEM”) STOCKS

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

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

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

Client should seek independent professional advice if Client is uncertain of or has not understood any aspect of these Risk Disclosure Statements or the nature and risks involved in trading of GEM stocks.

RISK OF MARGIN TRADING

The risk of loss in financing a transaction by deposit of collateral is significant. Client may sustain losses in excess of Client’s cash and any other assets deposited as collateral with the licensed or registered person.

Market conditions may make it impossible to execute contingent orders, such as “stop-loss” or “stop-limit” orders. Client may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, Client’s collateral may be liquidated without Client’s consent.

Moreover, Client will remain liable for any resulting deficit in Account and interest charged on Account. Client should therefore carefully consider whether such a financing arrangement is suitable in light of Client's own financial position and investment objectives.

RISK OF TRADING IN LEVERAGED FOREIGN EXCHANGE CONTRACTS

The risk of loss in leveraged foreign exchange trading can be substantial. Client may sustain losses in excess of Client's initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amounts. Market conditions may make it impossible to execute such orders. Client may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, Client's position may be liquidated. Client will remain liable for any resulting deficit in Client's account. Client should therefore carefully consider whether such trading is suitable in light of Client's own financial position and investment objectives.

RISK DISCLOSURE OF TRADING THROUGH THE OVER-THE-COUNTER ("OTC") TRADING SERVICES

Client should only undertake trading through the OTC trading services provided by the Funderstone Group and/or Funderstone Trading Agents. Client should understand the nature of such trading and such trading services and the extent of Client's exposure to risks. By trading through the OTC trading services provided by the Funderstone Group and/or Funderstone Trading Agents, Client may be exposed to the credit, settlement and other risks of the counterparty to the relevant OTC transactions, including transactions of Securities before their listing on the SEHK. Settlement of the relevant transactions is not guaranteed and Client shall be responsible for any losses or expenses resulting from Client's and/or Client's counterparty's settlement failures.

Transactions executed through the OTC trading services provided by the Funderstone Group and/or Funderstone Trading Agents may be cancelled and void if there is any postponement, suspension, cancellation or termination of the official listing of the relevant Securities on SEHK, alteration to the terms and conditions of the listing of the relevant Securities. Furthermore, Client's order may only be partially executed, or not at all, as a result of the lower liquidity in trading on the OTC trading market through the OTC trading services provided by the Funderstone Group and/or Funderstone Trading Agents as compared to regular market hours of the SEHK. There may also be greater volatility in trading through the OTC trading services provided by the Funderstone Group and/or Funderstone Trading Agents than in regular market hours of SEHK. The lower liquidity and higher volatility in trading through the OTC trading services provided by us may then result in wider than normal spreads for a particular type of Securities.

The prices of Securities traded through the OTC trading services provided by the Funderstone Group and/or Funderstone Trading Agents may differ significantly from their opening or traded prices transacted during the regular market hours upon the listing of the Securities on SEHK. The prices quoted by the Funderstone Group and/or Funderstone Trading Agents for the OTC trading services may not reflect the prices in other concurrently operating automated trading systems/OTC market dealing in the same Securities. New announcements made by the issuers may affect the price of their Securities after regular market hours. Similarly, important financial information may be announced outside regular market hours. In trading through the OTC trading services by the Funderstone Group and/or Funderstone Trading Agents, these announcements may occur during trading and may cause an exaggerated and unsustainable effect on the price of a particular type of Securities.

In particular, the OTC market is not regulated by SEHK and will not be covered by the Investor Compensation Fund until the relevant transaction is properly recorded on the trading system on SEHK upon the listing of the Securities on SEHK.

Client should therefore carefully consider whether such trading is appropriate for Client's self in the light of Client's experience, risk profile and other relevant circumstances and seek independent professional advice if Client's in doubt.

RISK OF ENTERING INTO OVER-THE-COUNTER DERIVATIVE TRANSACTIONS WITH AN UNLICENSED PERSON

If Client enter into over-the-counter derivative transactions with any affiliate of the Funderstone Group

("Client's Counterparty"), it is important for Client to note that Client's Counterparty is not licensed by the SFC and hence is not subject to the conduct and prudential supervision by the SFC.

There may be occasions where Client's Counterparty is regulated by a financial regulator (other than SFC) in Hong Kong or in a Foreign Jurisdiction. In such occasion, although Client's Counterparty is regulated by another regulatory body, the regulation of such regulatory body may be different from the regulation of the SFC, and the protection that Client may receive under the regulation of that regulatory body might not be the same as the protection that Client would receive if Client's Counterparty were licensed by the SFC.

There may be occasions where Client's Counterparty is not regulated by any other financial regulator. In such occasion, Client should also note that Client's Counterparty is not regulated by any other financial regulator and as such, Client may not receive any regulatory protection at all.

Client should cautiously consider whether it would be in Client's best interest to enter into over-the-counter derivative transactions with Client's Counterparty instead of a licensed corporation and seek independent professional advice when in doubt.

WARNING TO OPTION HOLDERS

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). Client understands that upon exercise some options require delivery and receipt of the underlying security and that other options require a cash payment.

An option is a wasting asset and there is a possibility that as an option holder Client may suffer the loss of the total premium paid for the option. Client acknowledges that, as an option holder, in order to realise a profit it will be necessary to either exercise the option or close the long option position in the market. Under some circumstances it may be difficult to trade the option due to lack of liquidity in the market. Client acknowledges that the licensed or registered person has no obligation either to exercise a valuable option in the absence of Client's instruction or to give to Client prior notice of the expiration date of the option.

WARNING TO OPTION WRITERS

As a writer of an option Client may be required to pay additional margin at any time. Client acknowledges that as an option writer, unlike an option holder, it may be liable for unlimited losses based on the rise or fall of the price of the underlying security and its gains are limited to the option premium.

Additionally, writers of American-style call (Put) options may be required at any time before expiry to deliver (pay for) the underlying securities to the full value of the strike price multiplied by the number of underlying securities. Client recognises that this obligation may be wholly disproportionate to the value of premium received at the time the options were written and may be required at short notice.

RISK OF TRADING FUTURES AND OPTIONS

Client acknowledges that due to the volatile nature of securities markets, the purchase of options over securities involves a high degree of risk.

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

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, Client should undertake such transactions only if Client understands the nature of

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

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

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

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".

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

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

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

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

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. Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or the licensed or registered person. Such limits may vary: Client should ask the licensed or registered person's deal for details in this respect.

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

In some jurisdictions, and only then in restricted circumstances, the licensed or registered person is permitted to effect off-exchange transactions. The licensed or registered person with which Client deals may be acting as Client's counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a

separate regulatory regime. Before Client undertakes such transactions, Client should familiarise with applicable rules and attendant risks.

In relation to 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 the firm 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 "stoplimit" 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.

In relation to Options: -

(a) Variable degree of risk

- (i) Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. Client should calculate the extent to which the value of the options must increase for Client's position to become profitable, taking into account the premium and all transaction costs.
- (ii) 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 purchased options expire worthless, Client will suffer a total loss of Client's investment which will consist of the option premium plus transaction costs. If Client is contemplating purchasing deep-out-of-the-money options, Client should be aware that the chance of such options becoming profitable ordinarily is remote.
- (iii) Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.
- (iv) 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.

RISKS INVOLVED IN TRADING CALLABLE BULL/BEAR CONTRACTS ("CBCB")

(a) Mandatory call

CBBC are not suitable for all types of investors and Client should consider their risk appetite prior to trading. In any case, one should not trade in CBBC unless he/she understands the nature of the product and is prepared to lose the total amount invested since a CBBC will be called by the issuer when the price of the underlying asset hits the Call Price and trading in that CBBC will expire early. Payoff for Category N CBBC will be zero when they expire early. When Category R CBBC expire early the holder may receive a small amount of Residual Value payment, but there may be no Residual Value payment in adverse situations. Brokers may charge their clients a service fee for the collection of the Residual Value payment from the respective issuers.

In general, the larger the buffer between the Call Price and the Spot Price of the underlying asset, the lower the probability of the CBBC being called since the underlying asset of that CBBC would have to experience a larger movement in the price before the CBBC will be called. However at the same time, the larger the buffer, the lower the leverage effect will be.

Once the CBBC is called, even though the underlying asset may bounce back in the right direction, the CBBC which has been called will not be revived and Client will not be able to profit from the bounce-back.

Besides, the Mandatory Call Event (MCE) of a CBBC with overseas assets as underlying may be triggered outside the Exchange's trading hours.

(b) Gearing effects

Since a CBBC is a leveraged product, the percentage change in the price of a CBBC is greater compared with that of the underlying asset. Client may suffer higher losses in percentage terms if they expect the price of the underlying asset to move one way but it moves in the opposite direction.

