

AGREEMENT FOR SECURITIES MARGIN TRADING

Client Account Number: _____

THIS AGREEMENT is made the _____ day of _____ 20_____

BETWEEN

- (A) **INNOVATION SECURITIES CO., LIMITED** whose registered office is at Unit 2601, 26/F, FWD Financial Centre, 308 Des Voeux Road Central, Hong Kong (hereinafter referred to as “**INNS**”); and
- (B) the undersigned client(s) whose name(s) and identification number are as appeared on the signatory page of this agreement (hereinafter referred to as the “**Client**”).

WHEREAS

- (1) This Agreement shall be read in conjunction with and as a supplement to the Client Agreement for Securities Trading entered into by the Client and INNS on the _____ day of _____ 20____ (“**Client Agreement for Securities Trading**”). Where any conflict arises between the provisions of the Client Agreement for Securities Trading and this Agreement, the provisions of this Agreement shall prevail.
- (2) When INNS provides the Client with credit facilities (“**Margin Facility**”) in respect of transactions in Securities effected by INNS on behalf of the Client, the account which INNS establishes with the Client to record such transactions is said to be a margin securities trading account (“**Margin Account**”).
- (3) The Client is desirous of opening one or more Margin Accounts with INNS for the purpose of trading in Securities.
- (4) INNS agrees to open and maintain such Margin Account(s) and acts as an agent for the Client in the purchases and sales of Securities subject to the terms and conditions of this Agreement.

1. DEFINITIONS

- 1.1 Terms defined in this Agreement have the same meanings as in the Client Agreement for Securities Trading unless stated otherwise.
- 1.2 Reference to “**Account**” in the Client Agreement for Securities Trading is deemed to include the Margin Account as established pursuant to this Agreement.
- 1.3 “**Collateral**” means all monies and securities of the Client which are now or shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by INNS or other member of Innovation Securities, or nominees, or transferred to or held by any other person in circumstances where INNS accepts the same as security for the Client’s obligations under this Agreement. The Collateral shall include those monies and securities that shall come into the possession, custody or control of INNS from time to time for any purpose whatsoever (which shall include any additional or substituted Securities and all dividends or interest paid or payable, rights, interest, monies or property accruing at any time by way of redemption, bonus, preference, options or otherwise on or in respect of any such Securities or additional or substituted Securities).
- 1.4 “**Credit Limit**” is the maximum amount of the Margin Facility that INNS will grant to the Client irrespective of the amount of the Client’s collateral and Margin Ratio.
- 1.5 “**Margin Ratio**” is the percentage of the value of the Collateral up to which the Client is permitted to borrow (or

otherwise to secure other forms of financial accommodation) from INNS against the Collateral.

