

## CLIENT AGREEMENT

**THIS AGREEMENT**<sup>1</sup>, effective immediately upon execution<sup>2</sup> by (B) and acceptance by (A), is entered into  
**BETWEEN**

- (A) **USMART SECURITIES (SINGAPORE) PTE. LTD.** whose registered office is at 3 Phillip Street, #12-04, Royal Group Building, Singapore 048693 (hereinafter referred to as “**USPL**”); and
- (B) The client(s) whose name(s) and address are as appeared on the Account Opening Form for securities trading (hereinafter referred to as the “**Client**”).

USPL is a holder of a capital markets services license for dealing in capital market products (securities, collective investment schemes, exchange-traded derivatives contracts, and over-the-counter derivatives contracts), product financing, and providing custodial services under the Securities and Futures Act, 2001 of Singapore and is exempted from the requirement to hold a financial adviser’s licence under the Financial Advisers Act 2001, of Singapore.

### **PART 1: FOR ACCOUNT OPENING AND SECURITIES TRADING**

In consideration of USPL accepting<sup>3</sup> to open a securities trading account(s) and operating such account in the Client’s name and on the Client’s behalf, for the purpose of and in connection with the sale and purchase of Securities, the Client hereby agrees to abide by the following terms and conditions in this Agreement (as defined below).

**NOW IT IS HEREBY AGREED as follows:-**

#### **1. DEFINITIONS AND INTERPRETATION**

1.1 In this Agreement, the following terms shall bear the following meanings:

“**Account Opening Form**” refers to the application form or its equivalent submitted and duly signed by the Client in the format as required by USPL for the purposes of opening and maintaining the account of securities trading under the provisions of this Agreement.

“**Access Codes**” means the combination of a Password and an Account Number to gain an access to USPL’s Electronic Trading Services.

“**Account**” means each account opened by the Client with USPL from time to time pursuant to this Agreement. “**Account Number**” means a serial number assigned by USPL to be used as the Client’s personal identification when opening the Account.

“**Affiliate**” means, in relation to USPL, any entity controlled, directly or indirectly, by USPL, any entity that controls, directly or indirectly, USPL or any entity directly or indirectly under common control with USPL.

“**Agreement**” means this client agreement between USPL and the Client (including the Account Opening Form) as may be varied, amended or supplemented from time to time. It manifests the contractual relationship between USPL and the Client wherein USPL act as the Client’s agent, or in such other capacity

<sup>1</sup> This Agreement together with the related Account Opening Form contains important terms and conditions that apply to and constitute the entire agreement on all Accounts made between the Client and USPL. The Client has been advised to read this Agreement carefully and retain it for the Client’s future reference.

<sup>2</sup> If the Client is signing by way of an electronic signature, the Client agrees that the use of electronic signature shall have the same legal validity and effect as that of handwritten signature.

<sup>3</sup> The Client hereby acknowledges and agrees that USPL has the sole and absolute discretion to reject the Client’s initial and future application(s) to open all or any trading accounts and is not obliged to provide the Client with any reason. USPL shall not be responsible for or liable to you whatsoever as a result of such refusal to act.

as disclosed to the Client, in the buying, selling and otherwise dealing of Securities and attend to other related administrative matters.

“**Business Day**” means a day (other than a Saturday) on which licensed banks in Singapore and the Exchange are open for business.

“**Capital Markets Products**” means any securities, units in a collective investment scheme, derivatives contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading, and such other products as MAS may prescribe as capital markets products as defined under the SFA.

“**Catalist**” means the the sponsor-supervised listing platform of the SGX-ST, a market regulated by the SGX-ST.

“**Clearing Firm**” any firm which provides custodial services and/or clearance and settlement services.

“**Debit Balance**” means an account balance representing money owed to USPL.

“**Electronic Trading Service**” or “**ETS**” means the software, systems and other facilities, including, but not limited to, USPL Webster, telephone, electronic mail and other devices provided by USPL under this Agreement, which enables the Client to give electronic Instructions and to obtain information services provided by USPL.

“**Executing Broker**” any contracted executing broker of USPL, providing order routing and market data services for securities markets for customers of USPL.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**HKSCC**” means the Hong Kong Securities Clearing Company Limited.

“**Instruction**” means any instruction (including any subsequent amendment or cancellation thereof accepted by USPL) the Client may give in connection with trading or dealing in Securities, whether verbally or in writing, through the electronic trading service or such other means or in such other manner as USPL may permit.

“**Interested Person**” as defined in the Listing Rules.

“**Listing Rules**” means the Main Board Rules of the SGX-ST and the The Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, supplemented or modified from time to time.

“**MAS**” means the Monetary Authority of Singapore

“**Password**” means the Client unique personal password used in conjunction with the Account Number to gain access to the USPL Electronic Trading Services.

“**Personal Data**” means any data about an individual who can be identified from that data such as the individual’s name, NRIC, passport or other identification number, telephone numbers, address, email address and any other information relating to the individual, which the Client have provided to USPL and any other information to which USPL has or is likely to have access.

“**PIN**” means Personal Identification Number used by the Client, as a security measure, to identify and verify the identity of an authorised individual(s) giving Instructions.

“**Securities**” means (a) shares, stocks, debentures, loan stocks, funds, bonds or notes; (b) rights, options, interests, certificates of participation in, receipts for or warrants to subscribe for or purchase of such respects as specified in (a); and (c) interests in any collective investment scheme.

“**SEHK**” means The Stock Exchange of Hong Kong Limited.

"SFA" Securities and Futures Act 2001, of Singapore and all subsidiary legislation, notices, directives and guidelines as amended from time to time.

"SFO" means the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong.

"SGX-ST" or "Exchange" Singapore Exchange Securities Trading Limited.

"SGX Main Board" or "Main Board" means SGX-ST Main Board.

"SF(LCB) Regulations" means the Securities and Futures (Licensing and Conduct of Business) Regulations, as may be amended from time to time.

"uSmart Group" means USPL and its Affiliates.

"uSmart Group Company" means any company in the uSmart Group.

"USPL Mail" means the secure messaging facility operated by USPL for the electronic delivery and receipt of confirmations, statements and other notices.

"Transaction" means an executed Instruction and the allocation and acquisition of a new listing and issue of Securities under the terms and conditions of this Agreement.

- 1.2 Words denoting the singular shall include the plural and vice versa, reference to one gender shall include all genders and words denoting person, the Client and USPL shall include a natural person, firm or a sole proprietorship, partnership, syndicate and corporation and vice versa.

## 2. THE ACCOUNT

### 2.1 The Account

2.1.1 **Accurate Information:** The Client confirms that the information provided in the Account Opening Form, other information collection documents, and/or other supporting documents is complete, accurate and current. The Client acknowledges the importance to provide complete, accurate and current information to USPL as USPL will rely on such information to understand the Client's personal background, financial situation and other necessary information for USPL to provide services or products to the Client. The Client undertakes to inform USPL immediately if there is any change to that information. It is the Client's responsibility to ensure Account accuracy and to notify USPL immediately with regard to any discrepancies. USPL also undertakes to inform the Client of any material change of USPL's name, address, registration status, services, remuneration and margin / short selling facilities.

The Client further confirms to assume the liability in connection with the Client's nationality, citizenship, and other identifications of the like. The Client undertakes not to trade, buy in, or subscribe for any securities or investments, in the case that such securities or investments are prohibited from trading, buying in, or subscribing for due to the identification of the Client or other of the Client's characteristics.

2.1.2 **Client's Responsibility:** The Client has obtained all necessary professional advices in relation with the tax liability and other liabilities under any jurisdiction in respect of law, accounting, estate planning, and tax, etc. in connection with any of the Client's transactions under this Agreement and/or with its investment decisions. The Client acknowledges and agrees that USPL does not provide any investment, tax or other advice and the Client is advised to seek its own legal, tax, investment and any other professional advice. Without prejudice to the foregoing, the USPL is not responsible for advising on or handling any of the Client's tax issues, liabilities or obligations.

Where any taxes, duties, disbursements, costs and/or other expenses are incurred by USPL in connection with the Account or the Client, such taxes, duties, disbursements, costs and/or other expenses shall be the responsibility and the cost of the Client and shall be reimbursed in full by the Client to USPL.

The Client, when issuing the Instruction or order in relation to the Transaction, buy-in, or subscription of any securities or investments, does not and shall not rely on, and USPL, any of its agents, directors, officers, employees or vendors (including the Executing Broker or the Clearing Firm) are not responsible for, any information, representation (whether written or oral), advice, recommendation, view, opinion, or other statement or market data provided by USPL, or any of its Affiliates, and every director, officer, or employee of the foregoing and the Client confirms that it relies on the Client's own judgment in making all investment decision.

**2.1.3 Request for Information:** Without prejudice to any other provision in this Agreement, upon the Company's reasonable request or where the Company is required by the tax authority and/or any other authority of any relevant jurisdiction, the Client shall sign and file any form, certificate or document and provide such necessary information and assistance as the Company may require.

**2.2 Credit Inquiries/Checks:** USPL is authorised to conduct credit inquiries (including but not limited to credit checks and assessments, relevant checks and the reviewing of the Client's on-going creditworthiness) on the Client and/or to verify the information the Client has provided.

**2.3 Legal Capacity:** The Client represents that he is of required legal age and mentally fit to enter into this Agreement.

**2.4 Beneficial owner(s) of the Account:** The Client represents that the Client is the only party who has the ultimate interest(s) in the Client's Account. Should the direct ownership or direct beneficiary interests have changed, the Client agrees to inform and notify USPL in writing promptly.

**2.5 Power of Attorney:** The Client agrees to and hereby irrevocably appoints USPL with full power as the Client's true and lawful attorney in fact, to the fullest extent permitted by law, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument, which USPL deems necessary or advisable to accomplish the purposes of this Agreement.

**2.6 Safeguard of Password, PIN and Account Number:** For the protection of the integrity of the Client's Account, the Client will create a password and Personal Identification Number (PIN) to access his Account. The Client acknowledges, represents and warrants that the Client is the sole and exclusive owner(s) and authorised user(s) of such password and PIN. The Client accepts the full responsibility for monitoring and safeguarding the integrity and security of the Client's Access Codes. The Client will immediately notify USPL in writing, if the Client becomes aware of any loss, theft or unauthorised use of the Client's Access Codes. In the absence of such notification, USPL is not liable for any consequential damage in connection therewith.

**2.7 Disclosure of Information:** USPL may from time to time be required to share the Client's confidential information with certain third parties (whether in Singapore or elsewhere) for the purposes of proper and effective operation of the Account and provision of products and services to the Client, for the purposes of implementation of credit control or risk management policies of uSmart Group, and/or for the purposes for complying with and/or enabling any entity within the uSmart Group to comply with any foreign or local laws, regulations, notifications, directives, guidelines or guidance given or issued by or in agreement with any legal, regulatory, governmental, tax, law enforcement or other authorities, exchanges, or self-regulatory or industry bodies or associations of financial services providers, within or outside Hong Kong, existing currently and in the future. For these purposes, the Client authorises USPL to disclose such confidential information to the following entities, whether in Hong Kong or elsewhere, (i) other entities within the uSmart Group; (ii) any uSmart Group's professional advisor (including any legal advisor or auditor), rating agency, insurer, insurance broker, direct or indirect provider of credit protection, or third party provider of services, (such as operational, administrative, data processing, back office support, payment or securities clearing, telecommunications, computer and technological service providers); (iii) as required by any applicable law, regulation or contractual

commitment, regulatory and other authorities (including government, quasi-government, administrative, regulatory or supervisory body or authority or court or tribunal having jurisdiction over any entity within the uSmart Group); and (iv) upon default by the Client in payment on demand or on the due date therefor of any of the Client's indebtedness to USPL or any other default by the Client hereunder, to any party at USPL's absolute discretion.

**2.8 Customer Assessment:** The Client acknowledges that the application to open an Account may be subject to USPL having established that the Client has the requisite knowledge and competence under applicable rules, laws and regulations (including but not limited to the relevant Customer Account Review (CAR) and Customer Knowledge Assessment (CKA) requirements under the SFA, which USPL may repeat from time to time) ("**Customer Assessments**"). For the avoidance of doubt, CAR means the term "*Customer Account Review*" and CKA means the term "*Customer Knowledge Assessment*" under the Notice on the Sale of Investment Products issued by the MAS under SFA. The Client is aware that any inaccurate or incomplete information provided may affect the outcome of the CAR and/or CKA. The Client may be assessed or deemed not to possess the requisite or competence (i) under the applicable rules, laws and regulations; (ii) if Client refuses or fails to provide all relevant information and documents to USPL for such Customer Assessments, or (iii) refuse to carry out the Customer Assessment (including performing any updates to the Customer Assessment as may be required by USPL from time to time).