(c) Limited life

A CBBC has a limited life, as denoted by the fixed expiry date, with a lifespan of 3 months to 5 years. The life of a CBBC may be shorter if called before the fixed expiry date. The price of a CBBC fluctuates with the changes in the price of the underlying asset from time to time and may become worthless after expiry and in certain cases, even before the normal expiry if the CBBC has been called early.

(d) Movement with underlying asset

Although the price of a CBBC tends to follow closely the price of its underlying asset, but in some situations it may not (i.e. delta may not always be close to one). Prices of CBBC are affected by a number of factors, including its own demand and supply, funding costs and time to expiry. Moreover, the delta for a particular CBBC may not always be close to one, in particular when the price of the underlying asset is close to the Call Price.

(e) Liquidity

Although CBBC have liquidity providers, there is no guarantee that Client will be able to buy/sell CBBC at their target prices any time they wish.

(f) Funding costs

The issue price of a CBBC includes funding costs and issuers will specify the formula for calculating the funding costs of their CBBC at launch in the listing documents. Since the funding costs for each CBBC issue may be different as it includes the issuer's financing /stock borrowing costs after adjustment for expected ordinary dividend of the stock (if the underlying is a Hong Kong stock since the CBBC will not be adjusted for ordinary dividend) plus the issuer's profit margin, Client is advised to compare the funding costs of different issuers for CBBC with similar underlying assets and terms. The funding costs will gradually be reduced over time along with the CBBC in the secondary market as the CBBC moves towards expiry. In general, the longer the duration of the CBBC, the higher the

total funding costs will be since it is similar to Client borrowing for a longer tenure to trade in the underlying asset. When a CBBC is called, the CBBC holders (Client) will lose the funding cost for the full period since the funding cost is built into the CBBC price upfront at launch even though with the MCE, the actual period of funding for the CBBC turns out to be shorter. In any case, Client should note that the funding costs of a CBBC after launch may vary during its life and the Liquidity Provider is not obliged to provide a quote for the CBBC based on the theoretical calculation of the funding costs for that CBBC at launch.

(g) Trading of CBBC close to Call Price

When the underlying asset is trading close to the Call Price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result.

However, the trade inputted by the investor may still be executed and confirmed by the Client after the MCE since there may be some time lapse between the MCE time and suspension of the CBBC trading. Any trades executed after the MCE (i.e. Post MCE Trades) will not be recognised and will be cancelled. Therefore, Client should be aware of the risk and ought to apply special caution when the CBBC is trading close to the Call Price.

Issuers will announce the exact call time within 1 hour after the trigger of MCE, and HKEx will also send the list of Post MCE Trades to the relevant Exchange Participants (brokers) who in turn will inform their clients accordingly. For avoidance of doubt on whether their trades have been cancelled (i.e. whether they are Post MCE Trades), the Client may check with their brokers.

(h) CBBC with overseas underlying assets

Client trading CBBC with overseas underlying assets is exposed to an exchange rate risk as the price and cash settlement amount of the CBBC are converted from a foreign currency into Hong Kong dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets which are affected by various factors.

Besides, CBBC issued on overseas underlying assets may be called outside the Exchange's trading hours. In such case, the CBBC will be terminated from trading on the Exchange in the next trading session or soon after the issuer has notified the Exchange about the occurrence of the MCE. There will be no automatic suspension of the CBBC by AMS/3. For Category R CBBC, valuation of the residual value will be determined on the valuation day according to the terms in the listing documents

RISK OF TRADING DERIVATIVE AND STRUCTURED PRODUCTS

This brief statement does not disclose all of the risks and other significant aspects of trading in derivative and structured products. In light of the risks, Client should undertake such transactions only if Client understands the nature of the contracts (and contractual relationships) into which Client is entering and the extent of Client's exposure to risk. Trading in derivative and structured products is not suitable for many members of the public. Client should carefully consider whether trading is appropriate for Investors in light of their experience, objectives, financial resources and other relevant circumstances.

(a) Issuer default risk

In the event that a structured product issuer becomes insolvent and defaults on their listed securities, Client will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Client should therefore pay close attention to the financial strength and credit worthiness structured product issuers.

Note: "Issuers Credit Rating" showing the credit ratings of individual issuers is now available under the Issuer and Liquidity Provider Information sub-section under Derivative Warrants and under CBBCs section on the HKEx corporate website.

(b) Uncollateralised product risk

Uncollateralised structured products are not asset backed. In the event of issuer bankruptcy, Client can lose his/her/its entire investment. Client should read the listing documents to determine if a product is uncollateralised.

(c) Gearing/Leverage risk

Structured products such as derivative warrants and callable bull/bear contracts (CBCBs) are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Client should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.

(d) Expiry considerations

Structured products have an expiry date after which the product may become worthless. Client should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

(e) Extraordinary price movements

The price of a structured product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.

(f) Foreign exchange risk

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

(g) Liquidity risk

The Exchange requires all structured product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfil its role, Client may not be able to buy or sell the product until a new liquidity provider has been assigned.

RISKS INVOLVED IN TRADING DERIVATIVE WARRANTS

Derivative warrant trading involves high risks and is not suitable for every investor. Client should understand and consider the following risks before trading in derivative warrants:

(a) Issuer Risk

Derivative warrant holders are unsecured creditors of an issuer and have no preferential claim to any assets an issuer may hold. Therefore, Client is exposed to credit risk in respect of the issuer.

(b) Gearing Risk

Although derivative warrants may cost a fraction of the price of the underlying assets, a derivative warrant may change in value more or less rapidly than the underlying asset. In the worst case the value of the derivative warrants falls to zero and holders lose their entire purchase price.

(c) Limited Life

Unlike stocks, derivative warrants have an expiry date and therefore a limited life. Unless the derivative warrants are in-the-money, they become worthless at expiration.

(d) Time Decay

Client should be aware that other factors being equal the value of derivative warrants will decrease over time. Therefore, derivative warrants should never be viewed as products that are bought and held as long term investments.

(e) Volatility

Other factors being equal an increase in the volatility of the underlying asset should lead to a higher warrant price and a decrease in volatility lead to a lower derivative warrant price.

(f) Market Forces

In addition to the basic factors that determine the theoretical price of a derivative warrant, derivative warrant prices are also affected by all other prevailing market forces including the demand for and supply of the derivative warrants. Supply and demand forces may be greatest when a derivative warrant issue is almost sold out and when issuers make further issues of an existing derivative warrant issue.

RISKS INVOLVED IN TRADING EXCHANGE TRADED FUNDS (“ETFs”)

(a) Market risk

ETFs are typically designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds, or commodities. ETF managers may use different strategies to achieve this goal, but in general they do not have the discretion to take defensive positions in declining markets. Client must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

(b) Tracking errors

Tracking errors refer to the disparity in performance between an ETF and its underlying index/assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF manager’s replication strategy. (The common replication strategies include full replication/representative sampling and synthetic replication which are discussed in more detail below.)

(c) Trading at discount or premium

An ETF may be traded at a discount or premium to its Net Asset Value (NAV). This price discrepancy is caused by supply and demand factors, and may be particularly likely to emerge during periods of high market volatility and uncertainty. This phenomenon may also be observed for ETFs tracking specific markets or sectors that are subject to direct investment restrictions.

(d) Foreign exchange risk

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

(e) Liquidity risk

Securities Market Makers (SMMs) are Exchange Participants that provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more SMMs, there is no assurance that active trading will be maintained. In the event that the SMMs default or cease to fulfill their role, Client may not be able to buy or sell the product.

Counterparty risk involved in ETFs with different replication strategies:

(a) Full replication and representative sampling strategies

An ETF using a full replication strategy generally aims to invest in all constituent stocks/assets in the same weightings as its benchmark. ETFs adopting a representative sampling strategy will invest in some, but not all of the relevant constituent stocks/assets. For ETFs that invest directly in the underlying assets rather than through synthetic instruments issued by third parties, counterparty risk tends to be less of concern.

(b) Synthetic replication strategies

ETFs utilising a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark. Currently, synthetic replication ETFs can be further categorised into two forms:

(i) Swap-based ETFs

Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets.

Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments.

(ii) Derivative embedded ETFs

ETF managers may also use other derivative instruments to synthetically replicate the economic benefit of the relevant benchmark. The derivative instruments may be issued by one or multiple issuers.

Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honour their contractual commitments.

Even where collateral is obtained by an ETF, it is subject to the collateral provider fulfilling its obligations. There is a further risk that when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant loss to the ETF.

It is important that Client understands and critically assesses the implications arising due to different ETF structures and characteristics.

RISK OF TRADING LEVERAGED AND INVERSE PRODUCTS (“L&I PRODUCTS”)

Investment involves risks. The risks of investing in different L&I products vary due to the difference in product structure, Client is highly recommended to read the prospectus and key facts sheet carefully in order to understand the risks involved in a specific L&I product.

(a) Investment risk

The L&I product is a derivative product and is not suitable for all investors. There is no guarantee of the repayment of principal. Therefore Client's investment in the L&I product may suffer substantial/total losses.