2. MARGIN FACILITY

- 2.1 The Margin Facility is granted to the Client in accordance with the provisions set out in this Agreement, the Client Agreement for Securities Trading and any margin offer letter from INNS to the Client (collectively referred as “**Margin Facility Terms**”). The Client agrees to use the Margin Facility only in connection with the acquisition or holding of securities by INNS for the Client.
- 2.2 Subject to Clause 2.4 below, INNS may grant the Client a Margin Facility of such amount up to the Credit Limit as may be notified to the Client from time to time. The Credit Limit available to the Client and the Margin Ratio may be varied at discretion of INNS without notice to the Client. Notwithstanding the Credit Limit as notified to the Client, INNS may at its discretion extend the Margin Facility to the Client in excess of the Credit Limit and the Client agrees that the Client shall be liable to repay the full amount of any Margin Facility given by INNS on demand.
- 2.3 INNS is authorised by the Client to draw on the Margin Facility to settle any amounts due to INNS in respect of the Client’s purchase of securities, margin maintenance obligations for any positions required by INNS or payment of any commission or other costs and expenses owing to INNS including costs and any expenses that may be incurred in connection with the realisation of any Collateral.
- 2.4 INNS will not at any time be obliged to provide any Margin Facility to the Client. In particular, the Client understands that INNS will be under no obligation to provide or continue to provide any Margin Facility if any of the following circumstances arises:-
- (a) the Client is in default of any provision of the Margin Margin Facility Terms; or
 - (b) in the opinion of INNS 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 Client’s ability to discharge his/her liabilities or perform his/her obligations under the Margin Facility Terms; or
 - (c) making an advance would cause the applicable Credit Limit to be exceeded; or
 - (d) INNS in its absolute discretion considers it prudent or desirable for its protection not to do so.
- 2.5 For so long as there exists any indebtedness to INNS on the part of the Client, INNS shall be entitled at any time and from time to time to refuse any withdrawal of any or all of the Collateral and the Client shall not without the prior written consent of INNS be entitled to withdraw any Collateral in part or in whole from the Client’s Account. All amounts (less brokerage and other proper charges) received by INNS for or on account of the Client from the sale of Securities shall firstly be paid to the credit of the Margin Account towards the repayment of any amount outstanding under the Margin Facilities.
- 2.6 The Client shall on demand from INNS make payments or deposits of margin in monies, securities and/or other assets in such amount and in such form into a designated account and within such time as specified by INNS (referred to as a “Margin Call”), as INNS in its absolute discretion determines necessary to provide adequate security in respect of the Margin Facility. Payment of Margin Calls must be effected in cleared funds or deposit of Securities and/or other assets which the Client has good and free unencumbered titles. Unless the Margin Call is fully satisfied within the time specified, INNS shall have no obligation to effect or respond to the Client’s Instruction for the buy or sell of Securities on margin.
- 2.7 For the purpose of a Margin Call, INNS shall use its best endeavor to contact the Client promptly by phone and/or

by sending to the Client a Margin Call notice by post, fax, SMS, email or otherwise. The Client agrees that he/it shall be deemed to have been properly notified of the Margin Call even if INNS fails to contact him/it by phone or the Client fails to receive the written notice.

2.8 Any failure by the Client to comply with Clause 2.6 of this Agreement will constitute an “event of default” under Clause 13.10 of the Client Agreement for Securities Trading.

2.9 The Client agrees to pay interest on a daily basis on the amount of the Margin Facility granted to the Client. The interest rate shall be at a percentage above INNS’s cost of funds which will vary according to the prevailing money market situation and as notified to the Client by INNS from time to time. Such interest charges may be deducted by INNS from the Margin Account or any other account of the Client with INNS or other member of Innovation Securities.

3. FIXED CHARGE

3.1 The Client, as beneficial owner, charges in favour of INNS by way of first fixed charge all the Client’s respective rights, title, benefits and interests in and to all Collateral as a continuing security (“**Charge**”) for the payment and satisfaction of all monies and liabilities under the Margin Facility Terms which are now or at any time hereafter may be due or owed to INNS together with interest.

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

3.3 The Client represents and warrants that:

- (a) the Collateral is legally and beneficially owned by the Client;
- (b) the Client is entitled to deposit the Collateral with INNS; and
- (c) the Collateral is and will remain free from any lien, charge or encumbrance of any kind, and any stocks, shares and other securities comprised in the Collateral are fully paid up.

3.4 Upon irrevocable payment in full of all sums which may be or become payable under this Agreement and the full performance of the Client’s obligations under the Margin Facility Terms, INNS will at the Client’s request and expense release to the Client all the rights, title and interests of INNS in the Collateral and will give such instructions and directions as the Client may require in order to perfect such release.

3.5 Until the Charge becomes enforceable,

- (a) INNS will have the right, subject only to giving the Client notice, to exercise rights relating to the Collateral to protect the value of the Collateral; and
- (b) except as otherwise provided in this Agreement, the Client may direct the exercise of other rights attaching to, or connected with, the Collateral, but not in any manner which is inconsistent with the Client’s obligations under the Margin Facility Terms, or which in any way may prejudice INNS’s rights in relation to the Collateral.