**2.9 Generally Circulating Materials:** USPL provides execution only broker services supplemented by the provision of recommendations or suggestions that are exempted from (i) considering the investment objectives, financial situation and particular needs of the Client and (ii) having reasonable basis for any recommendation on any Capital Markets Products that is made to the Client. Such recommendations or suggestions are referred to as "*Generally Circulating Materials*". Generally Circulating Materials are provided with the sole aim of enabling the Client to manage and control own investments. The Client acknowledges and accepts sole responsibility for ensuring the suitability and merits of any and all investments and transactions that the Client may undertake with or through USPL before effecting any such investment and transaction with or through us. The Client accepts that recommendations and suggestions in the Generally Circulating Materials does not take into account and/or consider the financial situation, investment experience, investment objectives and particular needs of the Client. If the Client has any doubts, Client will seek advice from an independent financial adviser regarding the specific suitability of the recommendations or suggestions. USPL is entitled to assume that where the Client chooses to follow any such recommendations or suggestions, Client will only do so after Client is personally satisfied that the recommendations or suggestions are specifically suitable for Client to follow and Client accepts sole responsibility for the suitability of any such investment or transaction that are undertaken following such Generally Circulating Materials, recommendations and/or suggestions.

## **2.10 Corporate Account**

2.10.1 If an Account is opened in the name of a corporation, the corporate Client shall provide a letter of authorisation ("**Authorisation**") on the corporation's letterhead indicating the names of the authorised representatives who are authorised to operate the Account. The Authorisation shall be accompanied by a certified true copy of a directors' resolution of the corporate Client approving the issuance of the Authorisation and the appointment of the authorised representatives. Any changes to the authorised representatives must be accompanied by a fresh Authorisation and supported by a certified true copy of a fresh directors' resolution authorising the issuance of the fresh Authorisation and the new authorised representatives.

2.10.2 USPL shall only act on the instructions of the authorised representatives as provided above. USPL may rely on such Authorisation issued above and has no obligations to undertake any verification or due diligence in respect of such Authorisation. If there is more than one authorised representative, USPL may act on the instructions of any one of the authorised representatives.

2.10.3 It is the sole responsibility of the corporate Client to ensure that the persons operating the corporate Account is duly authorised to do so pursuant to the Authorisation. Without prejudice to the foregoing, USPL may at any time (but is under no obligation whatsoever to do so) require

the corporate Client to reconfirm its authorised representatives in such manner as USPL deems appropriate. The corporate Client acknowledges and agrees that USPL is entitled to decline to act upon any instructions of any of its authorised representatives without incurring any responsibility for loss, liability, or expense arising out of so declining to act.

## 2.11 Joint Account

- 2.11.1 If any Account is opened in the names of two or more persons (the “**Joint Account**”), such persons shall be jointly and severally liable for all liabilities incurred in respect of the Joint Account and jointly and severally responsible for all payments and obligations arising from the Joint Account.
- 2.11.2 In the event that any Account is a Joint Account, the Joint Account Holders (collectively, the “**Joint Account Holders**” and individually a “**Joint Account Holder**”) agree as follows:
- (a) any instructions (including trading and settlement instructions), authorisation, act, admission, agreement or settlement of whatever nature in respect of the operation of the Joint Account or any transaction thereunder (whether oral or written) from **ANY ONE** of the Joint Account Holders will be accepted by USPL and will be binding on the other Joint Account Holder(s). However, USPL may at any time require all Joint Account Holders to expressly give their consent to USPL in such manner as USPL deems appropriate before USPL chooses to act upon any Instruction in relation to any Joint Account. The Joint Account Holders acknowledge and agree that USPL is entitled to decline to act upon any instructions in respect of any Joint Account without incurring any responsibility for loss, liability, or expense arising out of so declining to act;
  - (b) except as notified in writing by the Joint Account Holders to USPL, delivery of any documents to any Joint Account Holder shall be deemed sufficient delivery to all Joint Account Holders;
  - (c) payment made by USPL to any Joint Account Holder shall constitute good sufficient and effective discharge of its’ payment obligations under these terms and conditions;
  - (d) no Joint Account Holder will have a separate or divisible share in the Account;
  - (e) the Account will be held by the Joint Account Holders jointly and that upon the death of one Joint Account Holder, USPL shall, without prejudice to any of its rights under general law and subject to any Singapore laws/rules and applicable foreign laws/rules, treat the surviving Joint Account Holder as being the sole beneficiary to the Account. Such surviving Joint Account Holder shall be entitled to deal with the Account in any manner, including without limitation, dealing with the Securities or other assets held in such Account and dealing in Securities through the Account, provided always that any dealing in such Securities or assets by the Joint Account Holder will be subject to any Singapore laws/rules and applicable foreign laws/rules and the rules, customs or practice of the relevant Exchange(s), or of any custodians and/or depository agents having custody of the relevant Securities or assets; and
  - (f) USPL may from time to time impose vary the requirements or impose additional requirements in relation to Joint Accounts and Joint Account Holders by notification to the Client in accordance with Clause 8 (“**Additional Requirements**”). These changes shall be deemed to have been incorporated in the Agreement and shall be binding on the Client upon the earlier of (i) the Client's continued use of any service provided under the Agreement or (ii) 7 calendar days from the date of such notice. If the Client does not agree to such changes, the Client must discontinue operating the Joint Accounts and/or utilising any services provided under the Agreement and shall raise its objections with the Company in writing within 7 calendar days from the date of such notice. The Client acknowledges and agrees that if the Client does not accept the Additional Requirements, the Client shall have the right to terminate this Agreement in accordance with the termination clause under this Agreement. The Client further agrees that the Additional Requirements shall be deemed to be accepted by the Client, should

the Client continue to effectuate Transaction(s) in the Joint Account without expressly communicate the Client objections to such amendments prior to the Transaction(s).

2.11.3 USPL shall be at liberty to release any one or more of the Joint Account Holders from their liabilities and obligations under these terms and conditions, to compound with or otherwise vary or agree to vary the liability of, or to grant time or other indulgence to, or make other arrangements with, any one or more of the Joint Account Holders, without prejudicing or affecting their rights, powers and remedies against any other Joint Account Holder.

### 3. AGENTS AND ASSOCIATION

**3.1 Associated with USPL's Employees or Agents:** The Client represents and warrants to USPL that the Client is not associated with any of USPL's employees or agents including without limitation as a child under 18 years of such employees or agents and agrees that if the Client is or becomes associated with any of such employees or agents, the Client shall promptly notify USPL of the existence and nature of such association and acknowledge that USPL may, upon receipt of such notice, at USPL's absolute discretion, choose to terminate the Account. If the Client is associated with USPL's employees or agents, USPL may in its absolute discretion designate the Account as staff account and require the Client to comply with USPL's staff dealing policy or any applicable rules USPL considers appropriate to safeguard against any actual or potential conflict of interest and any increased risk of market misconduct arisen from such association. Breaching of such policy or rules by Client might lead to the non-execution, cancellation or withdrawal of any buy or sell order placed, or invalidation of any executed trade. USPL shall not be responsible for any losses or damages directly or indirectly caused by the aforesaid actions. The Client shall indemnify USPL for any costs, losses or expenses which USPL incurs as a result of taking any actions deemed appropriate in response to such breach.

**3.2 Interested Person:** The Client further represents and warrants to USPL that the Client is not a Interested Person of the company(ies) and/or the Securities, of which the Client shall place orders or Instructions with USPL for the purchase or disposal of or otherwise deal in such company(ies) Securities unless the Client specifically notifies USPL to the contrary prior to the placing of such orders or Instructions.

### 4. APPLICABLE RULES AND REGULATIONS

**4.1 Laws and rules:** All Transactions in securities traded on the Main Board and Catalist of the Exchange and/or other exchanges or markets in other jurisdictions, which USPL effects on the Client's behalf, shall be effected in accordance with all applicable laws, rules and regulations (as amended from time to time) of Singapore and other applicable jurisdictions and the by-laws, codes, rules, regulations; customs and usage of the SGX-ST, MAS and/or the relevant exchanges or markets in other jurisdictions.

**4.2 Legally Binding:** The Client hereby agrees that this Agreement (including the terms of the Electronic Trading Service) and all the terms herein shall be binding upon the Client and the Client's heirs, estate, executors, representatives, successors and assignees. All actions taken by USPL in accordance with such laws, rules and regulations shall be binding on the Client.

**4.3 Disclosure to Regulators:** If USPL receives any request for information on any Transaction relating to any of the Client's Account by any regulators in Singapore or elsewhere including but not limited to the MAS and the Exchange, even if the Client's account has been terminated prior to such request: (a) the Client hereby authorises USPL to provide the required information to the regulators according to the request, where USPL already has such information; (b) the Client shall, upon USPL's request, provide the required information to USPL or the relevant regulators within two (2) Business Days of such regulator's request, where USPL does not have such information; (c) the Client shall, within two (2) Business Days of such regulator's request, inform USPL or the relevant regulators of the identity, address, contact details and other relevant identification information of any beneficiary ("underlying client") or originator of instructions in respect of the Client's Account, where the Client acts as an

intermediary of and effects trades for the benefit of such third party(ies), and where the Client effects trades for discretionary accounts, discretionary trusts or collective investment schemes, the Client shall also provide USPL or the relevant regulators with the identification information of such accounts, trusts or schemes and their managers, and whenever the manager's discretion is overridden by the beneficiary or any other persons, the identification information of such beneficiary or any other persons who has overridden the manager's discretion, and whenever the manager's discretion is overridden, the Client shall immediately inform USPL such information in writing; (d) the Client, where acting as an intermediary, shall make arrangements with such underlying client(s) or any third party(ies) to ensure or procure the provision of such identification information of its underlying clients, together with their written consents for the provision of such information and/or waivers of any benefits of the secrecy or personal data protection laws that prohibit disclosure, to the regulators; and (e) the Client shall, upon USPL's request, immediately provide, or authorise USPL to provide, the aforesaid relevant identification information to any regulatory authority in Singapore or any other jurisdiction within two (2) Business Days of the regulator's request.

**4.4 Singapore Jurisdiction:** This Agreement shall be governed by, interpreted and construed in accordance with the laws of Singapore. The Client irrevocably submits to the non-exclusive jurisdiction of the Singapore courts.

## **5. CAPACITY, INSTRUCTIONS AND TRANSACTIONS**

**5.1 Capacity and Affiliation:** USPL will act as the Client's agent on an execution-only basis in effecting Transactions unless USPL indicates (in the contract note, statement and/or other trade-related documents for the relevant Transaction or otherwise) that USPL is acting as principal.

**5.2 Reliance on Instructions:** The Client expressly agrees to use internet or such other means or in such other manner as USPL may permit to communicate or transmit the Client's trading and other related Instructions, including the subscriptions to acquire new listings or issues of Securities. USPL is under no duty to verify the identity or authority that emanates such Instructions. The Client hereby waives any and all defenses that any such Instructions was not in writing as may be required by the relevant laws, rules and regulations.

**5.3 Third Party Instructions:** The Client understands that USPL will not accept any third party Instruction, unless the Client has formally executed and delivered a valid power of attorney which expressly authorises a named specific party to emit trade Instruction on the Client's behalf. The Client further agrees to indemnify USPL from any disputes, losses and other claims arising from the execution by USPL of any unauthorised third party Instruction transmitted on the Client's behalf. Should the Client decides to employ a third party to give Instructions, the Client agrees to supply USPL with an accurate and truthful identification and personal information about the designated third party. The Client also understands those personal information will be made available to Singapore regulators and other government agencies, including but not limited to the MAS and the Exchange.

**5.4 Order Cancellations:** The Client may amend or cancel the Client's Instructions that have been previously transmitted. The Client agrees that USPL is not obligated to accept such amendment or cancellation. Instructions may only be amended or cancelled (i) if the Client's request to cancel the order is received before the order is executed, or (ii) at the discretion of USPL. The Client shall accept full responsibilities for the Transactions, partial or full, that are executed prior to the processing of the Client's amendment and/or cancellation request.

**5.5 Independent Judgment:** Subject to Clause 5.6 below, the Client agrees that the Client shall independently make his own judgments and decisions with respect to each Instruction and/or Transaction.

**5.6 Suitability of Recommendation:** If USPL solicits the sale of or recommend any Capital Markets Products to the Client under a separate and formal advisory agreement, the Capital Markets Products must be reasonably suitable for the Client having regard to the financial situation, investment experience, investment objectives and particular needs of the Client.