(b) Long term holding risk

The L&I product is not intended for holding longer than one day as the performance of the L&I product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the index over that same period (e.g. the loss may be more than twice the fall in the index). The effect of compounding becomes more pronounced on the L&I product's performance as the index experiences volatility. With higher index volatility, the deviation of the L&I product's performance from the leveraged performance of the index will increase, and the

performance of the L&I product will generally be adversely affected. As a result of daily rebalancing, the index's volatility and the effects of compounding of each day's return over time, it is even possible that the L&I product will lose money over time while the index's performance increases or is flat.

(c) Leverage risk

Leveraged Products typically aim to deliver a daily return equivalent to a multiple of the underlying index return that they track. Inverse Products typically aim to deliver the opposite of the daily return of the underlying index that they track. Both gains and losses will be magnified. The risk of loss resulting from an investment in the L&I product in certain circumstances will be substantially more than a fund that does not employ leverage.

(d) Inverse Product vs. short selling risk

Investing in the Inverse Product is different from taking a short position. Because of rebalancing, the return profile of the Inverse Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Inverse Product may deviate from a short position.

(e) Risk of rebalancing activities

There is no assurance that the L&I product can rebalance their portfolio on a daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the L&I product's ability to rebalance its portfolio.

(f) Liquidity risk

The rebalancing activities of the L&I product typically take place near the end of a trading day, shortly before the close of the underlying market, to minimise tracking difference. As a result, the L&I product may be more exposed to the market conditions during a shorter interval and maybe more subject to liquidity risk.

(g) Intraday investment risk

The L&I product is normally rebalanced at day end. As such, return for investors that invest for period less than a full trading day will generally be differs from the leveraged investment exposure to the index, depending upon the movement of the index from the end of one trading day until the time of purchase.

(h) Portfolio turnover risk

Daily rebalancing of L&I product's holdings causes a higher level of portfolio transactions than compared to the conventional ETFs. High levels of transactions increase brokerage and other transaction costs.

(i) Futures contracts risk

If the L&I product is a futures based product, investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. The leverage component of futures contracts can result in a loss significantly greater than the amount invested in the futures contracts by the L&I product. Exposures to futures contracts may lead to a high risk of significant loss by the L&I product. A "roll" occurs when an existing futures contract is about to expire and is replaced with a futures contract representing the same underlying but with a later expiration date. The value of the L&I product's portfolio (and so the Net Asset Value per unit) may be adversely affected by the cost of rolling positions forward (due to the higher price of the futures contract with a later expiration date) as the futures contracts approach expiry. There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the L&I product from achieving its investment objective.

(j) Foreign exchange risk

If the base currency of the L&I product is different from that of the underlying index, fluctuations in the exchange rates between currencies may have an adverse impact on the performance of the L&I product.

(k) Distributions risk

Where distributions are distributed out of capital or effectively out of capital, this amounts to a return or withdrawal of an investor's original investment or any capital gains attributable to that original investment and may result in an immediate reduction in the Net Asset Value per unit.

(l) Passive investments risk

The L&I product is not "actively managed" and therefore the manager of the L&I product may not adopt any temporary defensive position when the index moves in an unfavourable direction. In such circumstances the L&I product will also decrease in value.

(m) Trading risk

The trading price of the units on the exchange is driven by market factors such as the demand and supply of the units. Therefore, the units may trade at a substantial premium or discount to the Net Asset Value. As Client will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell units on the exchange, Client may pay more than the Net Asset Value per unit when buying units on the exchange, and may receive less than the Net Asset Value per unit when selling units on the exchange.

(n) Trading differences risk

As the overseas exchange may be open when the units are not priced, the value of any underlying index futures contracts in the L&I product's portfolio, and the value of the any constituents in the Index to which such futures contracts are linked, may change when Client may not be able to buy or sell units. Differences in trading hours between different markets may also increase the level of premium or discount of the unit price to its Net Asset Value.

(o) Reliance on market maker risk

Although the L&I product manager is required to ensure that at least one market maker will maintain a market for the units and gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity in the market for the units may be adversely affected if there is only one market maker for the units. There is no guarantee that any market making activity will be effective.

(p) Tracking error risk

Due to fees and expenses of the L&I Product, high portfolio turnover, liquidity of the market and the investment strategy adopted by the manager of the L&I product, the L&I product's return may deviate from the daily leveraged performance of the index which the L&I product seeks to track. There can be no assurance of exact or identical replication at any time of the daily leveraged performance of the Index.

(q) Termination risk

The L&I product may be terminated early under certain circumstances, for example, where there is no market maker, the index is no longer available for benchmarking or if the size of the L&I product falls below a specific value decided by the manager of L&I product. Any distribution received by a unitholder on termination of the L&I product may be less than the capital initially invested by the unitholder, resulting in a loss to the unitholder.

RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client assets received or held by the licensed or registered person outside Hong Kong are subject to the Applicable Laws and Regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap.571 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.

RISK OF PROVIDING AN AUTHORITY TO REPLEDGE CLIENT'S SECURITIES COLLATERAL ETC.

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

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

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

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

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

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

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

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

RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE STOCK EXCHANGE OF HONG KONG LIMITED

The securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. Client should consult the licensed or registered person and become familiarised with the PP before trading in the PP securities. Client should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the GEM of The Stock Exchange of Hong Kong Limited.

RISK OF INTERNET FACILITIES

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

Client acknowledges and bears the risk that messages sending over the internet may be delayed due to internet traffic jam or other reasons. The licensed or registered person shall not be responsible for any consequences of these delays, including delays in the transmission of instructions/orders to the place of execution or the transmission of reports of execution to Client due to any failure of communication facilities, or any other delays beyond the reasonable control of the licensed or registered person.

Communications over the internet may be subject to transmission blackout, interruption, interception, or incorrect data transmission due to the public nature of the internet or other reasons that are beyond the licensed or registered person's control. Messages sent over the internet cannot be guaranteed to be completely secure. Client shall be aware of and bear the risk of any delay, loss, diversion, alteration, corruption or virus infection of any messages/instructions either sent to or received from the licensed or registered person's systems. The licensed or registered person shall not be responsible for any losses or damages incurred or suffered as a result thereof.

RISK OF E-STATEMENT SERVICE

Access to the internet or other electronic medium may be limited or unavailable during periods of peak demand, market volatility, systems upgrades or maintenance or for other reasons. Any communication through the internet or other electronic medium may be subject to interruption, transmission blackout, and delayed transmission due to unpredictable traffic congestion and other reasons beyond the licensed or registered person's control. Internet is, due to technical limitation, an inherently unreliable medium of communication. As a result of such unreliability, there may be delays in the transmission and receipt of information. The statements may not be sent to the designed email address at all. Moreover, communications and personal data may be accessed by unauthorised third parties, and there are risks of misunderstanding or error in any communication and that such risks shall be absolutely borne by Client.

RISK OF SHANGHAI-HONG KONG STOCK CONNECT AND SHENZHEN-HONG KONG STOCK CONNECT

(a) Not protected by Investor Compensation Fund

Client should note that any Northbound or Southbound trading under Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. As far as Hong Kong investors participating in Northbound trading are concerned, since they are carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not Mainland brokers, they are not protected by China Securities Investor Protection Fund on the Mainland. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

As far as Southbound trading is concerned, since Mainland securities brokers are neither licensees nor registered institutions with the SFC in Hong Kong and they are not regulated by the SFC, the Investor Compensation Fund will not cover Southbound trading via Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect.

For further information on Hong Kong's Investor Compensation Fund, please refer to the website of Investor Compensation Company Limited. For information on licensees and registered institutions under the SFC, please consult the Public Register of Licensed Persons & Registered Institutions in the SFC website.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund 《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund (CSIPF, 中國投資者保護基金) include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by China Securities Regulatory Commission (CSRC) and custodian operation" or "other functions approved by the State Council".

(b) Short selling

In investing in A-share via the Northbound trading, Hong Kong and overseas investors are prohibited from naked short selling in A-shares. In selling A-shares via the Northbound trading, Hong Kong and overseas investors are not allowed to participate in any securities lending on the Mainland.

(c) Quotas used up

When the respective aggregate quota balance for Northbound and Southbound trading is less than the daily quota, the corresponding buy orders will be suspended on the next trading day (sell orders will still be accepted) until the aggregate quota balance returns to the daily quota level. Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Depending on the aggregate quota balance situation, buying services will be resumed on the following trading day.

(d) Difference in trading day and trading hours

Client should note that, due to differences in public holiday between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be difference in trading days and trading hours in the two markets. Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot carry out any A-share trading. Client should take note of the days and the hours which Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect is open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect is not trading.

(e) Restrictions on selling imposed by front-end monitoring

For Clients who keeps their A-shares outside of their brokers, if they want to sell certain A-shares they hold, they must transfer those A-shares to the respective accounts of their brokers before the market opens on the day of selling (T day). If they fail to meet this deadline, they will not be able to sell those A-shares on T day.