4. POWER OF ATTORNEY

The Client by way of security irrevocably appoints INNS to be the Client’s attorney on the Client’s behalf and in the Client’s name to do all acts and things and to sign, seal, execute, deliver, perfect and do all deeds, instruments,

documents, acts and things which may be required for carrying out any obligation imposed on the Client by or pursuant to the Margin Facility Terms and generally for enabling INNS to exercise the respective rights and powers conferred on it by or pursuant to the Margin Facility Terms or by law including (but without limitation);

- (a) to execute any transfer or assurance in respect of any of the Collateral;
- (b) to perfect its title to any of the Collateral;
- (c) to ask, require, demand, receive, compound and give a good discharge for any all monies and claims for monies due or to become due under or arising out of any of the Collateral;
- (d) to give valid receipts and discharges and to endorse any cheques or other instruments or orders in connection with any of the Collateral; and
- (e) generally to file any claims or take any lawful action or institute any proceedings which it considers to be necessary or advisable to protect the security created under the Margin Facility Terms.

5. DEFAULTS

5.1 The Client agrees that INNS may dispose of any Collateral (in whole or in part) without notice to the Client if the Client:

- (a) fails to maintain the Margin Ratio upon Margin Call; or
- (b) fails to repay or discharge the Margin Facility upon demand; or
- (c) fails to settle a transaction in securities against which Margin Facility has been provided, or
- (d) has indebtedness owed to INNS for dealing in securities which remains outstanding after INNS has disposed of all the securities purchased under the Margin Facility.

5.2 The Client agrees that in the event of any sale pursuant to the Margin Facility Terms, any Collateral will be sold or disposed of in the absolute discretion of INNS. Upon any sale by INNS, a declaration made by an officer of INNS that the power of sale has become exercisable shall be conclusive evidence of the fact in favour of any purchaser or other person deriving title to any of the Collateral under the sale and no person dealing with INNS shall be concerned to inquire into the circumstances of the sale.

5.3 In the event the net proceeds of sale shall be insufficient to cover the whole of the Client's liabilities under the Margin Facility Terms, the Client undertakes to pay to INNS on demand any balance that may then be due.

5.4 The Client shall from time to time upon the request of INNS promptly and duly execute and deliver any and all such further instructions and documents as INNS may deem necessary or desirable for the purpose of obtaining the full benefit of the Margin Facility Terms and of the rights and powers granted under the same.

6. TERMINATION MARGIN FACILITY

6.1 The Margin Facility is repayable on demand and may be varied or terminated in the absolute discretion of INNS. In particular the Margin Facility will be terminated upon the occurrence of any one or more of the following events:

- (a) the withdrawal or non-renewal of the Client's authorization to INNS as required by Section 7(2) of Securities & Futures (Client Securities) Rules (Cap.571H); or
- (b) any termination in accordance with Clause 13.11 of the Client Agreement for Securities Trading, and any notice of termination for that purpose shall be deemed to be a notice of termination of the Margin Facility.

6.2 Upon termination of the Margin Facility, any outstanding indebtedness by the Client shall forthwith be repaid to

INNS.

6.3 Repayment of all or any of the loan amounts owed to INNS will not of itself constitute cancellation or Termination of the Margin Facility Terms.