- 5.7 No Guarantee of Executions:** The Client acknowledges the fact that extraordinary events/technical difficulties may prevent or otherwise hinder the execution of the Client's Instructions and USPL will not guarantee that the Client's Instructions will be wholly or partially executed or will be executed by a certain time. The Client agrees that USPL will not be liable for any loss, actual or projected, resulted, directly or indirectly, from government actions, price variations, exchange/market restrictions, equipment, communication and systems failure and breakdowns, unauthorised access or trade Instructions, and other physical and technical restraints and conditions beyond USPL's control. The Client further agrees that USPL will not be responsible for any delays due to market factors, our own verification or authorisation processes or any other reason whatsoever, nor for executing an Instruction before processing any cancellation or amendment that you may send to us.
- 5.8 Short Sale:** Except as permitted under, and effected in accordance with, the applicable laws, rules and regulations, the Client acknowledges the fact that USPL requires that stock certificate of Securities or the equivalent be deposited into the Client's Account prior to the acceptance of a sell order. Upon placing of sale orders of Securities which are not owned by the Client at the time of the sale (i.e. short selling), the Client hereby undertakes to: (a) make full and frank disclosure of such order(s) to USPL; and (b) provide (without demand by USPL) all documentary evidence in substantiation of the legality of the short selling under the applicable laws, rules and regulations. Without prejudice to the other rights and remedies available to USPL, the Client agrees that in the case where there is a breach of this provision, USPL may effect a buy-in of relevant Securities without any notice or reference to the Client, and the Client shall indemnify USPL against all damage, loss, lawsuits, cost and expenses which may be sustained or incurred by USPL as a result thereof.
- 5.9 Conditional Orders/Instructions:** Conditional Orders/instructions include stop limit orders. Such conditional orders/instructions are usually not immediately executable. The execution of such orders/instructions is pending on the satisfaction of certain previously defined conditions. The Client understands that USPL generally does not accept such conditional orders/instructions. If they are accepted, USPL does not guarantee the execution of such orders/instructions.
- 5.10 Inside Dealing is prohibited:** Market conduct requirements for capital market products are regulated by MAS and SGX-ST under the SFA and the Listing Rules respectively. One of the key prohibited conduct include but is not limited to distribute, disseminate and act upon any unpublished price sensitive information to make a profit or to avoid a loss in Securities trading. The Client confirms that he is aware of such practices are unlawful. The Client agrees not to engage in the said and other unlawful practices (such as market manipulation, false trading and market rigging) and to take full responsibility for the consequences.
- 5.11 Restrictions on Trading:** The Client agrees that USPL may, in USPL's sole discretion and without giving the Client prior notice, prohibit or restrict his ability to trade Securities (including the absolute discretion whether to accept and partially execute any Instruction) through the Client's Account for cause. The Client agrees that USPL is not liable for any losses and/or damages, actual or hypothetical, as a result of such restrictions.
- 5.12 Transaction in foreign currency:** In the event that Client instructs USPL to enter into any Securities trading transactions, which are effected in a foreign currency, (i) any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for Client's account and at Client's risk; and (ii) USPL is authorised to convert funds in the Account into and from such foreign currency at prevailing market rate of exchange. If, for any purpose, the Client is required to convert any amount due to USPL into a currency other than that in which it would otherwise have been due, the Client shall pay USPL such additional amounts as are necessary to ensure that, when received and reconverted, USPL will receive the full amount in the original currency as it would have received had no such conversion taken place.
- 5.13 Over-The-Counter Transaction:** In relation to any Client's Instructions for Over-The-Counter ("OTC") transactions between the Client and other third parties, including without limitation trading of any new Securities before their listing on the relevant exchange, entered or to be entered into by the Client, the Client acknowledges and agrees that:

- 5.13.1 subject to Clause 5.1 above, USPL is acting as agent for the Client and does not guarantee the settlement of such OTC transactions;
- 5.13.2 the Client's orders may be partially executed or not executed at all. Trades executed will be cancelled and void if the relevant security subsequently fails to list on the relevant exchange;
- 5.13.3 in the event that the Client in selling any Securities fails to deliver such Securities, USPL is entitled to purchase in the market (at the prevailing market price) the relevant Securities required for delivery in respect of such sale effected for the Client in order to complete the settlement of the relevant transaction. The Client shall bear all losses arising out of or in connection with such transaction;
- 5.13.4 in the event that (1) the Client buys Securities from a seller and such seller fails to deliver the relevant Securities and (2) the purchase of the relevant Securities cannot be effected or USPL in its absolute discretion determines not to purchase the relevant Securities pursuant to Clause 5.13.3 the Client will not be entitled to obtain the relevant Securities at the matched price and shall only be entitled to receive the money paid for the purchase of the relevant Securities;
- 5.13.5 in the event that the Client in buying any Securities fails to deposit the necessary settlement amount, USPL is entitled to sell any and all Securities or collateral held in the Client's Account and use the sale proceeds after deducting all costs in settlement of the transaction. However, if the Client is the seller under such transaction and such transaction cannot be settled, the Client shall only be entitled to the relevant Securities but not the sale proceeds of the relevant Securities; and
- 5.13.6 without prejudice to the above, the Client shall bear its own losses or expenses and shall be responsible to USPL for any losses and expenses resulting from its and/or its counterparty's settlement failures.

**5.14 Nominees Arrangements:** If the Client's Securities are registered in the name of a nominee ("**Nominee**"), the Client agrees to the following items regardless of whether or not this Nominee is a member of the uSmart Group:

- 5.14.1 The Nominee does not need to assume the liability of the failure to send to the Client any notification, data, or other communication in relation to such Securities;
- 5.14.2 The Nominee can freely exercise in full or not exercise any rights resulted from or related to the holding of such Securities or clear off or not clear off any debts resulted from or related to the holding of such Securities, and the Nominee does not need to consult or notify the Client or to hereby assume any liability for action or inaction. The Client shall indemnify the Nominee for the losses, charges, claims for compensations, liabilities, and expenses directly or indirectly incurred because of any action sincerely taken or inaction;
- 5.14.3 The Client shall pay the Nominee fees, expenses and charges specified from time to time for the Nominee's services. These fees, expenses and charges shall be deducted from Client's Account maintained at USPL and / or any account(s) at other member of uSmart Group when deemed appropriate by USPL. Before the Client pays, the Nominee has a lien on the Securities held by the Nominee, and the lien is attached to and does not affect other rights of the Nominee;
- 5.14.4 The Nominee can take actions in line with the orders issued by any one authorised person or authorised third person; and
- 5.14.5 When the Nominee is transferring the Securities to the Client, it is not necessary for the Nominee to return the Securities having the same securities code to the Client. The Client is responsible for any fees, expenses or charges incurred in relation to such transfer.

**5.15 Trading of Derivative Products:** USPL shall, to the extent required by any applicable laws, rules and regulations, provide to the Client upon written request product specifications and any prospectus or other offering documents covering derivative products.

## 6. SETTLEMENT

**6.1 Commissions and Charges:** All Transactions executed in pursuance of the Instructions of the Client shall be subject to such commissions and fees as charged by USPL from time to time. Transactions on the Exchange shall also be subject to a Transaction levy and other levies that the Exchange, Executing Broker and/or the Clearing Firm from time to time may impose. USPL is authorised to deduct and collect any such levies in accordance with the rules prescribed by the Exchange, Executing Broker and/or the Clearing Firm from the Client's Account. The Client shall pay USPL on demand and/or authorise USPL to deduct from the funds available in the Client's Account commissions and fees on purchases, sales and other Transactions or services for the Account at such rate as USPL may from time to time have notified the Client, together with all stamp duties, bank charges, transfer fees, interest and other charges in respect of or connected with the Account or any Transaction or Services thereof or any Securities therein. The Client acknowledges and agrees that the commission rates and fees are determined and set solely by USPL, Exchange and other government agencies, and are subject to change at any time.

**6.2 Sufficient Funds/Securities:** Before USPL executes the Client's Instructions, the Client is required to, unless otherwise indicated by USPL, have available funds or Securities in the Client's Account at least equal to the amount to cover such purchase or sale (including all commissions, Transaction costs and charges and any applicable taxes). Unless otherwise agreed, in respect of each Transaction, or USPL is already holding cash or Securities on the Client's behalf to settle the Transaction, the Client will, in a timely manner: (a) pay USPL cleared funds or deliver to USPL Securities in deliverable form; or (b) otherwise ensure that USPL has received such funds or Securities.

**6.3 Duty to Settle on Time:** The Client agrees that when USPL has executed an Instruction and settled the Transaction on the Client's behalf, the Client shall, by the due settlement date, make payment to USPL against delivery of or credit to the Account for purchased Securities, or make good delivery of sold Securities to USPL against payment, as the case may be. Whenever the Client fails to make such payment or delivery of Securities by the due date as mentioned above or upon closure of the Account or termination of USPL's relationship with the Client, the Client hereby irrevocably grants USPL the authorisation and rights under Clause 6.4 of this Agreement.

**6.4 Authorisation to Cover:** In the event that the Client does not have such sufficient funds or Securities available in the Client's Account, the Client authorises USPL that USPL may at its sole discretion and without prior notification to the Client:-

6.4.1 execute, cancel or liquidate the Client's Transactions;

6.4.2 set-off any amount receivable from and amount payable to the Client where such amounts arise from the purchase and sale of Securities;

6.4.3 dispose any of the Client's Securities in the Account to settle any liability owed by the Client to USPL arising from the purchase of Securities; or

6.4.4 borrow on the Client's behalf and/or purchase Securities with the funds available in the Client's Account arising from the sale of Securities.

The Client hereby acknowledges that the Client shall indemnify USPL against any loss, costs, fees and expenses that USPL may incur in connection with the Client's failure to meet any of the Client's settlement failures.

**6.5 Undelivered Purchase:** The Client realises that delivery of any Securities the Client may purchase from the other party is not guaranteed.

- 6.6 Lien and Right of Sale over Securities and Other Property:** USPL shall have a lien over any and all Securities, acquired on the Client's behalf, or in which the Client has an interest (either individually or jointly with other) which are held for the Client's Account and all cash and other property at any time held by USPL on the Client's behalf, all of which shall be held by USPL as a continuing security for the payment and/or discharge of the Client's obligations to USPL arising from the business of dealing in Securities and such security shall include all dividends or interest paid or payable after the date hereof on such Securities and all stocks, shares (and the dividends or interest thereon) rights, monies or property accruing or offered at any time by way of redemption, bonus, preference, option or otherwise to or in respect of such Securities. Upon default by the Client in payment on demand or on the due date therefor of any of the Client's indebtedness to USPL or any other default by the Client hereunder, USPL shall have the right, acting in good faith, to sell or otherwise dispose the whole or any part of such security as when and how and at such price and on such terms as USPL shall think fit and to apply the net proceeds of such sale or disposition and any moneys for the time being in USPL's hands in or towards discharge of the Client's indebtedness (whether actual or contingent) to USPL; and such security shall be in addition to and shall not prejudice or be prejudiced by any right of set-off or other security which USPL may hold at any time for the Client's indebtedness to USPL or by any release modification or abstention from enforcement thereof or other dealing therewith.
- 6.7 Payment on Demand:** Notwithstanding any of the other provisions of this Agreement, the Client shall pay all the Client's indebtedness to USPL on demand or earlier when due and at USPL's request, shall deposit such cash, Securities or otherwise and maintain such security with USPL as USPL deems satisfactory or which may be required by the rules of any stock exchange or market of which USPL is a member or to which USPL may have any obligation, and such margin/security call shall be met immediately. The Client further acknowledges that USPL may at any time require the Client to deposit sufficient cleared funds in the Account before carrying out any Transactions in respect of any Securities on the Client's behalf. The Client acknowledges that USPL shall not be responsible for any loss occasioned thereby. The Client will be responsible to USPL for any losses and expenses in connection with enforcing payment or discharge of any such indebtedness, liability or obligation.
- 6.8 Interest Charge:** The Client agrees to pay interest on all overdue Debit Balances (including interest arising after a judgment debt is obtained against the Client) charged at such rate as be stipulated by USPL's sole discretion from time to time.
- 6.9 Costs of Collection:** The Client agrees to pay for the reasonable costs and expenses of collection of the Debit Balance and any unpaid deficiency in the Client's Account, including, but not limited to, attorney's fees, court costs and any other costs incurred or paid by USPL.
- 6.10 Pre-Condition to Payment and Delivery:** Any obligation USPL may have to pay or deliver to the Client shall be conditional upon the Client having no outstanding liabilities (whether or not then due or payable) owed to uSmart Group and no outstanding Transaction under which such liability could arise.