(f) The recalling of eligible stocks and trading restrictions

A stock may be recalled from the scope of eligible stocks for trading via Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect for various reasons, and in such event the stock can only be sold but restricted from being bought. This may affect Client's investment portfolio or strategies. Client should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE / SZSE and SEHK.

Under Shanghai-Hong Kong Stock Connect, Client will only be allowed to sell A-share but restricted from further buying if: (i) the A-share subsequently ceases to be a constituent stock of the relevant indices; (ii) the A-share is subsequently under "risk alert"; and/or (iii) the corresponding H share of the A-share subsequently ceases to be traded on SEHK. Client should also note that price fluctuation limit would be applicable to A-shares.

Under Shenzhen-Hong Kong Stock Connect, Client will only be allowed to sell A-share but restricted from further buying if: (i) the A-share subsequently ceases to be a constituent stock of the relevant indices; (ii) the A-share is, based on any subsequent periodic review, determined to have a market capitalisation of less than RMB 6 billion; (iii) the A-share is subsequently under "risk alert"; and/or (iv) the corresponding H share of the A-share subsequently ceases to be traded on SEHK. Client should also note that price fluctuation limit would be applicable to A-shares.

(g) Trading costs

In addition to paying trading fees and stamp duties in connection with A-share trading, Client when carrying out Northbound trading via Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect should also take note of any new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which would be determined by the relevant authorities.

(h) Local market rules, foreign shareholding restrictions and disclosure obligations

Under Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect, A-shares listed companies and trading of A-share are subject to market rules and disclosure requirements of the A-share market. Any changes in laws, regulations and policies of the A-share market or rules in relation to Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect may affect share prices. Client should also take note of the foreign shareholding restrictions and disclosure obligations applicable to A-shares. Client will be subject to restrictions on trading (including restriction on retention of proceeds) in A-shares as a result of its interest in the A-shares. Client is solely responsible for compliance with all notifications, reports and relevant requirements in connection with Client's interests in A-shares.

(i) Currency risks

Northbound investments in A-shares will be traded and settled in Renmibi. If Client holds a local currency other than RMB, Client will be exposed to currency risk if Client invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, Client will also incur currency conversion costs. Even if the price of the RMB asset remains the same when Client purchases it and when Client redeems / sells it, Client will still incur a loss when Client converts the redemption / sale proceeds into local currency if RMB has depreciated.

Funderstone Group shall have absolute rights to amend, delete or substitute any of the terms herein or add new terms to this Schedule 1 as from time to time amended and supplemented. An amendment notice and the revised terms will be posted at the "**Important Terms**" column of Funderstone Website at <http://www.funderstonesec.com/>. The Client should visit the Funderstone Website from time to time for obtaining the latest version and read the terms thereof. Such amendment, deletion, substitution or addition shall be deemed as effective and incorporated herein on the date of publication of such amendment notice.

SCHEDULE 2 – STANDING AUTHORITY

The following terms and conditions form part of the terms and conditions for Trading Account of Funderstone Group (“**Trading Account Terms**”) and are additional and supplemental to Section I of the Trading Account Terms. Where any conflict or inconsistency arises between any provision of Schedule 2 and any provision of the terms and conditions governing the Account, Funderstone Group has absolute discretion to determine which terms and conditions shall prevail.

Part A – Standing Authority (Client Money)

1. In this Part A, all expressions defined in Section I of the Trading Account Terms shall, where applicable, have the same meanings when used herein.
2. Pursuant to the Securities and Futures (Client Money) Rules (Cap. 571I of the Laws of Hong Kong) (“**Client Money Rules**”), the Client authorises and/or instructs Funderstone Group to deal, from time to time, with money held or received by Funderstone Group from time to time in Hong Kong or elsewhere (including any interest derived from the holding of the money which does not belong to Funderstone Group) in one or more segregated account(s) in Hong Kong or elsewhere on the Client's behalf (“**Monies**”), in the following manners: -
 - (a) combine or consolidate any or all segregated accounts in Hong Kong or elsewhere, of any nature whatsoever and either individually or jointly with others, maintained by Funderstone Group and Funderstone Group may transfer any sum of Monies to and between such segregated account(s) to satisfy the Client's obligations or liabilities to Funderstone Group, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several; and
 - (b) transfer any sum of Monies interchangeably between any of the segregated accounts in Hong Kong or elsewhere maintained at any time with Funderstone Group.
3. The Standing Authority given by the Client under this Part A shall remain valid for twelve (12) months commencing from the date of the said Standing Authority unless revoked by Funderstone Group giving not less than two (2) Business Days' prior notice in writing to Client, and/or Client giving not less than seven (7) Business Days' prior notice in writing to Funderstone Group. The Standing Authority shall be deemed to have been renewed for further periods of twelve (12) months upon expiry of each period of twelve (12) months on the same terms and conditions as specified in this Part A if Funderstone Group gives the Client a written notice at least fourteen (14) days prior to the expiry date, unless such renewal of standing authority is objected by the Client in accordance with the Client Money Rules.
4. Without prejudice to clause 23 of Section I of the Trading Account Terms, the Client undertakes to indemnify Funderstone Group against all costs, expenses, liabilities, losses or damages arising out of or suffered by Funderstone Group as a result of its acting in accordance with the Standing Authority given by the Client under this Part A.

Part B – Standing Authority (Client Securities)

1. In this Part B, all expressions defined in the Trading Account Terms shall, where applicable, have the same meanings when used herein. All references to securities collateral in this Part B shall include (a) Collateral (as defined in Section III); and (b) Margin (as defined in Section IV).
2. Pursuant to the Securities and Futures (Client Securities) Rules (Cap. 571H of the Laws of Hong Kong) (“**Client Securities Rules**”), the Client authorises and/or instructs Funderstone Group to deal, from time to time, with the Securities and/or securities collateral (as defined in SFO) received or held on his/her/its behalf in one or more of the following ways: -
 - (a) To apply any of the Securities or securities collateral pursuant to a securities borrowing and

- lending agreement between Funderstone Group and a third party, subject to compliance with the Client Securities Rules;
- (b) subject to the Client Securities Rules regarding repledging limits, to deposit any of the securities collateral with an authorised financial institution as collateral for financial accommodation provided to Funderstone Group;
 - (c) To deposit any of the securities collateral with any clearing house recognised by the SFC or another intermediary licensed or registered for dealing in securities as collateral for the discharge and satisfaction of Funderstone Group's settlement obligations and liabilities; and
 - (d) To apply or deposit any of the securities collateral in accordance with (a), (b) and/or (c) above if Funderstone Group provides financial accommodation to the Client in the course of dealing in securities and also provides financial accommodation to the Client in the course of any other regulated activity for which Funderstone Group is licensed or registered.
3. Pursuant to the Client Securities Rules, the Client authorises and/or instructs Funderstone Group to deal, from time to time, with the securities collateral received or held on his/her/its behalf in the following way: -
 - (a) To deposit any of the securities collateral with any clearing house recognised by the SFC or another intermediary licensed or registered for dealing in securities contracts as collateral for the discharge and satisfaction of Funderstone Group's settlement obligations and liabilities.
 4. The Client acknowledges, and confirms having been informed by Funderstone Group, that Funderstone Group has the practice of repledging the Client's Securities and securities collateral. **The Client understands and acknowledges the risks to the Client associated with giving the Standing Authority given by the Client under this Part B, including the risks set out under the Risk Disclosure Statements.**
 5. The Client also acknowledges that:
 - (a) the Client has been informed of the repledging practice of Funderstone Group and the Client has provided Funderstone Group with a standing authority to repledge the Client's Securities or securities collateral.
 - (b) the Standing Authority given by the Client under this Part B shall not affect Funderstone Group's right to dispose or initiate a disposal by Funderstone Group's associated entity of the Client's Securities or securities collateral in settlement of any liability owed by or on behalf of the Client to Funderstone Group, the associated entity or a third person.
 6. The Client understands that a third party may have rights to the Client's Securities, which Funderstone Group must satisfy before the Client's Securities can be returned to the Client.
 7. The Standing Authority given by the Client under this Part B shall remain valid for twelve (12) months commencing from the date of the said Standing Authority unless revoked by Funderstone Group giving not less than two (2) Business Days' prior notice in writing to Client, and/or Client giving not less than seven (7) Business Days' prior notice in writing to Funderstone Group. The Standing Authority shall be deemed to have been renewed for further periods of twelve (12) months upon expiry of each period of twelve (12) months on the same terms and conditions as specified in this Part B if Funderstone Group gives the Client a written notice at least fourteen (14) days prior to the expiry date, unless such renewal of standing authority is objected by the Client in accordance with the Client Securities Rules.
 8. Without prejudice to clause 23 of Section I of the Trading Account Terms, the Client undertakes to indemnify Funderstone Group against all costs, expenses, liabilities, losses or damages arising out of or suffered by Funderstone Group as a result of their acting in accordance with the Standing Authority given by the Client under this Part B.