7. SECURITY UNAFFECTED

Without Prejudice to the generality of the foregoing, neither the Charge nor the amounts thereby secured will be affected in any way by:

- (a) any other security guarantee or indemnity now or hereafter held by INNS under or in respect of the Margin Facility Terms or any other liabilities;
- (b) any other variation or amendment to or waiver or release of any security, guarantee or indemnity or other document (including, except to the extent of the relevant variation, amendment, waiver or release, the Charge);
- (c) the enforcement or absence of enforcement or release by INNS of any security ,guarantee or indemnity or other document(including the Charge);
- (d) any time, indulgence, waiver or consent given to the Client or any other person whether by INNS ;
- (e) the making or absence of any demand for payment of any sum payable under the Margin Facility Terms made on the Client whether by INNS or any other person;
- (f) the insolvency, bankruptcy, death or insanity of the Client;
- (g) any amalgamation, merger or reconstruction that may be effected by INNS with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of INNS to any other person;
- (h) the existence of any claim, set-off or other right which the Client may have at any time against INNS or any other person;
- (i) any arrangement or compromise entered into by INNS with Client or any other person;
- (j) the illegality, invalidity or unenforceability of, or any defect in, any provision of any document relating to the Margin Facility or any security, guarantee or indemnity (including the Charge) or any of the rights or obligations of any of the parties under or in connection with any such document or any security, guarantee or indemnity (including the Charge), whether on the ground of ultra vires, not being in the interests of the relevant person or not having been duly authorized, executed or delivered by any person or for any other reason whatsoever;
- (k) any agreement, security, guarantee, indemnity, payment or other transaction which is capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by the Client on the faith of any such agreement, security, guarantee, indemnity, payment or other transaction, and any such release, settlement or discharge shall be deemed to be limited accordingly; or any other thing done or omitted or neglected to be done by INNS or any other person or any other dealing fact, matter or thing which, but for this provision, might operate to prejudice or affect the Client's liabilities under the Margin Facility Terms.

8. RISK DINNSOSURE STATEMENTS

8.1 Risk of margin trading

The risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of the Collateral. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. The Client may be called upon on short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time,

the Client's Collateral may be liquidated without the Client's consent. Moreover, the Client will remain liable for any resulting deficit in the Margin Account and interest charged thereon. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of the Client's own financial position and investment objectives.

8.2 Risk of providing an authority to re-pledge securities collateral etc.

There is risk if Client provides INNS with an authority that allows it to apply Client's securities or securities collateral pursuant to a securities borrowing and lending agreement, re-pledge his/her securities collateral for financial accommodation or deposit his/her securities collateral as collateral for the discharge and satisfaction of his/her settlement obligations and liabilities.

If Client's securities or securities collateral are received or held by him/her in Hong Kong, the above arrangement is allowed only if the Client gives consent in writing. Moreover, unless the Client is a professional investor, his/her authority must specify the period for which it is current and be limited to no more than 12 months. If the Client is a professional investor, these restrictions do not apply.

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

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

If the Client signs one of these authorities and his/her securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on Client's securities collateral. Although INNS is responsible to the 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 INNS. If the Client does not require margin facilities or do not wish his/her securities or securities collateral to be lent or pledged, the Client should not sign the above authorities and should ask to open this type of cash account.

8.3 The Client should refer to Clause 14 Risk Disclosure Statements of the Client Agreement for Securities Trading for other risks.

9. AUTHORIZATION UNDER SECTION 7(2) OF THE SECURITIES AND FUTURES (CLIENTS SECURITIES) RULES (CAP. 571H)

Without prejudice to any other right or remedy available to INNS, the Client hereby authorizes INNS to:-

- (a) apply any of Client's securities or securities collateral in the Margin Account pursuant to a securities borrowing and lending agreement;
- (b) deposit any of securities collateral in the Margin Account with an authorized financial institution as collateral for financial accommodation provided to INNS; or
- (c) deposit any of securities collateral in the Margin Account with (i) a recognized clearing house; or (ii) another intermediary or registered for dealing in securities as collateral for the discharge and satisfaction of INNS's settlement obligations and liabilities.

INNS may do any of the above acts without giving notice to the Client. This authorization is valid for a period of 12 months only, effective from the date of signing this Agreement. However, the Client has the right to revoke this authorization by giving INNS not less than five (5) business days' prior written notice provided that the Client has no outstanding debts owed to INNS or any of its associated entities at that time. Such standing authorization which is not revoked prior to its expiry may be renewed or shall be deemed to have been renewed for further 12 months upon the same terms and conditions as specified above in accordance with the relevant rules under the SFO.