## 7. CUSTODY OF CLIENT FUNDS AND SECURITIES

- 7.1 Fund Deposit:** The Client agrees to deposit the Client's own funds for the purpose solely of making securities investment. The Client further agrees not to deposit or transfer, and USPL is under no obligation to accept for deposit, into the Client's Account any Securities, cheques, bank drafts or other property which are not in the Client's name. Should USPL decide to accept such deposit, the Client shall indemnify USPL for all loss and liability incurred by USPL in connection therewith.
- 7.2 Fund Withdrawal:** Subject to payment of any indebtedness, liability or other obligation then due by the Client to USPL, the Client may withdraw funds up to his credit balance from the Client's Account upon written notice to USPL with applicable fees USPL may charge. The Client shall effect such appointment by completing the form for the appointment of an agent for transfer of funds and/or Securities accessible by notice to USPL in writing, together with the Client's signature, via mail. Provided that USPL has such authorisation documents on file, USPL is under no duty to verify the identity or authority of such agent who makes any withdrawal Instructions. The Client hereby declares that the Client will be solely responsible for any errors, misappropriations or losses arise from such appointments.

- 7.3 Fund Balance:** Any cash held for the Client, other than cash received by USPL in respect of settling a Transaction and of fulfilling other debt obligations by the Client, shall be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time. The Client's Account will be credited at a rate as stipulated by USPL's sole discretion from time to time.
- 7.4 Safekeeping of Securities:** Any Securities which are held by USPL for safekeeping may, at USPL's discretion, be registered (if registrable) in the Client's name or in the name of USPL's nominee; or be deposited, at the Client's cost, in safe custody in a designated account with USPL's bankers or with any other institution approved by the MAS, which provides facilities for the safe custody of documents. Where securities are not registered in the Client's name, any dividends or other benefits arising in respect of such securities shall, when received by USPL, be credited to the Client's Account or paid or transferred to the Client, as agreed with USPL. Where the Securities form part of a larger holding of identical securities held for USPL's clients, the Client shall be entitled to the same share of the benefits arising on the holding as the Client's share of the total holding.
- 7.5 No Scrip Securities:** USPL will not accept any Securities in scrip form.
- 7.6 No Delisted Securities:** USPL will not accept any Securities which are delisted (or in the midst of a delisting exercise) from the Exchange or securities exchange of another jurisdiction.
- 7.7 Changes Pursuant to Corporate Actions:** The Client acknowledges that there may be changes to the number of Securities held in the applicable Client's Account pursuant to corporate actions affecting the Securities and Client further acknowledges that such changes to the number of Securities may not be updated on a timely basis. USPL has no continuous obligations to monitor, review and update and it is the responsibility of the Client to verify the number of Securities to which the Client is entitled to pursuant to such corporate exercises and to notify USPL immediately if there is any inaccuracy in such holdings. In particular, it is the Client's responsibility to, and the Client shall, verify that the Client's holding of Securities is correct before it executes any order in relation to such Securities.
- 7.8 Disclosures in Relation to the SF(LCB) Regulations, Regulations 18A and 27A**

The Client (that is a retail customer, as defined under the SF(LCB) Regulations) is advised to take note of the following information as they pertain to moneys and assets that USPL receives for their account, with respect to the services provided in accordance with the terms of this Agreement:

- 7.8.1 The Client's moneys will be held by USPL on the Client's behalf in a trust account, either:
- (a) with a bank that holds a licence under section 7 or 79 of the Banking Act 1970 of Singapore;
  - (b) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act 1970 of Singapore;
  - (c) a finance company licensed under the Finance Companies Act 1967 of Singapore; or
  - (d) a custodian outside Singapore which is licensed, registered or authorised to conduct banking business in the country or territory where the account is maintained.
- 7.8.2 The Client's assets will be deposited in a custody account in accordance with Regulation 27 of the SF(LCB) Regulations.
- 7.8.3 Other than moneys received on the Client's account in respect of over-the-counter derivatives contracts, USPL may withdraw moneys and assets from the aforesaid accounts and deposit them with an approved clearing house, a recognised clearing house, a member of a clearing facility or a member of an organised market for the following purposes in accordance with Regulations 19 and 30 of the SF(LCB) Regulations, as the case may be:

- (a) entering into, facilitating the continued holding of a position in, or facilitating a transaction in, any Capital Markets Products on the Client's behalf on the organised market;
- (b) for the purpose of the clearing or settlement of any Capital Markets Products on the clearing facility for the Client; or
- (c) for any other purpose specified under the business rules and practices of the approved clearing house, recognised clearing house, organised market or clearing facility.

7.8.4 The Client's moneys and assets will be deposited into a trust account or custody account and commingled with the other clients of USPL. The Client's assets will be deposited into a custody account and commingled with the other clients of USPL.

**7.8.5 Risk disclosures pertaining to commingling of the Client's moneys and assets**

- (a) While commingling of moneys and/or assets in omnibus account(s) often create savings in fees and have advantages in efficiency, there are risks associated with the commingling of moneys and/or assets. The Client may be exposed to losses of other clients whose moneys and assets are held in the omnibus account(s), including through cross-netting and/or mutualisation risk.
- (b) Trust accounts and custody accounts bear risk. Depending on the transaction, a "holding chain" may exist in which multiple capital markets intermediaries may be involved in a transaction, which may hold the moneys and/or assets differently. Should the financial institution or custodian with which the trust account or custody account is maintained or other capital markets intermediaries as part of the holding chain become insolvent, the Client may face a delay in the recovery of the Client's moneys and/or assets or may not be able to fully recover the Client's moneys and/or assets.
- (c) Where the Client's moneys are deposited with an approved clearing house, a recognised clearing house, a member of a clearing facility or a member of an organised market and where such entity becomes insolvent, this may impact the Client's transactions and the Client may suffer the loss of some or all of the moneys that were deposited. The Client may also suffer losses from failed transactions.
- (d) As the Client's moneys and/or assets (depending on the currency or Securities transacted) may be maintained with a custodian outside Singapore, the laws and practices relating to trust accounts and/or custody accounts in the jurisdiction where the custodian is licensed, registered or authorised may be materially different from the laws and practices in Singapore relating to trust accounts and/or custody accounts. Accordingly, the level of protection may not be the same as that accorded to moneys and assets that are held in Singapore, which may affect the Client's ability to recover the moneys and/or assets.

## **8. NOTICE AND COMMUNICATIONS**

**8.1 Mode of Delivery:** All notices and communications including but not limited to reports, acknowledgments, confirmations, Account statements, contract notes ("**Communications**") from USPL to the Client under this Agreement may be transmitted to the Client by telephone, electronic mail, the uSmart mobile application ("**APP**") or other electronic transmission to the Client's telephone number or electronic mail address in the Account Opening Form or as notified to USPL in writing from time to time by at least seven (7) days' advance notice. The Client shall keep all its contact details updated at all times and to regularly check its email and telephone for Communications from USPL.

- 8.2 Consent:** The Client acknowledges and consents that USPL will provide all written Communications including reports, acknowledgments, confirmations, Account statements, contract notes electronically in lieu of the hard copy of such documents.
- 8.3 Presumption of Receipt:** All written communications so sent whether by messenger, electronic mail or otherwise, shall be deemed delivered and received, unless otherwise notify to USPL by the Client. It is the Client's responsibility to ensure the Account correctness and accuracy and to contact USPL immediately with any discrepancies.
- 8.4 Verbal Communications:** USPL may also communicate with the Client verbally. The Client is deemed to have received any message left for the Client on the Client's answer machine, voicemail or other similar electronic or mechanical devices at the time it is left for the Client.
- 8.5 Responsibility to Retrieve and Review Communications:** The Client agrees to check regularly the Client's electronic mailbox, and other sources of facilities through which the Client receives communication from USPL. USPL will not be responsible for any losses that arise from the Client's failure, delay or negligence to check such sources or facilities.
- 8.6 Monitoring and Recording of Telephone Conversations and Electronic Mails:** For the protection of the Client and USPL, and as a tool to detect and rectify misunderstandings, the Client agrees and authorises USPL, at USPL's discretion and without further prior notice, to monitor and record any or all telephone conversations and any electronic communications between USPL and the Client.
- 8.7 Confirmation and Account Statements:** The Client acknowledges that all written Communications is transmitted by electronic means. The Client is responsible for reviewing all acknowledgements, confirmations, contract notes and Account statements in relation to the Client's Transactions and other Account activities information upon first receiving them. All Transaction and other information therein contained will be binding on the Client unless USPL receives the Client's notice of objection in writing within seven (7) days after the Client receives or deemed to have received them. Notwithstanding anything in this Agreement to the contrary, USPL is deemed to have received the notice of objection if it acknowledges receipt of such notice. In all cases, USPL has the right to determine the validity of the Client's objection to the relevant Transaction or information.
- 8.8 Undelivered or Returned Communications:** The Client agrees to keep the Client's Account information up to date, and to notify USPL of any changes within forty-eight (48) hours. In addition, the Client should notify USPL immediately if there is any change in any of the Client's contact details given to USPL including its email address and telephone number. The Client should also notify USPL immediately if it becomes aware or suspects that any of its contact details given to USPL has been compromised. The Client understands, for the security and integrity of the Client's Account, that USPL may temporarily or permanently disable or restrict the Client's Account, if and when the delivery of the Communications by electronic means is unsuccessful or become undeliverable as a result of the Client's failure to provide, update and/or notify USPL with most current and accurate Account information.

## 9. BENEFITS, INDEPENDENCE AND CONFLICTS OF INTERESTS

- 9.1 Conflict of Interests:** The Client acknowledges and agrees that subject to applicable laws, rules and regulations, USPL and its Affiliates (i.e., the uSmart Group) shall be entitled to:-
- 9.1.1 act in any capacity for any other person or buy, sell, hold or deal in any Securities for any uSmart Group Company's own Account even if similar Securities may be in the Client's Account or covered by the Instruction in respect of the Client's Account;
  - 9.1.2 purchase for the Client's Securities, fully or partially, held by any uSmart Group Company's own Account;
  - 9.1.3 purchase for any uSmart Group Company's own Account Securities, fully or partially, from the Client's Account;

- 9.1.4 match the Client's order with that of any uSmart Group Company's client(s) by acting on his or their behalf as well as on the Client's behalf;
- 9.1.5 take the opposite position to the Client's order whether it is on any uSmart Group Company's own Account or is on behalf of other clients of any uSmart Group Company; and
- 9.1.6 deal in Securities where any uSmart Group Company is involved in a new initial public offering, rights issue, takeover, placement or similar Transaction concerning such Securities,

provided that in cases under Clauses 9.1.2, 9.1.3 and 9.1.4 above, the terms of any Transaction in which the Client is involved are not less favorable to the Client than they would have been, had the Transaction been entered into at arm's length on the day in question. To the extent permissible under applicable laws, regulations and rules, USPL shall not be liable in any way to the Client (including accounting to or paying to the Client) for or obligated to disclose to the Client, any commission, profits or other benefits whatsoever resulting from any uSmart Group Company's carrying out any of the above actions or entering into any of the above Transactions.

**9.2 Acceptance of Benefits:** The Client acknowledges and agrees that any uSmart Group Company may solicit, accept and retain for its own benefit any rebate, brokerage, commission, fee, discount and/or other benefit or advantage from any Transaction effected by any uSmart Group Company. USPL will disclose such benefit or advantage to the Client upon request or otherwise in accordance with applicable laws, regulations and rules. Any uSmart Group Company may also offer at its discretion any benefit or advantage to any person in connection with such Transaction.

**9.2.1 Quantifiable Monetary Benefits:** Any uSmart Group Company may from time to time enter into explicit remuneration arrangement with and receive directly or indirectly quantifiable monetary benefits from a product issuer for distributing or selling to the Client investment products or from a broker or clearing agent for placing securities transactions on behalf of the Client or any uSmart Group Company may otherwise obtain trading profits from back-to-back transactions of investment products ("back-to-back transactions" refer to transactions in which such uSmart Group Company purchases an investment product from a third party subsequent to its receipt of an order from the Client, and such uSmart Group Company then sells the same to the Client without assuming any market risk; or USPL sells an investment product to a third party subsequent to its receipt of a sell order from the Client without assuming any market risks).

**9.2.2 Unquantifiable Monetary Benefits:** Any uSmart Group Company may from time to time receive monetary benefits from a product issuer for distributing or selling investment products to the Client where the monetary benefits are not quantifiable prior to or at the point of entering into a transaction. Such monetary benefits may be in the form of commissions, fees, rebates, spreads, or other form of remuneration.