Funderstone Group shall have absolute rights to amend, delete or substitute any of the terms herein or add new terms to this Schedule 2 as from time to time amended and supplemented. An amendment notice and the revised terms will be posted at the "Important Terms" column of Funderstone Website at <http://www.funderstonesec.com/>. In addition, Funderstone Group will notify the Client on such revision. The

Client should visit the Funderstone Website from time to time for obtaining the latest version and read the terms thereof. Such amendment, deletion, substitution or addition shall be deemed as effective and incorporated herein on the date of publication of such amendment notice. The Client may raise written objection within fourteen (14) days after the publication of such amendment notice at the Funderstone Website. Failing which, it shall be deemed an acceptance of such amendment, deletion, substitution or addition.

SCHEDULE 3 – PERSONAL INFORMATION COLLECTION STATEMENTS

These Personal Information Collection Statements form part of the terms and conditions for Trading Account of Funderstone Group (“**Trading Account Terms**”) and are additional and supplemental to Section I of the Trading Account Terms. Where any conflict or inconsistency arises between any provision of Schedule 3 and any provision of the terms and conditions governing the Account, Funderstone Group has absolute discretion to determine which terms and conditions shall prevail.

In Schedule 3, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Section I. In addition, in Schedule 3: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) reference to a Clause is to a clause of Schedule 3 and reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (c) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (d) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (e) the headings to the Clauses of Schedule 3 are for convenience only and do not affect their interpretation or construction; and
- (f) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Agreement or suspension of any Account, such provision shall survive such termination or suspension.

This Schedule 3 is binding on you as a Client. The following information is brought to your attention in accordance with the Personal Data (Privacy) Ordinance (the “**Ordinance**”). Unless the context otherwise requires, words and phrases in this Schedule 3 shall have the meaning given to them by the Ordinance.

I. Collection of Personal Data

For the purpose of this Schedule 3, “Data Subject(s)” has the meaning ascribed to it under the Ordinance and includes the Client(s) in respect of any Account(s) and applicants for dealing, advisory, custody, asset management and/or other financial services and credit facilities provided by Funderstone Group) and various other individuals (including but not limited to sureties and person providing security or guarantee for credit facilities and/or obligations owed to Funderstone Group, shareholder, director, officer, manager, sole proprietor, partner, supplier, contractor, service provider, other contractual counterparty supplying data (including personal data as defined under the Ordinance) to Funderstone Group, beneficiary of Accounts, customers of Funderstone Group).

1. From time to time, to the extent applicable, it is necessary for Data Subjects to supply Funderstone Group with data in connection with various matters such as (i) the opening, operation and continuation of Account(s), (ii) the application, obtaining and continuation of credit facilities, (iii) the provision of dealing, securities brokerage, nominee, investment advisory, custody, asset management and/or other financial services and credit facilities provided by Funderstone Group, and (iv) the provision of supplies or services.
2. Data may also be collected from the Data Subjects in the ordinary course of continuation of business relationship with the Data Subjects, for example, when Data Subjects issue cheques to, deposit money in or give instructions to Funderstone Group.
3. At the same time, data may be collected from the Data Subjects pursuant to laws, regulations, rules or

codes binding on Funderstone Group, Funderstone Group's associated or related companies, any directors, officers, employees, authorised representatives or advisers of Funderstone Group and/or its associated or related companies, and the Users (as defined in Clause 7 below). The Users may or may not reside in Hong Kong.

4. Failure of the Data Subjects to supply such data may result in Funderstone Group or the User being unable to provide services to the Data Subjects, to maintain business relationship with the Data Subjects, and to meet its respective legal or regulatory requirements. Funderstone Group may at any time conduct credit enquiries on the Data Subjects to verify the information they provide to Funderstone Group through, including but not limited to, the Data Subject's bankers, brokers and credit agencies.

II. Purposes of Collection of Personal Data

5. The purposes for which data are collected from a Data Subject may be used will vary depending on the nature of the Data Subject's relationship with Funderstone Group. To the extent applicable and to the extent permitted by applicable laws and regulations, the Users may use data relating to and/or collected from any Data Subject for any one or more of the following purposes ("**Purposes**") subject to the provisions hereunder:-

- (a) opening and administering the Accounts;
- (b) provision of services under the terms and conditions of the Accounts any Data Subject holds with Funderstone Group;
- (c) considering, processing and approving applications for the dealing, securities brokerage, nominee, investment advisory, custody, asset management and/or other financial services and credit facilities provided by Funderstone Group and/or other services and facilities provided by Funderstone Group from time to time;
- (d) daily operation of the services and credit facilities provided by or to Funderstone Group or to the Data Subjects including but not limited to (i) executing or giving effect to the Clients' orders relating to transactions or otherwise, and carrying out the Clients' other instructions in accordance with the terms and conditions of the Accounts maintained with Funderstone Group and (ii) purchasing, investing or otherwise disposing of and generally dealing in and with all kinds of financial products on any Client's behalf;
- (e) verifying the data and information provided by any Data Subject or any third party to Funderstone Group;
- (f) conducting credit checks, background checks and/or status checks on the Data Subjects;
- (g) ascertaining the Data Subject's financial situation and investment objectives;
- (h) assisting other financial institutions to conduct credit checks and collect debts;
- (i) ensuring ongoing credit worthiness and good standing of the Data Subjects;
- (j) operating internal controls of Funderstone Group including but not limited to determining the amount of indebtedness owed to or by the Data Subjects;
- (k) for operational purposes, credit assessment, credit scoring or risk related models, statistical analysis (including but not limited to behaviour analysis and evaluation on overall relationship with Funderstone Group which includes using such data to comply with any obligations, requirements, policies, procedures, measures or arrangements for sharing data and information within Funderstone Group and/or any other use of data and information in accordance with any group-wide programmes for compliance with sanctions or prevention or detection of money laundering, terrorist financing or other unlawful activities), whether on the Data Subjects or otherwise;
- (l) researching and/or designing dealing, securities brokerage, nominee, investment advisory, custody, asset management and/or financial services and/or related products or services for the Data Subjects' use;
- (m) marketing dealing, securities brokerage, nominee, investment advisory, custody, asset management and/or financial services and/or related products or services;
- (n) where applicable, marketing reward, loyalty or privileges programmes and related services and products provided by Funderstone Group from time to time, and services and products offered by Funderstone Group's co-branding partners and entities with whom Funderstone Group provides affinity/co-branded services or products to the Data Subjects;
- (o) exercising Funderstone Group's rights and obligations, including but not limited to (i)

- collection of amounts outstanding from the Data Subjects or those providing security for any Data Subject's obligations and (ii) enforcement of security, charges or other rights and interests against the Data Subjects or those providing security for any Data Subject's obligations in favor of Funderstone Group;
- (p) enabling an actual or proposed assignee or transferee of all or any part of Funderstone Group's business and/or assets, or participant or sub-participant of Funderstone Group's rights in respect of loans/credit facilities relating to the Data Subjects, to evaluate the transaction intended to be the subject of the assignment, transfer, participation or sub-participation and enabling the actual assignee or transferee to use such data in the operation of the business or rights assigned;
 - (q) complying with the obligations, requirements or arrangements according to:
 - (i) any present or future laws, rules, regulations, codes, guidelines or directions of applicable jurisdictions binding on Funderstone Group, Data Subjects and/or Users and any rules, regulations, codes, guidelines or directions issued by such local or foreign legal, governmental, regulatory, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations (collectively the "**Relevant Authorities**") (including those concerning automatic exchange of financial account information ("**AEOI**") and the U.S. Foreign Account Tax Compliance Act ("**FATCA**")), including, where applicable, (i) for the purpose of assisting Funderstone Group to obtain any exemption, reduction or refund of any withholding or other taxes imposed by any tax authority or other government agency, (ii) meeting the requirements of the Hong Kong Exchanges and Clearing Limited, (iii) fulfilling any disclosure obligations required thereunder, and (iv) commencing, defending or otherwise participating in any legal or administrative proceedings or inquiry before the Relevant Authorities; and
 - (ii) any present or future contractual or other commitment with Relevant Authorities of financial services providers that is assumed by or imposed on Funderstone Group, Data Subjects and/or Users by reason of its financial, commercial, business or other interests or activities in or related to the jurisdiction of the Relevant Authorities;
 - (r) customer services (including but not limited to communicating with the Data Subjects via telephone, mail, e-mail, facsimile or any other means of communications and providing references (status inquiries)) provided by Funderstone Group;
 - (s) preventing, detecting or reporting any crime or any fraudulent or dishonest behavior, or any other purpose relating thereto;
 - (t) any other lawful purposes disclosed in Funderstone Website from time to time; and
 - (u) any other lawful purposes directly or indirectly related, associated or incidental to any of the above, including seeking professional legal advice.