10. DECLARATION FOR GROUP RELATED MARGIN ACCOUNTS

The Client hereby declares that the following information given in this declaration is true, accurate and complete:-

- (a) the Client's spouse is not a margin client of INNS;
- (b) the Client, whether alone or with his/her spouse, is not in control of 35% or more of the voting rights of any margin client of INNS; or
- (c) no company belonging to a group of companies, of which the Client is a member, is a margin client of INNS.

11. Solicit or Recommend any Financial product

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

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

客戶聲明DECLARATION BY CLIENT

I/We have carefully read and understood the contents of this Agreement for Securities Margin Trading (please copy the Client Account Number from the front page of this Agreement here _____). I/We expressly agree and consent, as evidence by my/our signature(s) below, to each and all the terms and provisions contained in this agreement. I/We also acknowledge that I/We have been invited to ask questions about the relevant laws and regulations, commission and fees schedules as well as the Risk Disclosure Statement in Clause 8 of this Agreement for Securities Margin Trading. I/We have satisfied with the explanations and clarifications provided to me/us. I/We hereby declare that I/we am/are willing and capable of fulfilling the duties and obligations as specified in this Agreement. 本人/吾等已仔細審閱並理解此保證金帳戶客戶協議書(請轉抄自本保證金帳戶客戶協議書首頁的帳戶號碼於此_____)的全部內容。本人/吾等的以下簽名表明客戶完全同意和接受此保證金帳戶客戶協議書的全部條款和細節，本人/吾等並在此聲明，本人/吾等接受鼎新證券的提醒，可以詢問有關證券買賣的相關法律法規、佣金費用和此協議第8 條中有關風險披露聲明等問題。本人/吾等充分理解鼎新證券對相關問題的解釋和說明，本人/吾等有能力和願意履行承擔此協議書規定的權利和義務。

<p>個人客戶簽名Signature by Individual Client(s)</p> <p>_____</p> <p>客戶簽署Client Signature</p> <p>客戶姓名(請書寫): Client Name (Print _____)</p> <p>證件號碼: Identity Card No. _____</p> <p>日期: Date: _____</p>	<p>公司客戶簽名Signature by Corporate Client</p> <p>_____</p> <p>公司印章及授權簽名Authorized Signature(s) with company chop</p> <p>授權簽署人姓名Name of Authorized signature(s):</p> <p>(1) _____</p> <p>(2) _____</p> <p>日期: Date: _____</p>
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<p>SIGNED by Witness 見證人簽署</p> <p>I, the undersigned, have witnessed the signature and inspected the original identity documents of the above named client. 本人已見證及驗證上述客戶之簽署及有關其身分證明文件正本。</p> <p>_____</p> <p>見證人簽署:Signature of Witness</p> <p>_____</p> <p>見證人姓名(請以正楷書寫)Name of Witness (Print)</p> <p>_____</p> <p>見證人職位Witness' Qualification</p> <p>_____</p> <p>日期 Date</p>	<p>SIGNED and DECLARED by Licensed Representative who has explained to the Client the Risk Disclosure Statements in Clause 8 of this Agreement for Securities Margin Trading.</p> <p>持牌代表向客戶解釋此保證金帳戶客戶協議第8 條中的風險披露聲明及署。</p> <p>_____</p> <p>持牌代表簽署Signature of Licensed Representative</p> <p>_____</p> <p>持牌代表姓名(請以正楷書寫) Name of Licensed Representative (Print)</p> <p>_____</p> <p>持牌代表中央編號 CE Number of Licensed Representative</p> <p>_____</p> <p>Date 日期</p>
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***** For Official Use Only*****
僅供職員填寫

Credit Department Approval by	Name and code of AE
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