**9.2.3 Non-explicit Remuneration Arrangement:** Any uSmart Group Company may from time to time distribute or sell to the Client investment products issued by the members of uSmart Group without any explicit remuneration arrangement. While any uSmart Group Company may not explicitly receive monetary benefits for distributing or selling such products, such uSmart Group Company may nonetheless receive non-explicit and/or non-monetary benefit from the origination and distribution of the same.

**9.2.4 Non-Monetary Benefits:** Any uSmart Group Company may from time to time receive non-monetary benefits from products issuers and such non-monetary benefits may include commitment for businesses (whether contractual or otherwise and whether on exclusive basis or otherwise) or other forms of benefits that cannot be quantified in pecuniary terms.

**9.3 Discounts:** USPL may in certain occasions exercise discretion to offer the Client discounts on fees and charges payable by the Client. In exercising the discretion, USPL may take into account factors including the nature of the product, existence of any remuneration arrangement between any uSmart



Group Company and the product issuers, and the value of the Client's assets under management of any uSmart Group Company.

**9.4 Non-Independence:** USPL will not be an independent intermediary in distributing or selling investment products to the Client because any uSmart Group Company may have links or other legal or economic relationships with the issuers of such products; and/or any uSmart Group Company may receive commissions, fees, or other monetary or non-monetary benefits from other parties including the issuers of such products.

## 10. NEW LISTING OF SECURITIES

**10.1 Authority to Make Application.** In the event that the Client requests and authorises USPL to apply for Securities in respect of a new listing and/or issue of Securities on the Exchange or securities exchange in other jurisdiction as the Client's agent for the Client's benefit or for the benefit of any other person, the Client hereby warrants for USPL's benefit that at the time of such application, USPL has authority to make such application on the Client's behalf.

**10.2 Familiarisation With the Terms and Conditions of the New Listing and/or Issue:** The Client shall familiarise himself and comply with all the terms and conditions governing the Securities of the new listing and/or issue and the application for such new Securities set out in any prospectus, offering documents and the application form or any other relevant documents in respect of such new listing and/or issue and the Client agrees to be bound by such terms and conditions in any such Transaction the Client may have with USPL.

**10.3 Representation, Warranties and Undertakings:** The Client gives to USPL all the representations, warranties and undertakings which an applicant for Securities in a new listing and/or issue is required by applicable laws, regulations to give (whether to the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange, securities exchange in other jurisdiction(s) or any other relevant regulator or person).

**10.4 Sole and Only Application:** The Client further declares and warrants, and authorises USPL to disclose and warrant to the Exchange or securities exchange in other jurisdiction on any application form (or otherwise) and to any other person as appropriate, that any such application made by USPL as the Client's agent is the only application made, and there is no other application intended to be made, by the Client or on the Client's behalf, to benefit the Client or the person for whose benefit the Client is applying. The Client acknowledges and accepts that the aforesaid declaration and warranty will be relied upon by USPL and by the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange, securities exchange in other jurisdiction or any other relevant regulator or person in respect of any application made by USPL as the Client's agent.

**10.5 Compliance with Relevant Rules and Industry Practice:** The Client recognises and understands that the legal, regulatory requirements and market practice in respect of applications for Securities may vary from time to time as may the requirements of any particular new listing or issue of Securities. The Client undertakes to provide to USPL such information and take such additional steps and make such additional representations, warranties and undertakings as may be required in accordance with such legal, regulatory requirements and market practice as USPL may in its absolute discretion determine from time to time.

**10.6 Bulk Application:** If USPL or USPL's agents make a bulk application for USPL's own account, on USPL's behalf and/or on behalf of USPL's other clients, the Client acknowledges and agrees: (a) that such bulk application may be rejected for reasons which are unrelated to the Client and the Client application and neither USPL nor USPL's agent shall, in absence of fraud, negligence or willful default, be liable to the Client or any other person in consequence of such rejection; and (b) to indemnify USPL if such bulk application is rejected either in circumstances where the representations and warranties have been breached or otherwise because of factors relating to the Client. The Client acknowledges that the Client may also be liable in damages to other persons affected by such breach or other factors.

## 10.7 Offer of IPO Loan

10.7.1 USPL, on receipt of a request from the Client to apply for and purchase shares in companies that are being brought to the market by way of a new issue ("IPO Shares"), may provide assistance in financing subscriptions for such shares ("IPO Loan").

10.7.2 The Client in requesting for an IPO Loan :-

- (a) represents and warrants to USPL that the amount of the IPO Loan together with any other credit facility, advance or loan extended or to be extended to the Client to subscribe for or purchase of the IPO Shares together with all discounts, rebates and other benefits given or to be given to the Client for its subscription for or purchase of the IPO Shares by USPL and any other persons, does not exceed 80% of the amount to be paid by the Client for the IPO Shares; and
- (b) shall make a written declaration to USPL on whether (i) it has received or will receive any discount, rebate or other benefit from any person for its subscription for or purchase of the IPO Shares, and the amount and other details of each such discount, rebate or benefit; and (ii) it has been provided or will be provided with product financing by any other financial institution for its subscription for or purchase of the IPO Shares, and the amount of the credit facility, advance or loan and other details of each such financing.

10.7.3 As continuing security for the due and punctual payment by the Client of all principal, interest and other sums owed by the Client to USPL in respect of the IPO Loan, the Client as beneficial owner hereby charges by way of first legal charge the IPO Shares to USPL until full payment made to USPL of the IPO Loan by the Client; and hereby expressly authorises USPL to receive and apply all sums of whatever nature received by USPL (or USPL's nominees) in respect of any part of the charged shares towards payment of the IPO Loan in such manner and at such time as USPL may determine. USPL reserves its rights to force liquidate all or any of the IPO Shares charged to USPL if (i) credit risk of the Client's Account exceeds reasonable acceptable level during the subscription period, or (ii) there is any unsettled shortfall in the Client's Account on the day of listing of the IPO Shares; and to the extent that the shortfall of the Client's Account is recovered. The Client understands and agrees to bear any investment losses caused by such forced liquidation of all or any of the IPO Shares.

**10.8 IPO Subscription Fees and IPO Loan Interests:** USPL will charge the Client a subscription fee for each application for subscription of IPO Shares as determined by USPL from time to time ("**Subscription Fees**"). USPL will also charge the Client interests for IPO Loan ("**IPO Loan Interests**"), if any. For details of the Subscription Fees and the IPO Loan Interests, the Client may refer to the Initial Public Offering Subscription Statement prepared by USPL and/or the fee schedule, as amended or supplemented from time to time, which is available on USPL's website. For the avoidance of doubt, the application fees (if any) are not refundable regardless of the outcome of the application is successful or not. The IPO Loan Interests to be charged by USPL, if not otherwise specified in any notice, application form or statement in any format separately delivered or shown by USPL to the Client, is calculated by the relevant loan amount x the number of interest-bearing days x the interest rate. The interest-bearing time is from the day after the latest date for lodging application for subscription of IPO Shares to USPL to the day on which the results of allotment has been released ("**Allotment Results Day**"). The Client agrees and confirms that USPL shall have the right to freeze the IPO Loan Interests in the Account in advance or when USPL thinks fit and the IPO Loan Interests will be automatically deducted from the Account on the Allotment Results Day. For the avoidance of doubt, once the application for subscription of IPO Shares has been lodged as instructed by the Client, the Subscription Fees (if any) and the IPO Loan Interests (if any) are non-refundable for whatever reasons.

## 11. ELECTRONIC TRADING SERVICE

**11.1 Electronic Trading Service:** The Client understands that the Electronic Trading Service is a semi-automated facility, which enables the Client to send electronic Instructions and receive information and

services. The Client agrees to use the ETS only in accordance with the terms of this Agreement and all guidelines, notices, operating rules and policies pertaining to the use and/or access of the Electronic Trading Services, as well as any amendments to the aforementioned, issued by USPL, from time to time. Any additional services offered through the ETS in the future shall only be used by the Client in accordance with the terms of this Agreement.

- 11.2 Authorised Access:** The Client shall be the only authorised user of the ETS for the Client's Account. The Client shall be responsible for the confidentiality, security and use of the Access Codes, Account Number and Password. The Customer also undertakes to safekeep and use the Access Codes, Account Number and Password with caution. The Client acknowledges and agrees that the Client shall be solely responsible for all Instructions entered through the ETS using the Access Codes and neither USPL nor USPL's directors, officers or employees 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, mishandling or loss of any Instruction.
- 11.3 Proprietary System:** The Client acknowledges that the ETS is proprietary to USPL. The Client warrants and undertakes that the Client shall not, and shall not attempt to, tamper with, modify, de-compile, reverse engineer, corrupt, interfere or otherwise alter in any way, and shall not attempt to gain unauthorised access to, any part of the ETS. The Client acknowledges that USPL may take legal action against the Client, if the Client at any time breaches this warranty and undertaking or if USPL at any time reasonably suspects that the Client has breached the same. The Client undertakes to notify USPL immediately if the Client becomes aware that any of the actions described above in this clause is being perpetrated by any other person.
- 11.4 Responsibility to Notify Errors:** The Client further acknowledges and agrees that, as a condition of using the ETS to give Instructions, the Client shall immediately notify USPL if: (a) an Instruction in respect of the Account has been placed through the ETS and the Client has not received an order number; (b) an Instruction in respect of the Account has been placed through the ETS and the Client has not received an accurate acknowledgement of the Instruction or of its execution, whether by hard copy or via electronic or verbal means; (c) the Client has received acknowledgement, whether by hard copy, electronic or verbal means, of a Transaction which the Client did not originate or instruct; and/or (d) the Client becomes aware of any unauthorised use of the Account Number and/or Password.
- 11.5 Alternative Trading Facilities:** The Client agrees that should the Client experience any problems in reaching USPL through the ETS or vice versa, the Client shall attempt to use an alternative method or device, as USPL may make available, to communicate with USPL to place the Client orders and to inform USPL of the difficulty the Client may experience. The Client acknowledges that USPL gives no express or implied warranties (including but not limited to warranties of merchantability, functionality or fitness for a particular use) with respect to trade or trade related services. The Client agrees that USPL shall not be responsible to the Client for any losses, costs, expenses, damages or claims which the Client may suffer as a result of any disruption, malfunction or other suspension of USPL's service beyond USPL's control.
- 11.6 Third Party Market Data:** The Client understands that the ETS may provide, for informational purpose only data about securities published by third parties. Owing to market volatility and possible delay in the data-transmission process, the data may not be real-time market quotes for the relevant securities or investment. The Client understands that whilst USPL believes such data to be reliable, it has no independent basis to verify or contradict the accuracy or completeness of the information provided. The Client understands that no recommendation or endorsement from USPL shall be inferred from the data provided with respect to any securities or investment. The Client may be charged a fee for data USPL provides that has been obtained from Exchanges, exchanges in other jurisdictions, markets and from other third parties that transmit the data (collectively referred to as the "Information Providers"). The Client agrees to authorise USPL to debit its Account with the same or the fee for the data quoted by USPL from time to time.
- 11.7 No Guarantee of Accuracy or Timeliness of Information:** The Client acknowledges that the price quote service and/or information available at the ETS may be provided by a third party provider appointed by USPL from time to time. The Client understands that the price quote and/or information

provided in the ETS may be on an "as is", "as available" basis and USPL does not guarantee the timeliness, sequence, accuracy, adequacy or completeness of such price quote or information. For the avoidance of doubt, there is no warranty of merchantability, no warranty of fitness for a particular purpose and no warranty of non-infringement, and there is no other warranty of any kind, express or implied, regarding any market data, price quote, and/or information provided in the ETS.