III. Transfer of Personal Data

6. Funderstone Group and/or the User will keep the data relating to and/or collected from the Data Subjects confidential and will comply with all applicable data privacy laws, including, where applicable, the Ordinance.
7. To the extent applicable and to the extent permitted by applicable laws and regulations, Funderstone Group may provide data relating to and/or collected from any Data Subjects to the following persons ("**Users**") within or outside Hong Kong for the Purposes:-
 - (a) Funderstone Group, agent, contractor, sub-contractor or third party service provider (or a subsidiary, holding company or related company thereof) who provides sales, distribution, advisory, professional, administrative, telecommunication, computer, data processing, information technology, payment or securities clearing, debt collection, printing or other services to Funderstone Group in connection with the operation of its business or provision of the services;
 - (b) any other person under a duty of confidentiality to Funderstone Group which has expressly or impliedly undertaken to keep such information confidential;
 - (c) any actual or proposed assignee of Funderstone Group, or participant, sub-participant,

transferee, delegate or successor of Funderstone Group's rights in respect of the Data Subjects or any person to whom the agreement between Funderstone Group and the Data Subjects is novated;

- (d) the drawee bank providing a copy of a paid cheque (which may contain data about the payee) to the drawer, or a person making any payment into the Accounts (including those providing a copy of a deposit confirmation slip which may contain the Data Subject's name);
- (e) credit reference agencies and, in the event of default, debt collection agencies;
- (f) any bank or financial institution or authorized or regulated entity of similar nature in applicable jurisdictions with which the Data Subjects have dealings or propose to have dealings;
- (g) third party financial institutions, insurers, administrators, custodians, trustees, credit card companies, securities and investment services providers and external service providers which Funderstone Group engages or proposes to engage;
- (h) the directors, trustee, investment managers, investment advisors, administrators, custodians, auditors, registrar, financial advisors, brokers of any investment products that are managed or operated by Funderstone Group;
- (i) any legal, accounting or professional person, firm or body;
- (j) the Hong Kong Exchanges and Clearing Limited, the Hong Kong Monetary Authority, the Hong Kong Companies Registry, the Hong Kong Securities and Futures Commission, any relevant exchange, any legal, governmental, tax, law enforcement or other regulatory authority, body or entity under any domestic and foreign applicable laws and regulations (including but not limited AEOI and FATCA), rules, codes, guidelines or directions to which Funderstone Group (and where applicable, any investment vehicle that Funderstone Group provides services to) is subject;
- (k) any persons giving or proposing to give a guarantee or security to guarantee or secure the Data Subjects' obligations to Funderstone Group;
- (l) any nominees in whose name securities or other assets may be registered;
- (m) any person who provides financial services or issues, distributes or provides financial products to the Data Subjects through or with Funderstone Group;
- (n) any person with whom Funderstone Group enters into or proposes to enter into a transaction with on behalf of the Data Subjects or the Account, or the persons representing the same;
- (o) any other person when Funderstone Group is compelled to make disclosure to such person under the requirements of any laws or regulations or court orders binding on Funderstone Group;
- (p) any foreign or local governmental, regulatory, supervisory, tax, law enforcement or other authorities, bodies or institutions;
- (q) any person with the Data Subject's express or implied consent;
- (r) any person where in Funderstone Group's interest requires disclosure;
- (s) any person where in the public interest requires disclosure; and
- (t) in addition to marketing the above services, products and subjects itself, Funderstone Group also intends to provide the data described in Clause 5 above to all or any of the Users for use by them in marketing those services, products and subjects, and Funderstone Group requires a Data Subject's written consent (which includes an indication of no objection) for that purpose.

8. The Data Subject agrees that data collected in Hong Kong by Funderstone Group may be transferred in and to a place outside Hong Kong.
9. The Data Subject agrees to allow Funderstone Group to disclose the Data Subject's data for the Purposes and to the Users and to use such data pursuant to this Schedule 3.

10. To the extent applicable and to the extent permitted by applicable laws and regulations, Funderstone Group may transfer the Data Subject's name, contact details, products and services portfolio information, transaction pattern and behaviour, financial background and demographic data held by Funderstone Group from time to time outside Hong Kong to Funderstone Group's credit reporting agency(ies) or service provider(s) for providing administrative support and back office services to Funderstone Group which are situated in places including the Mainland where there may not be in place data protection laws which are substantially similar to, or serve the same purposes as, the Ordinance. This means the Data Subject's personal data may not be protected to the same or similar level in Hong Kong.
11. If the Data Subjects do not consent to Funderstone Group for them to transfer the data outside Hong Kong, Funderstone Group or the User may be unable to provide services to the Data Subjects or to maintain business relationship with the Data Subjects.
12. If the Data Subjects do not wish Funderstone Group to use or provide to other persons their data for use out of Hong Kong or the Data Subjects wish to withdraw their consent previously given, please inform Funderstone Group of such decision by sending written notice to the address stated in Clause 24. Funderstone Group shall then, without charge to the Data Subject, ensure that the Data Subject's personal data will not be transferred outside of Hong Kong. The withdraw notice shall take effect upon the expiry of three (3) Business Days from the date of Funderstone Group's actual receipt for such notice.

IV. Use of Personal Data in Direct Marketing

13. Funderstone Group will not use data collected from the Data Subject for direct marketing unless permitted by the Ordinance or Funderstone Group has received the Data Subject's express written consent (which includes an indication of no objection).
14. With the Data Subject's consent, Funderstone Group may:
 - (a) use the Data Subject's name, contact details, products and services portfolio information, transaction pattern and behaviour, financial background and demographic data held by Funderstone Group from time to time for direct marketing;
 - (b) conduct direct marketing in relation to dealing, securities brokerage, nominee, investment advisory, custody, asset management and/or other financial services and products that Funderstone Group, Funderstone Group's associated or related companies, and Funderstone Group's business partner(s) may offer;
 - (c) where applicable, conduct direct marketing in relation to reward, loyalty or privileges programmes and related services and products provided by Funderstone Group from time to time, and services and products offered by Funderstone Group's co-branding partners and entities with whom Funderstone Group provides affinity/co-branded services or products to the Data Subjects;
 - (d) the above products and services may be provided by Funderstone Group, and/or:
 - (i) any of Funderstone Group's associated or related companies;
 - (ii) third party financial institutions;
 - (iii) securities and investment services providers and external service providers;
 - (iv) the business partner(s) of Funderstone Group and/or its associated or related companies providing the products and services set out in sub-paragraph (b) above;
 - (e) in addition to marketing the above products and services, Funderstone Group also intends to provide the data described in sub-paragraph (a) above to all or any of the persons described in sub-paragraph (c) above for use by them in marketing those products and services, and Funderstone Group requires the Data Subject's written consent (which includes an indication of no objection) for that purpose.
15. If the Data Subjects do not wish Funderstone Group to use or provide to other persons their data for use in direct marketing as described above or the Data Subjects wish to withdraw their consent

previously given, please inform Funderstone Group of such decision by sending written notice to the address stated in Clause 24. Funderstone Group shall then, without charge to the Data Subjects, ensure that the Data Subjects are not included in future direct marketing activities. The withdraw notice shall take effect upon the expiry of three (3) Business Days from the date of Funderstone Group's actual receipt for such notice.

V. AEOI & FATCA

16. To the extent applicable, under AEOI and FATCA, Funderstone Group may be required to identify account holders and controlling persons of certain entity account holders who are reportable foreign tax residents and report their data (including but not limited to their name, address, jurisdiction(s) of tax residence, tax identification number in that jurisdiction(s), and account balance and income information) to the local tax authority where the financial institution operates or directly to the U.S. Internal Revenue Service. The local tax authority will provide this information to the tax authority of the reportable foreign tax resident's country of tax residence on a regular, annual basis. Without limiting the generality of this Schedule 3, Funderstone Group may transmit Data Subjects' data to the Hong Kong Inland Revenue Department or any other relevant domestic or foreign tax authority for transfer to the tax authority of another jurisdiction. Funderstone Group may transmit Data Subjects' data to the U.S. Internal Revenue Service.