- 11.8 Intellectual Property Rights:** The information available at the ETS is the sole property of USPL, the Information Providers or others and is protected by their intellectual property rights. Such information is for Client's personal use and reference only. The Client shall not use such information for any unlawful purpose. The information must not be reproduced, duplicated, sub-listed, or transmitted or used for commercial purpose, and the Client shall not furnish it to any other person or entity for any reason.
- 11.9 Sufficient Fund or Securities:** Without contrary to Clause 6.2 above, USPL is not obliged to execute the Client's Instructions until there are sufficient cleared funds or Securities in Client's Account or approved limits to settle the Client's Transactions.
- 11.10 Non-cancellable Order:** The Client agrees to review every order before placing it as it may not be possible to cancel orders once given. The Client further acknowledges that if the cancellation of the order does not occur, the Client shall remain liable for the original Instruction.
- 11.11 Confirmation of Instruction:** After giving an Instruction via the ETS, the Client is obliged to check via the ETS whether USPL has correctly acknowledged its Instruction. The Client consents that Instructions placed via the ETS will not be valid until corresponding confirmation is received from USPL.
- 11.12 Restrictions on Order:** USPL may in its absolute discretion impose restrictions on the types of orders and the range of prices for orders which can be placed through the ETS.
- 11.13 Irrevocable Instruction:** Without limiting the generality of the foregoing, the Client acknowledges and agrees that it may not be possible to amend or cancel an Instruction after it has been given via the ETS and that an Instruction may only be amended or cancelled if it has not been executed by USPL. In such circumstances USPL will use its best efforts to amend or cancel the Instruction but, notwithstanding an acknowledgement by USPL in relation to the amendment or cancellation, there is no guarantee that the amendment or cancellation will occur. If the amendment or cancellation does not occur, the Client shall remain liable for the original Instruction.
- 11.14 Termination of Access to ETS:** USPL reserves the right to terminate the Client's access to ETS or any portion of them in its sole discretion, without notice and without limitation, for any reason whatsoever, including but not limited to the unauthorised use of the Client's Account Number(s) and/or Password(s), breach of this Agreement or other applicable client agreement(s), discontinuance of the USPL's access to any information from any Information Provider or termination of one or more agreements between USPL and Information Providers.

## 12. LIABILITY AND INDEMNIFICATION

**12.1 Limitation of Liability and Indemnification:** USPL, its correspondent agents and the Information Providers shall not be responsible for any losses, costs, expenses or liabilities suffered by the Client resulting from circumstances beyond their reasonable control including, without limitation:

12.1.1 delays in the transmission, receipt or execution of Instructions due to either a breakdown or failure of transmission of communication facilities or unreliable medium of communication or due to any other cause or causes beyond USPL's reasonable control;

12.1.2 delays, inaccuracies or omissions in or unavailability of research, analysis, market data and other information prepared by Information Providers; and

12.1.3 any losses, costs, expenses, damages, or claims which may suffer as a result of, in connection with or arising out of any aspect of real-time quote of stock prices provided by the Information Providers being inaccurate, interrupted, incomplete or delayed;

12.1.4 unauthorised access to communications systems by any third party, including unauthorised use of the Client's Account Number(s) and/or password(s); and

12.1.5 war or military action, government restrictions, labour disputes or closure of or disruption to orderly trading on any market or exchange, severe weather conditions and acts of God.

**12.2 Client's Indemnification Obligation:** The Client agrees to defend, indemnify and hold USPL, its correspondent agents and the Information Providers harmless from and against any and all claims, losses, liability, costs and expenses (including but not limited to attorneys' fees) arising from Client's violation of this Agreement, applicable laws or regulations, or any third party's rights, including but not limited to infringement of any copyright, violation of any proprietary right and invasion of any privacy rights. This obligation will survive the termination or expiry of this Agreement.

**12.3 No Liability for Inaccurate Information:** The Client accepts that while USPL endeavors to ensure the accuracy and reliability of any information provided, USPL does not guarantee its accuracy or reliability and accepts no liability (whether in tort, contract or otherwise) for any loss or damage from any inaccuracies, interruption, incompleteness, delay or omission.

### 13. ELECTRONIC INSTRUCTIONS INDEMNITY

**13.1 Electronic Instructions:** The Client acknowledges that USPL only responds to electronic instructions and not otherwise. The Client acknowledges that from time to time, USPL needs to act on electronic instructions (including but not limited to email or short message service (SMS)) from the Client. The Client understands that electronic instructions are not secure means of communication and there are risks involved. The Client hereby requests USPL to accept such electronic instructions for the Client's convenience. USPL is hereby authorised to act on any electronic instructions that USPL in its sole discretion believe emanate from the Client. Provided that USPL exercises reasonable care in verifying the identity of the person giving the electronic instructions, USPL shall not be liable for acting in good faith on electronic instructions that emanate from unauthorised persons.

**13.2 Binding Transaction and Indemnity:** Any transaction put through by USPL for the Client pursuant to an electronic instruction acted upon in good faith and in the absence of negligence default or fraud shall be binding upon the Client whether made with or without the Client's authority, knowledge or consent. The Client undertakes to indemnify USPL and keep USPL indemnified at all times against all actions, proceedings, claims, losses, damages, costs and expenses which may be brought against USPL or suffered or incurred by USPL and which shall have arisen either directly or indirectly out of or in connection with USPL's accepting electronic instructions and acting thereon, whether or not the same are confirmed in writing by the Client.

### 14. GENERAL PROVISIONS

**14.1 Entire Understanding:** This Agreement, together with all other written agreements, existing or subsequent, between USPL and the Client related to the Client's Account and terms contained on statements and confirmations sent to USPL, contains the entire understanding between and binding upon USPL and the Client concerning the subject matter of this Agreement.

**14.2 Severability:** If any provision of this Agreement shall be held to be invalid or unenforceable by any court or regulatory agency or body, such invalidity or unenforceability shall attach only to such provision and for that jurisdiction. The validity of the remaining provisions shall not be affected thereby and this Agreement shall be carried out as if any such invalid or unenforceable provision were not contained here. Time shall be of the essence in relation to all matters arising under this Agreement. Where the Client consists of more than one person, the liability of each of the persons shall be joint and several

and references to the Client shall be construed, as the context requires, to any or each of the persons. USPL shall be entitled to deal separately with any of the persons including the discharge of any liabilities to any extent without affecting the liability of the others.

- 14.3 Presumption of Authorisation:** Every Transaction indicated or referred to in any notice, statement, confirmation or other communication and every statement of Account shall be deemed and treated as authorised and correct and as ratified and confirmed by the Client unless USPL shall receive from the Client written notice to the contrary within five (5) days after the date after such notice, statement, confirmation or other communication is deemed to have been received by the Client.
- 14.4 Duty to Notify:** The Client shall inform USPL within two (2) Business Days of the possession or knowledge of information, if the Client acts as intermediary for or effected a Transaction on behalf of someone other than the Client as an ultimate beneficiary owner(s); and if the Client notices any discrepancies and/or error with regard to and in connection with any the Client's Account information, Transactions, settlements and fund transfers. The Client agrees that the Client failure to notify of such discrepancy and/or error in a prompt manner (no later than seven (7) calendar days) would exonerate USPL and USPL's agents from any claims, liabilities or damages resulted from those discrepancies and/or errors.
- 14.5 Amendment:** To the extent permitted by law, USPL may from time to time amend any of the terms and conditions of this Agreement by notifying the Client and such amendments shall come into effect immediately upon the Client deemed receipt of USPL's notice in accordance with Clause 8. The Client acknowledges and agrees that if the Client does not accept any amendments (including amendments to USPL's commission rates and fees) as notified by USPL from time to time, the Client shall have the right to terminate this Agreement in accordance with the termination clause under this Agreement. The Client further agrees that any amendments shall be deemed to be accepted by the Client, should the Client continue to effectuate Transaction(s) in the Client's Account without expressly communicate the Client objections to such amendments prior to the Transaction(s).
- 14.6 Material Change:** The Client agrees that the provision of this Agreement can be changed from time to time by USPL with its sole discretion. However, USPL will promptly notify the Client of material changes to any information provided to the Client in accordance with Clause 8, which may affect the service(s) provided to the Client under this Agreement. Change of provisions and conditions shall become effective starting from the designated effective date (i.e., the earliest effective date stated in relevant notification, and on the revised version of Agreement or any supplement to Agreement, or if no effective date is dated, the date of notification). Subject to any applicable laws and regulations, the designated effective date can be earlier than or later than the actual date of notification. Such change of provision(s) shall be included and incorporated as a part of this Agreement.
- 14.7 Waiver:** Save as provided in this Clause 14.7, waiver of any right under this Agreement must be in writing signed by the party waiving such right. USPL will not be regarded as having waived any right under this Agreement if USPL fails or delays in exercising such right. Any single or partial exercise of any rights under this Agreement will not preclude any further exercise of such right or exercise of any other right. USPL's failure to insist at any time on strict compliance with any of the terms or conditions of this Agreement or any continued course of such conduct on USPL's part shall, in no event, constitute or be considered as a waiver by USPL of any of USPL's powers, rights, remedies or privileges.
- 14.8 Assignment:** USPL may assign USPL's rights or obligations under this Agreement to any of USPL's subsidiaries or Affiliates without giving any prior notice, or to any other entity upon prior written notice to the Client. The Client shall not assign the Account and/or any of the Client rights and/or obligations under this Agreement to any other party except with USPL's prior written consent.
- 14.9 Default:**
- 14.9.1 Any of the following non-exclusive and non-exhaustive events shall constitute an event of default ("**Event of Default**"): (a) the Client has breached any material term(s) of this Agreement

or defaulted in respect of any Transaction with USPL; (b) the Client fails to pay for or otherwise settle any purchase (including the subscriptions to acquire a new listing and issue) or other Transaction under this Agreement when due; (c) a voluntary or involuntary case or other procedure is commenced against the Client seeking or proposing bankruptcy, liquidation, reorganisation, an arrangement or composition, a freeze, standstill or moratorium, or other similar relief with respect to the Client or the Client's debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to the Client, if insolvent) or seeking the appointment of an insolvency official in respect of the Client or any substantial part of the Client's assets; or (d) any warranty order of attachment or distress or equivalent is filed against the Client.

14.9.2 If an Event of Default occurs, without prejudice to any other rights or remedies that USPL may have against the Client and without further notice to the Client, USPL shall be entitled to: (a) cancel any or all outstanding orders or any other commitments made on the Client behalf; (b) cover any short position in the Account through the purchase of Securities or liquidate any long position in the Account through the sale of Securities; (c) sell, dispose of or otherwise deal with in whatever manner any Securities in the Account and any Securities deposited by the Client with USPL; (d) sell or realise all or any part of the Client's property held by USPL or other member of uSmart Group in such manner and upon such terms as USPL may conclusively decide and satisfy the Client's obligations and indebtedness towards USPL or USPL's Affiliates out of the net proceeds (with fees, expenses and costs deducted).

14.9.3 Notwithstanding Clause 14.9.2 above, USPL may, at any time, combine or consolidate all or any of such accounts as are for the time being opened and maintained by the Client with USPL or other member of uSmart Group, including the Account, and the Client hereby irrevocably authorise USPL (without prejudice to the other authorities granted to USPL hereunder): (a) to instruct other member of uSmart Group to transfer on the Client's behalf any funds standing from time to time in any account maintained at any time by the Client with other member of uSmart Group to any of the Client's Account maintained at any time with USPL; (b) to transfer any funds standing from time to time in any account maintained by the Client with USPL to any account maintained at any time by the Client with other member of uSmart Group; (c) to set-off or transfer any sum standing to the credit of any one or more such accounts by the Client in or towards satisfaction of the Client's indebtedness, obligation or liability to USPL, other member of uSmart Group or USPL's Affiliates on any of the accounts or in any other respect whatsoever, whether such indebtedness, obligations or liabilities be present or future, actual or contingent, primary or collateral, several or joint, secured or unsecured; and (d) to give other member of uSmart Group notice of such authority, and when such combination, consolidation, set-off or transfer requires the conversion of the currency into another, such conversion shall be calculated at such rate of exchange as conclusively determined by USPL's prevailing in such foreign exchange market as USPL may at its absolute discretion (but shall notify the Client of USPL's decision) select on or about the date of the combination, consolidation, set-off or transfer. In respect of any payments by USPL to offset and discharge any of the Client's obligations to other member of uSmart Group or USPL's Affiliates, USPL shall not be concerned whether or not such obligation exist, provided demand has been made on USPL by other member of uSmart Group or USPL's Affiliates.

14.9.4 Any order issued or claimed to be issued by the Client (or by any of its authorised person(s) or authorised third person(s)) within 5 days after USPL confirming the receipt of notification given by the Client (in the case of revocation, liquidation or bankruptcy), the liquidator, the bankruptcy administrator, or other related persons, of the commencement of any liquidation, winding up, bankruptcy or dissolution of the Client, or the occurrence of similar events, may continue to be valid and effective in the sole discretion of USPL and for USPL's benefits.

#### **14.10 Set-off:**

14.10.1 Unless expressly provided otherwise in the Agreement, all sums payable by the Client under the Agreement shall be paid in full without set-off or counterclaim or any restriction or condition.

14.10.2 The Client irrevocably and unconditionally authorises USPL to apply any amounts (in whatever currency) standing to the credit of the Accounts and/or any other account(s) in the Client's name with USPL or USPL's Affiliates in reduction of any amounts (whether matured or contingent) payable by the Client under the Agreement.

14.10.3 In addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right USPL may have under the Agreement or by law, USPL may, without prior notice to the Client or any other person, set off any sum or obligation (whether or not arising under the Agreement, whether matured or contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by the Client to USPL or any Affiliate of USPL against any sum or obligation (whether or not arising under the Agreement, whether matured or contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by USPL or any Affiliate of USPL to the Client.

**14.11 Termination:** Either party may terminate this Agreement at any time provided a written notice is given to the other party fifteen days in advance, which can be waived upon mutual agreement. The Client understands, upon the presentation of such notice, that the Client's Account shall be restricted to the closing transactions only (i.e. the liquidation of existing Securities). Without prejudice to any applicable laws and regulations, USPL may suspend or terminate this Agreement forthwith at any time without notice and giving any reason to the Client if the Client breaches or fails to comply with any terms of this Agreement or due to any other actual or potential cause(s) or concern(s) USPL deems appropriate. Any termination is conditioned on the satisfaction of any outstanding indebtedness and/or obligations in the Client's Account, including but not limited to any debit balance, executed and yet unpaid purchases, and the settlement of the subscription, allocation and acquisition of the shares of a new listing and issue and shall not affect any Transaction already entered into, or prejudice or affect any right, power, duty and obligation of either party accrued, prior to such termination.

**14.12 English/Chinese Version:** The Client confirms that the Client has read the English or Chinese version of this Agreement and that the contents of this Agreement have been fully explained to the Client in a language which the Client understands, and that the Client accepts this Agreement in its entirety. In the event that there is inconsistency between the English version and the Chinese version of this Agreement, the English version shall prevail.

**14.13 Descriptive Headings:** The heading of each provision hereof is for descriptive purposes only. They shall not be deemed to modify, qualify or otherwise substitute for any of the rights or obligations set forth in each of the provisions thereof contained in this Agreement.

**14.14 Indemnification:** The Client agrees that USPL and USPL's directors, officers, employees and agents shall not be liable for any delay or failure to perform any of USPL's obligations hereunder or for any losses caused directly or indirectly by any condition or circumstances over which USPL, USPL's directors, officers, employees or agents do not have control, including but not limited to government restriction, exchange or market rulings, suspension of trading, failure of electronic or mechanical equipment or communication lines, telephone or other interconnect problems, unauthorised access, theft, war (whether declared or not), severe weather, earthquakes and strikes. The Client further agrees to indemnify USPL and USPL's officers, employees and agents on demand for any loss, cost, claim, liability or expense arising out of or in connection with any breach by the Client of the Client's obligations hereunder including any reasonable costs incurred by USPL in collecting any debts due to USPL or in connection with the closure of the Account.

**14.15 Goods and Services Tax ("GST"):**

- (a) If any Services provided to the Client by USPL under or in connection with this Agreement is subject to GST, USPL may, in addition to any consideration payable pursuant to this Agreement, recover from the Client an additional amount on account of GST, such amount to be calculated by multiplying the relevant amount or consideration payable by the Client for the relevant supply by the prevailing GST rate.



- (b) If USPL is not entitled to an input tax credit in respect to the amount of any GST charged to or recovered from USSPL by any person, or payable by USPL, or in respect of any amount which is recovered from USPL by way of reimbursement of GST referable to any supply made under or in connection with the Agreement, USPL will be entitled to increase any amount or consideration payable by the Client on account of such input tax and recover from the Client the amount of any such increase. Such amount is to be calculated without any deduction or set-off any other amount and is payable by the Client upon demand by USPL whether such demand is by invoice or otherwise.

## 15. ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING (AML/CFT)

In order to comply with Singapore or foreign law, regulations, voluntary codes, directives, judgements or court orders, agreements between USPL or the uSmart Group and any authority, regulator, or enforcement agency, policies (including the uSmart Group's policies), good practice, government sanctions or embargoes, reporting requirements under financial transactions legislation and demands or requests of any authority, regulator, tribunal, enforcement agency, exchange body, the Client agrees to provide any information as USPL may require and to do all things necessary to enable USPL to comply with applicable anti-money laundering and "know your client" laws and regulations including but not limited to the immediate suspension or to freeze the operation of any or all the Accounts of the Client without assigning any reason thereto if:

- (a) the regulator or authority requires us to do so;
- (b) USPL is required by law or pursuant to agreements with any regulator or any authority to do so;
- (c) USPL needs to comply with internal policies pertaining to anti-money laundering or sanctions investigations;
- (d) USPL needs to comply with any internal mandate associated with any applicable order or sanction of any authority or regulator; or
- (e) USPL is under the suspicion that the said transaction is made for the purposes of advancing money-laundering activities or the financing of terrorism activities or any other unlawful activities thereby contravening the anti-money laundering guidelines or any other law in Singapore or elsewhere.

For the avoidance of doubt, the Client acknowledges, understands and consents to any investigation and disclosures that may be made pertaining to the Client's credit standing and the Client's business accounts (including Client's personal information such as face identification information and identity documents), and the Client authorises USPL and/or relevant third party service provider to contact such banks, financial institutions, and credit agencies as USPL and/or relevant third party service provider shall deem appropriate.

## 16. RISK DISCLOSURE STATEMENTS

**16.1 General Securities Risk:** The Client acknowledges that any trading in Securities carries investment risks. In particular, the price or value of any Securities can and does fluctuate and may even become valueless, resulting in possible loss not only of profit but also of all or part of the principal sums invested. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling Securities and the Client is prepared and able to accept and tolerate such risk. Past performance of any investment is not necessarily indicative of future performance.

**16.2 Securities in Custody:** The Client acknowledges and agrees that there are risks in leaving Securities in the safe custody of USPL, USPL's nominee or agent or in authorising USPL to deposit Securities as collateral for loans or advances made to the Client or authorising USPL to borrow or loan Securities; and that USPL will not be responsible for any damage or loss arising in connection with such safe

custody nor any act, default or negligence of any independent nominee, or other third party(ies) and the Client accepts that any Securities placed and pledged with any of them are at the Client's own risk.

**16.3 Risk of Electronic Trading:** Access to the internet or other electronic devices may be limited or unavailable during periods of peak demand, market volatility, systems upgrades or maintenance or for other reasons. Transactions conducted through the Internet or other electronic devices may be subject to interruption, transmission blackout, and delayed transmission due to unpredictable traffic congestion and other reasons beyond USPL'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 Instructions and other information and that this may result in delays in the execution of Instructions and/or the execution of Instructions at prices different from those prevailing prices at the time the Instructions were given. Moreover, communications and personal data may be accessed by unauthorised third party; and there are risks of misunderstanding or errors in any communication and that such risks shall be absolutely borne by the Client. The Client acknowledges and agrees that it shall not usually be possible to cancel an Instruction after it has been given.

**16.4 Cybersecurity Risk:** USPL has taken effective measures to manage and supervise the internet trading system and protect the security of Account information and trading activities of Client when using USPL's websites and mobile applications. Nevertheless, USPL hereby solemnly reminds the Client of cybersecurity risks associated with internet trading which are beyond USPL's reasonable control, including without limitation any risks stated in Clause 16.3 above, and (a) interruption or delay of transaction instructions and data error arisen from causes like data transmission over the Internet and mobile telecommunication networks; (b) information stored in mobile phone including account and password is known to others due to the loss of mobile phones or improper safekeeping of password; (c) errors or delays in market information caused by factors like malicious attacks on mobile telecommunication networks or internet, or failures of network server; (d) mobile devices and software systems are illegally attacked, hacked or infected by viruses, affecting market information and trading order; (e) the mobile phone configuration, performance or software system is incompatible with the trading system provided, leading to unavailability; (f) failure or error in trading order due to improper or inexperienced operations of mobile phones; and (g) other failures of communication network not caused by our mobile application leading to failures of trading order inquiries.

In view of the above cybersecurity risks, the Client is reminded to take prevention and protection measures when using internet trading system, acquire reasonable knowledge about appropriate computer and mobile phone operations and safety precaution. Once discovering any irregularities in the Account, network or electronic equipment, the Client should get contact with USPL, network or electronic equipment suppliers and properly deal with such irregularities as soon as possible. The Client should also be reminded that login credentials such as the Password should be properly safeguarded and cannot be shared.

Notwithstanding measures taken by USPL to minimise the cybersecurity risks, USPL accepts no responsibility for any loss which may be incurred by the Client as a result of such risks beyond USPL's reasonable control. The Client should not place any Instruction with USPL over the internet if the Client is not prepared to accept such risks.

**16.5 Risk of Trading Catalyst Stocks:** Catalyst stocks may involve a higher investment risk. Catalyst stocks may be very volatile and illiquid. The Client acknowledges that the Client should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of Catalyst mean that it is a market more suited to professional and other sophisticated investors. Current information on Catalyst stocks may only be found on the website operated by the SGX-ST. Catalyst companies are usually not required to issue paid announcements in gazetted newspapers. The Client acknowledges that the Client should seek independent professional advice if the Client should be uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of Catalyst stocks.

**16.6 Risk of Trading Nasdaq-Amex Securities at the Exchange:** The securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. The Client should consult his professional advisors and become familiarised with the PP before trading in the PP Securities. The Client should be

aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or Catalist of the Exchange.

**16.7 Risks of Assets received or held outside Singapore:** The Client acknowledges and agrees that the Client Assets received or held by the licensed or registered persons outside Singapore are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the SFA and the rules made thereunder. Consequently, the Client's Assets may not enjoy the same protection as that conferred on the Client's Assets received or held in Singapore.

**16.8 Risk of trading Hong Kong Listed Derivative Warrants ("DW"):**

15.9.1 **Issuer default risk:** In the event that a DW issuer becomes insolvent and defaults on their listed securities, investors will be considered as unsecured creditors and will have no preferential claim to any assets held by the issuer. Investors should therefore pay close attention to the financial strength and credit worthiness of DW issuers.

15.9.2 **Uncollateralised product risk:** Uncollateralised DWs are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment. Investors should read the listing documents to determine if a product is uncollateralised.

15.9.3 **Gearing risk:** DWs are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of a DW may fall to zero resulting in a total loss of the initial investment.

15.9.4 **Expiry considerations:** DWs have an expiry date after which the issue may become worthless. Investors should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

15.9.5 **Extraordinary price movements:** The price of a DW 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.

15.9.6 **Foreign exchange risk:** Investors trading DWs 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 and thereby also affect the DW price.

15.9.7 **Liquidity risk:** The SEHK requires all DW 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 fulfill its role, investors may not be able to buy or sell the product until a new liquidator provider has been assigned.

15.9.8 **Time decay risk:** All things being equal, the value of a DW will decay over time as it approaches its expiry date. DWs should therefore not be viewed as long term investments.

15.9.9 **Volatility risk:** Prices of DWs can increase or decrease in line with the implied volatility of underlying asset price. Investors should be aware of the underlying asset volatility.

**16.9 Risk of trading Callable Bull/Bear Contracts ("CBBC"):**

16.9.1 **Issuer default risk:** In the event that a CBBC issuer becomes insolvent and defaults on their listed securities, investors will be considered as unsecured creditors and will have no preferential claim to any assets held by the issuer. Investors should therefore pay close attention to the financial strength and credit worthiness of CBBC issuers.

16.9.2 **Uncollateralised product risk:** Uncollateralised CBBCs are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment. Investors should read the listing documents to determine if a product is uncollateralised.

- 16.9.3 **Gearing risk:** CBBCs are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of a CBBC may fall to zero resulting in a total loss of the initial investment.
- 16.9.4 **Expiry considerations:** CBBCs have an expiry date after which the issue may become worthless. Investors should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.
- 16.9.5 **Extraordinary price movements:** The price of a CBBC 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.
- 16.9.6 **Foreign exchange risk:** Investors trading CBBCs 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 and thereby also affect the CBBC price.
- 16.9.7 **Liquidity risk:** The SEHK requires all CBBC 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 fulfill its role, investors may not be able to buy or sell the product until a new liquidator provider has been assigned.
- 16.9.8 **Mandatory call risk:** Investors trading CBBCs should be aware of their intraday “knockout” or mandatory call feature. A CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. Investors will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. Investors should also note that the residual value can be zero.
- 16.9.9 **Funding costs:** The issue price of a CBBC includes funding costs. Funding costs are gradually reduced over time as the CBBC moves towards expiry. The longer the duration of the CBBC, the higher the total funding costs will be. In the event that a CBBC is called, investors will lose the funding costs for the entire lifespan of the CBBC. The formula for calculating the funding costs are stated in the listing documents.