VI. Access and Correction of Personal Data

17. To the extent applicable, under and in accordance with the terms of the Ordinance (and the Code of Practice on Consumer Credit Data issued by the Office of the Privacy Commissioner for Personal Data of Hong Kong (the "**Code of Practice on Consumer Credit Data**"), if applicable), any Data Subject:-
- (a) has the right to check whether Funderstone Group holds data about him/her and the right of access to such data;
 - (b) has the right to require Funderstone Group to correct any data relating to him/her which is inaccurate;
 - (c) has the right to ascertain Funderstone Group's policies and practices in relation to data and to be informed of the kind of data held by Funderstone Group;
 - (d) has the right to request Funderstone Group to cease using the data for direct marketing purposes or transferring the data to other persons for such purposes and to notify any persons to whom Funderstone Group has transferred such data to cease any such use;
 - (e) in relation to consumer credit data (if applicable),
 - (i) to be informed, upon request, which items of data are routinely disclosed to credit reference agencies or debt collection agencies;
 - (ii) provided with further information to enable the making of an access and correction request to the relevant credit reference agency or debt collection agency; and
 - (iii) upon termination of his/her account by full repayment and on condition that there has not been, within five (5) years immediately before account termination, any material default on his/her account, to instruct Funderstone Group to make a request to the credit reference agency to delete from its database any account data relating to his/her terminated account.
 - (f) For the purpose of Clause 5(e) above, Funderstone Group may from time to time access and obtain consumer credit data of the data subject from a credit reference agency for reviewing any of the following matters in relation to the credit facilities granted:
 - (i) an increase in the credit amount;
 - (ii) the curtailing of credit (including the termination of credit or a decrease in the facility amount); or
 - (iii) the putting in place or the implementation of a scheme of arrangement with the Data Subjects.

18. When Funderstone Group accesses consumer credit data about a Data Subject held with a credit reference agency, it must comply with the Code of Practice on Consumer Credit Data approved and issued under the Ordinance and other relevant regulatory requirements.
19. In the event of any default of payment relating to an account, unless the amount in default is fully repaid or written off (other than due to a bankruptcy order) before the expiry of sixty (60) days from the date such default occurred, the account repayment data may be retained by the credit reference agency until expiry of five (5) years from the date of final settlement of the amount in default. Account repayment data includes amount last due, amount of payment made during the last reporting period (being a period not exceeding thirty-one (31) days immediately preceding the last contribution of account data by Funderstone Group to a credit reference agency), remaining available credit or outstanding balance, and default data (being amount past due and number of days past due, date of settlement of amount past due, and date of final settlement of amount in default lasting in excess of sixty (60) days (if any)).
20. In the event any amount in an account is written off due to a bankruptcy order being made against the data subject, the account repayment data (as referred in Clause 19 above) may be retained by the credit reference agency, regardless of whether the account repayment data (as referred in Clause 19 above) reveal any default of payment lasting in excess of sixty (60) days, until expiry of five (5) years from the date of final settlement of the amount in default or expiry of five (5) years from the date of discharge from bankruptcy as notified by the data subject with evidence to the credit reference agency, whichever is earlier.
21. Funderstone Group may obtain a credit report on or access the database of the data subject from a credit reference agency in considering any application for credit or conducting credit reviews from time to time. In the event the data subject wishes to access the credit report, Funderstone Group will advise the contact details of the relevant credit reference agency.
22. Data of a data subject may be processed, kept, transferred or disclosed in and to any country as Funderstone Group or any User who has obtained such data from Funderstone Group considers appropriate. Such data may also be processed, kept, transferred or disclosed in accordance with the local practices and laws, rules and regulations (including any governmental acts and orders) in such country.
23. In accordance with the terms of the Ordinance, Funderstone Group has the right to charge a reasonable fee for the processing of any data access or correction request.
24. The person to whom requests for access to data or correction of data or for information regarding policies and practices and kinds of data held are to be sent is as follows:-

Data Protection Officer
Room 1802, Capital Centre,
No. 151 Gloucester Road,
Wanchai, Hong Kong
Tel No. (852) 2533-7351
Fax No. (852) 2533-7363
25. Funderstone Group shall not be liable to the Data Subjects if any information supplied by the Data Subjects or on their behalf is incorrect or inaccurate.
26. Data Subjects acknowledge that telephone calls with Funderstone Group's staff may be recorded and used as evidence by Funderstone Group without further notice.

VII. Stock Connect Northbound Trading Service

27. The Client acknowledges and agrees that when Funderstone Group is providing Stock Connect Northbound Trading Service to the Client, Funderstone Group will be required to:
 - (a) tag each of the Client's orders submitted to the China Stock Connect System ("CSC") with a

- Broker-to-Client Assigned Number ("**BCAN**") that is unique to the Client or the BCAN that is assigned to the joint account of the Client with Funderstone Group, as appropriate; and
- (b) provide to the Stock Exchange of Hong Kong Limited ("**SEHK**") the Client's assigned BCAN and such identification information ("**Client Identification Data**" or "**CID**") relating to the Client as the SEHK may request from time to time under the Rules of SEHK.
28. Without limitation to any notification Funderstone Group has given to the Data Subjects or consent Funderstone Group has obtained from the Data Subjects in respect of the processing of their personal data in connection with the Accounts and the services provided by Funderstone Group to the Data Subjects, the Data Subjects acknowledge and agree that Funderstone Group may collect, store, use, disclose and transfer any personal data of the Data Subjects as required as part of the Stock Connect Northbound Trading Service, including as follows:
- (a) to disclose and transfer the Client's BCAN and CID to the SEHK and the relevant subsidiaries of SEHK from time to time, including by indicating the Client's BCAN when inputting a China Connect Order into the CSC, which will be further routed to the relevant China Connect Market Operator on a real-time basis;
- (b) to allow each of the SEHK and the relevant subsidiaries of the SEHK to: (i) collect, use and store the Client's BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via Hong Kong Exchanges and Clearing Limited ("**HKEx**") for market surveillance and monitoring purposes and enforcement of the SEHK Rules; (ii) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in (c) and (d) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
- (c) to allow the relevant China Connect Clearing House to: (i) collect, use and store the Client's BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, the SEHK and the relevant subsidiaries of the SEHK; (ii) use the Client's BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and
- (d) to allow the relevant China Connect Market Operator to: (i) collect, use and store the Client's BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets.
29. By instructing Funderstone Group in respect of any transaction relating to China Connect securities, the Data Subjects acknowledge and agree that Funderstone Group may use their personal data for the purpose of complying with the requirements of the SEHK and its rules as in force from time to time in connection with the Stock Connect Northbound Trading. The Data Subjects also acknowledge that despite any subsequent purported withdrawal of consent by them, their personal data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.
30. Failure to provide Funderstone Group with the personal data or consent as described above may mean that Funderstone Group will not, or no longer able, as the case may be, to carry out the Client's trading instructions or provide the Data Subjects with the Stock Connect Northbound Trading Service.

VIII. Hong Kong Investor Identification Regime (HKIDR) and Over-the-counter Securities Transactions Reporting Regime (OTCR)

31. Client acknowledge and agree that Funderstone Group may collect, store, process, use, disclose and transfer personal data relating to client (including “Client Identification Data”(CID) (means information of identity document of a natural person or information of certificate of incorporation or other equivalent identity document of a corporation) and “Broker-to-Client Assigned Number(s)” (BCAN) (a number assigned by Funderstone Group to each of the clients)) as required for Funderstone Group to provide services to client in relation to securities listed or traded on the Stock Exchange of Hong Kong (SEHK) and for complying with the rules and requirements of SEHK and the Securities and Futures Commission (SFC) in effect from time to time. Without limiting the foregoing, this includes:
- (a) disclosing and transferring client’s personal data (including CID and BCAN(s)) to SEHK and/or the SFC in accordance with the rules and requirements of SEHK and the SFC in effect from time to time;
 - (b) allowing SEHK to: (i) collect, store, process and use client’s personal data (including CID and BCAN(s)) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange of SEHK; and (ii) disclose and transfer such information to the relevant regulators and law enforcement agencies in Hong Kong (including, but not limited to, the SFC) so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets; and (iii) use such information for conducting analysis for the purposes of market oversight; and
 - (c) allowing the SFC to: (i) collect, store, process and use client’s personal data (including CID and BCAN(s)) for the performance of its statutory functions including monitoring, surveillance and enforcement functions with respect to the Hong Kong financial markets; and (ii) disclose and transfer such information to relevant regulators and law enforcement agencies in Hong Kong in accordance with applicable laws or regulatory requirements.

Client also agree that despite any subsequent purported withdrawal of consent by client, client’s personal data may continue to be stored, processed, used, disclosed or transferred for the above purposes after such purported withdrawal of consent. Failure to provide Funderstone Group with client’s personal data or consent as described above may mean that Funderstone Group will not, or will no longer be able to, as the case may be, carry out client’s trading instructions or provide client with securities related services (other than to sell, transfer out or withdraw client’s existing holdings of securities, if any).

IX. Miscellaneous

32. Funderstone Group reserves the right, at any time and without prior notice, to add to, change, update or modify this Schedule 3, simply by notifying the Data Subjects of such change, update or modification. If Funderstone Group decides to amend or supplement this Schedule 3, those changes will be notified to the Data Subjects either on Funderstone Website or in writing so that the Data Subject(s) is/are aware of the change, update or modification. Any such change, update or modification will be effective immediately upon posting.
33. Nothing in this Schedule 3 shall limit the Data Subjects’ rights under the Ordinance.

SCHEDULE 4 – INTERNATIONAL TAXATION REQUIREMENTS

The following terms and conditions form part of the terms and conditions for Trading Account of Funderstone Group (“**Trading Account Terms**”) and are additional and supplemental to Section I of the Trading Account Terms. Where any conflict or inconsistency arises between any provision of Schedule 4 and any provision of the terms and conditions governing the Account, Funderstone Group has absolute discretion to determine which terms and conditions shall prevail.

1. **Definitions**

1.1 In Schedule 4, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Section I, Section II, Section III, Section IV and Section VII. In addition, the following definitions shall apply:

"Confidential Information" means any information that a reasonable person would consider being of a confidential or proprietary nature, including details of the Account(s), Client's personal data, financial information and transactional information;

"Inland Revenue Ordinance" means the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) as amended or supplemented from time to time;

"Transaction" means (a) "Transaction" as defined in Section I; (b) "Stock Options Trading" as defined in Section IV; and/or (c) "Transaction" as defined in Section VII ; and

"Services" includes (a) dealing in Transaction; (b) the opening, maintaining and closing of any Account; (c) the management and operation of any Account; and (d) maintaining the overall relationship between Funderstone Group and the Client.

1.2 In Schedule 4: -

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) reference to a Clause is to a clause of Schedule 4 and reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to Funderstone Group means the Account Opening Form as amended by such notice;
- (c) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (d) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (e) the headings to the Clauses of Schedule 4 are for convenience only and do not affect their interpretation or construction; and
- (f) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of the Agreement or suspension of any Account, such provision shall survive such termination or suspension.

1.3 Where it is necessary for the true construction or interpretation of any provision of the Agreement, all references to “**Applicable Laws and Regulations**” in Section I shall be construed as references to include all obligations, requirements or arrangements that are binding on, applicable to, and/or expected to be complied with by, Funderstone Group according to:

- (a) any present or future statute, law, regulation, rule, official directive, order, request, decree, code of practice, guideline or guidance (whether or not having the force of law) of any legal, regulatory, governmental, tax, law enforcement or other body, agency, department or

- authority, or self-regulatory or industry body or association of financial services providers, in each case whether within or outside Hong Kong;
- (b) any present or future contractual or other commitment with local or foreign legal, regulatory, governmental, tax, law enforcement or other body, agency, department or authority, or self-regulatory or industry body or association of financial services providers that is assumed by or imposed on Funderstone Group by reason of its financial, commercial, business or other interests or activities in or related to the jurisdiction of the relevant local or foreign legal, regulatory, governmental, tax, law enforcement or other body, agency, department or authority, or self-regulatory or industry body or association.

For the avoidance of doubt, this definition includes any obligations, requirements or arrangements that are binding on, applicable to and/or expected to be complied with by Funderstone Group pursuant to (1) FATCA, and (2) the Inland Revenue Ordinance and its provisions including those concerning automatic exchange of financial account information.

2. Provision and Disclosure of Information

- 2.1 Without limiting the generality of Schedule 3, the Client consents to the collection, storage, processing and disclosure of any Confidential Information by Funderstone Group and its agents (whether in Hong Kong or elsewhere) to persons from whom Funderstone Group and its agents (whether in Hong Kong or elsewhere) receive or make payments on behalf of the Client and to Authority (including tax authorities), both domestic and foreign, as required by the Applicable Laws and Regulations. Funderstone Group may also have to report information about the Client's direct and indirect shareholders or other owners or interest holders and, if the Client is a trust, the beneficiaries, settlors or trustees of the trust. The Client's consent shall be effective notwithstanding any applicable non-disclosure agreement. The Client represents that it has secured from any third party any consents and waivers necessary to permit Funderstone Group and its agents to carry out the actions described in this Clause 2.1 of Schedule 4, and that the Client will secure such consents and waivers in advance of providing similar information to Funderstone Group in the future.
- 2.2 The Client further acknowledges that Funderstone Group may not notify the Client such disclosure pursuant to Clause 2.1 of Schedule 4 as required by the Applicable Laws and Regulations and agrees that the Client will not require Funderstone Group to make such notification to the Client before or after the disclosure of the information.
- 2.3 The Client consents to provide all documentation and/or information, including date of birth, countries of citizenship, countries of tax residency and associated taxpayer identification numbers, that may be required by Funderstone Group from time to time to enable Funderstone Group and/or its agents (whether in Hong Kong or elsewhere) to document the Client in accordance with Applicable Laws and Regulations.
- 2.4 The Client shall ensure that all information provided to Funderstone Group shall always be true, complete, accurate and not misleading and shall notify Funderstone Group in writing within thirty (30) days of any change (a) that affects the Client's tax status pursuant to the Applicable Laws and Regulations; and/or (b) to the documentation or information provided to Funderstone Group under Clause 2.3 of Schedule 4. The Client acknowledges that additional documentation or other information may be required in order to process any such change and consents to provide all required documentation or other information when Funderstone Group requests the same.
- 2.5 If some of the Client's income is reportable under Applicable Laws and Regulations and some is not, Funderstone Group and/or its agents (whether in Hong Kong or elsewhere), where appropriate, will report all income of the Client unless Funderstone Group can reasonably determine the reportable amount.

3. Representation and Warranty

The Client represents and warrants that it has provided to Funderstone Group all documentation and/or information as Funderstone Group may require for compliance by Funderstone Group with any Applicable Laws and Regulations, and the Client undertakes and consents to provide (if not already

provided so) all documentation or other information so required by Funderstone Group within seven (7) days of a request from Funderstone Group in writing or otherwise.

4. Closure/Suspension of Account and Termination of Services

Unless otherwise provided herein, Funderstone Group may at any time and without giving any reason therefor:

- (a) unwind all the open positions of Transaction(s);
- (b) close any Account;
- (c) terminate, withdraw or revoke any Services, in whole or in part; or
- (d) block or suspend any Account (and later remove the block or suspension) or withhold any assets in any Account,

in each case for such duration as Funderstone Group deems fit. To the extent practicable and permitted by Applicable Laws and Regulations, Funderstone Group will give reasonable prior notice to the Client (normally not less than fourteen (14) days in advance). Notwithstanding the foregoing, under exceptional circumstances, no prior notice to the Client is required. Such exceptional circumstances may include, where any Account or Services is being used for criminal activities or is not maintained in a manner satisfactory to Funderstone Group or if Funderstone Group is required by Applicable Laws and Regulations to do so, or if Funderstone Group needs to comply with internal policies (which will be notified to the Client in advance) or with any applicable order or sanction of an Authority in Hong Kong or in Foreign Jurisdiction. The Client shall not hold Funderstone Group responsible for any loss or damage suffered thereby.

5. Withholding

The Client hereby authorises Funderstone Group and its agents (whether in Hong Kong or elsewhere), where appropriate, to withhold or otherwise collect from any payment or any part of or all assets in any Account (in cash or other forms), any required Taxes or other government assessment, including any requirement to withhold or deduct an amount under the Applicable Laws and Regulations.

6. Failure to Comply

The Client acknowledges that any failure on the part of the Client to provide accurate and timely information pursuant to requirements and requests by Funderstone Group may result in Funderstone Group having to deem the Client recalcitrant and/or reportable and take all necessary action against the Client in order for Funderstone Group to be compliant with requirements under the Applicable Laws and Regulations including the reporting obligation as provided under Clause 2.1 of Schedule 4.

7. Liability and Legal Action

- 7.1 To the greatest extent permitted by the Applicable Laws and Regulations, Funderstone Group and its agents (whether in Hong Kong or elsewhere) will not be liable to the Client for any losses, costs, expenses, damages, liabilities the Client may suffer as a result of complying with the Applicable Laws and Regulations in accordance with Clause 2.1 of Schedule 4, or if Funderstone Group and its agents (whether in Hong Kong or elsewhere) make an incorrect determination as to whether or not the Client should be treated as being subject to Taxes or tax reporting obligations where the incorrect determination results from the reliance on incorrect or incomplete information provided by the Client or any third party, unless that loss is caused by the gross negligence, wilful default or fraud of Funderstone Group.
- 7.2 Funderstone Group may take (or refrain from taking) any action which Funderstone Group may, in its sole opinion, consider appropriate to meet any obligations, either in Hong Kong or elsewhere, relating to the prevention of tax evasion. This may include, but is not limited to, investigating and intercepting payments into and out of any Account (particularly in the case of international transfer of funds), investigating the source of or intended recipient of funds, sharing information and documents with domestic and international tax authorities and withholding income from the Account and transferring it

to such tax authorities. If Funderstone Group is not satisfied that a payment in or out of any Account is lawful, Funderstone Group may refuse to deal with it.

8. **Miscellaneous Provisions**

The Client agrees and acknowledges that Funderstone Group is entitled to take all action which Funderstone Group may in its sole opinion consider necessary to be and remain compliant with all Applicable Laws and Regulations.