#### 16.10 Risk of trading Exchange Traded Funds (“ETF”):

- 16.10.1 **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. Investors must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.
- 16.10.2 **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).
- 16.10.3 **Trading at discount or premium:** An ETF may be traded at a discount or premium to its net asset value. 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.
- 16.10.4 **Foreign exchange risk:** Investors 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 and thereby also affect the ETF price.

**16.10.5 Liquidity risk:** Securities market makers are Exchange Participants that provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more securities market makers, there is no assurance that active trading will be maintained. In the event that the securities market makers default or cease to fulfill their role, investors may not be able to buy or sell the product.

16.10.6 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 derivative instruments to gain exposure to a benchmark. Currently, synthetic replication ETFs can be further categorised into two forms:
  - (i) Swap-based ETFs
    - (A) Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets.
    - (B) 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
    - (A) 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.
    - (B) Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honor 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.

#### 16.11 Risk of trading equity linked instruments ("ELI"):

ELIs are structured products involving derivatives and its return component is based on the performance of the underlying asset. Investor purchasing an ELI is indirectly writing an option on the underlying shares. Investors should pay attention to the points below.

**16.11.1 Exposure to equity market:** Investors are exposed to price movements in the underlying security and the stock market, the impact of dividends and corporate actions and counterparty risks. Investors must also be prepared to accept the risk of receiving the underlying shares or a payment less than their original investment.

**16.11.2 Possibilities of losing investment:** Investors may lose part or all of their investment if the price of the underlying security moves against their investment view.

**16.11.3 Price adjustment:** Investors should note that any dividend payment on the underlying security may affect its price and the payback of the ELI at expiry due to ex-dividend pricing. Investors

should also note that issuers may make adjustments to the ELI due to corporate actions on the underlying security.

16.11.4 **Interest rates:** While most ELIs offer a yield that is potentially higher than the interest on fixed deposits and traditional bonds, the return on investment is limited to the potential yield of the ELI.

16.11.5 **Potential yield:** Investors should consult their brokers on fees and charges related to the purchase and sale of ELI and payment / delivery at expiry. The potential yields disseminated by the SEHK have not taken fees and charges into consideration.

## 16.12 Risk of trading Renminbi products:

16.12.1 **Renminbi currency risk:** Renminbi is not freely convertible at present and conversion of Renminbi through banks in Hong Kong is subject to certain restrictions. For Renminbi products which are not denominated in Renminbi or with underlying investments which are not Renminbi denominated, such products will be subject to multiple currency costs involved in making investments and liquidating investments, as well as the Renminbi exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operating expenses). The PRC government regulates the conversion of Renminbi and other currencies. If the restrictions on Renminbi convertibility and the limitations on the flow of the Renminbi funds between PRC and Hong Kong become more stringent, the depth of the Renminbi market in Hong Kong may become further limited.

16.12.2 **Exchange rate risk:** The value of the Renminbi against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. For Renminbi products, the value of investor's investment in Hong Kong dollar terms may decline if the value of Renminbi depreciates against Hong Kong dollar.

16.12.3 **Interest rate risk:** The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. For Renminbi products which are, or may invest in, Renminbi debt instruments, such instruments are susceptible to interest rate fluctuations, which may adversely affect the return and performance of the Renminbi products.

16.12.4 **Limitation on the provision of Renminbi funding:** In case the Client does not have sufficient Renminbi funding in the account to subscribe Renminbi products, subject to compliance with all applicable laws, rules and regulations, USPL may assist the Client to convert other currencies to Renminbi. However, USPL does not guarantee that it can assist the Client to obtain sufficient Renminbi funding due to the limitation on the flow of Renminbi funds in Hong Kong. USPL may unwind the Client's trade due to insufficient Renminbi funding and the Client's investment may be adversely affected if he suffers losses due to settlement failure.

16.12.5 **Limited availability of underlying investments denominated in Renminbi:** For Renminbi products that do not have access to invest directly in Mainland China, their available choice of underlying investments denominated in Renminbi outside Mainland China may be limited. Such limitation may adversely affect the return and performance of the Renminbi products.

16.12.6 **Projected returns which are not guaranteed:** For some Renminbi investment products, their return may not guaranteed or may only be partly guaranteed. Investors should read carefully the statement of illustrative return attached to such products and in particular, the assumption on which the illustration are based, including, for example, any future bonus or dividend declaration.

16.12.7 **Long Term commitment to investment products:** For Renminbi products which involve a long period of investment, if investor redeems his investment before the maturity date or during

the lock-up period (if applicable), investor may incur significant loss of principal where the proceeds may be substantially lower than the invested amount. Investor may also suffer from early surrender ! withdrawal fees and charges as well as the loss of returns (where applicable) as a result of redemption before the maturity date or during lock-up period.

**16.12.8 Credit risk of counterparties:** For Renminbi products investing in Renminbi debt instruments which are not supported by any collateral, such products are fully exposed to the credit risk of the relevant counterparties. Where a Renminbi product may invest in derivative instruments, counterparty risk may also arise as the default by the derivative issuers which may adversely affect the performance of the Renminbi product and result in substantial loss.

**16.12.9 Liquidity risk:** Renminbi products may suffer significant losses in liquidating the underlying investment, especially if such investments do not have an active secondary market and their prices have large bid ! offer spread.

**16.12.10 Possibility of not receiving Renminbi upon redemption:** For Renminbi products with a significant portion of non-Renminbi denominated underlying investments, there is a possibility of not receiving the full amount in Renminbi upon redemption. This may be the case if the issuer is not able to obtain sufficient amount of Renminbi in a timely manner due to the exchange controls and restrictions applicable to the currency.

### 16.13 Risk of trading bonds

**16.13.1 Issuer default risk:** There is a risk that the issuer may fail to pay investors the interest or principal as scheduled.

**16.13.2 Interest rate risk:** When the interest rate rises, the price of a fixed rate bond will normally drop. If investors want to sell their bond before it matures, they may get less than their purchase price.

**16.13.3 Foreign exchange risk:** Investors trading bond denominated in a foreign currency face an exchange rate risk. Any fall in the foreign currency will reduce the amount investors receive when they convert a payment of interest or principal back into the local currency.

**16.13.4 Liquidity risk:** Investors may need to sell the bonds before maturity when they have an urgent cash-flow need or use the capital for other investments. However, investors may not achieve this if the liquidity of the secondary bond market is low.

**16.13.5 Reinvestment risk:** If investors hold a callable bond, when the interest rate goes down, the issuer may redeem the bond before maturity. If this happens investors have to re-invest the proceeds, the yields on other bonds in the market will generally be less favorable.

**16.13.6 Equity risk:** If the bond is “convertible” or “exchangeable”, investors also face equity risk associated with stocks. A fall in the stock price will usually make the bond price fall.

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

**16.15 Instructions Outside Singapore:** If the Client gives any Instruction to USPL outside Singapore, 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 Client’s Instruction is given, and the Client further agrees that the Client shall, when in doubt, consult legal advisers and other professionals of the relevant jurisdiction. The Client accepts that there may be taxes or charges payable to relevant authorities in respect to any Instruction given outside Singapore, and the Client agrees to pay such taxes or charges as applicable.

- 16.16 Risk of OTC Transactions / Grey Market Trading:** Before trading, the Client must understand the nature of the OTC transaction, the trading facilities and the level of risk the Client can afford. If in doubt, the Client should seek independent professional advice. OTC transactions are subject to risks, including the credit and default risks of other counterparties, and the risk of securities not being listed on the relevant exchanges. OTC securities may have lower liquidities and higher price volatilities than exchange-traded securities. OTC transactions are not guaranteed to be settled and the Client is liable for any losses and expenses resulting from the settlement default by the Client and/or the Client's counterparty. The prices of OTC securities may differ materially from their market opening or trading prices during the regular market time after they are listed on the relevant exchanges. The price of a security shown in an OTC transaction may not reflect the price of the same security traded in other automated trading systems operating at the same time. The OTC markets are not regulated by the relevant exchanges. Unless the relevant transactions are officially recorded on the exchange's trading system after the security is listed on the exchange, they are not covered by the Fidelity Fund of the SGX-ST or other relevant investor insurance or protection schemes applicable to exchange-traded products. For terms of OTC Transaction, please refer to Clause 5.13 of this Agreement.
- 16.17 Risk relating to the use of the Internet:** USPL does not warrant the security of any information transmitted by the Client or to the Client through the Electronic Trading Service and the Client accepts the risk that any information transmitted or received through the Electronic Trading Service may be accessed by unauthorised third parties. Transactions over the Internet may be subject to interruption, transmission blackout, delayed transmission due to Internet traffic, or incorrect data transmission due to the public nature of the Internet.
- 16.18 Suspension or Restriction of Trading:** Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any security because of price limits or trading halts) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions.
- 16.19 Currency Risks:** The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in the 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.
- 16.20 Risks of Margin Trading:** The risk of loss in financing a transaction by deposit of collateral is significant. The Client may be called upon at short notice to deposit additional margin funds. In extreme market conditions USPL may be unable to contact the Client or provide the Client with sufficient time to make the required deposits, and forced liquidation may be necessary.
- 16.21 Off-exchange Risks:** In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. USPL with which the Client deal may be acting as the Client's counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before the Client undertake such transactions, the Client should familiarise himself with applicable rules and attendant risks.
- 16.22 Counterparty Risks:** All transactions that are executed upon the Client's instructions with counterparties and brokers are dependent on their due performance of their obligations. The insolvency or default of such counterparties and brokers may lead to positions being liquidated or closed out without the Client's consent.
- 16.23 Emerging Market Risks:** Some of the markets where investments will be made are emerging markets, and as a consequence tend to be substantially smaller, less liquid, less regulated and more volatile than major securities markets, such as those in more developed markets. The limited liquidity of capital markets products in some emerging countries could also affect the ability to acquire or dispose of the products at the intended price and at the intended time.



**16.24 Acknowledgment of the Risks:** The Client has been provided by USPL's licensed person with the above stated risk disclosure statement, and any risk disclosure statement(s) or equivalent disclosure(s) stated in any agreement(s) or document(s) supplementing this Agreement in the language of the Client's choice (English or Chinese) (collectively, the "**Risk Disclosure Statements**"), invited to read the Risk Disclosure Statements, ask questions and take independent advice if the Client wishes in accordance with Regulation 47DA(1)(a) of the SF(LCB) Regulations. The Client further acknowledges and has confirmed with USPL that he receives and understands the nature and contents of the Risk Disclosure Statements. **THE CLIENT FURTHER ACKNOWLEDGES THAT THE RISK DISCLOSURE STATEMENTS DO NOT PURPORT TO DISCLOSE OR DISCUSS ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF ANY TRANSACTION. THE CLIENT SHOULD THEREFORE CONSULT WITH THE CLIENT'S OWN LEGAL, TAX AND FINANCIAL ADVISERS BEFORE ENTERING INTO ANY PARTICULAR TRANSACTION. IT IS IMPORTANT FOR THE CLIENT TO DETERMINE WHETHER ANY TRANSACTION IS SUITABLE FOR THE CLIENT'S OPERATIONS, BUSINESS AND ORGANISATION, AND THE CLIENT SHOULD BE AWARE THAT THIS IS THE CLIENT'S SOLE RESPONSIBILITY.**

## **17. CLIENT IDENTITY**

**17.1 Assistance to Regulators:** USPL may be required to provide to MAS, the Exchange and/or regulatory authorities identity details of the ultimate person(s) for whom it is processing a Transaction as well as the person(s) who give(s) Instructions in relation to that Transaction within two (2) business days of their request. In exceptional market circumstances, the details may have to be made available very shortly after the request. Alternatively, USPL may provide the required details directly to the regulators in the manner described below.

**17.2 Disclosure of Beneficiaries:** If the Client effects Transactions for the Account of clients or other beneficial owners, whether on a discretionary or non-discretionary basis, and whether as agent or by matching Transactions as principal with the beneficiaries, the Client agrees that, in relation to a Transaction where USPL has received an inquiry from regulators, the Client shall immediately upon USPL's request provide to the regulators such identity details of the beneficiaries for whose Account the Transaction was effected, of the person with the ultimate beneficial interest in the Transaction and/or of the person who originated the Transaction.

**17.3 Arrangement where Beneficiaries are intermediaries:** If the Client is aware that any of the beneficiaries is acting as intermediary for its underlying client(s), and the Client does not know the identity, address, occupation and contact details of the underlying client(s) for whom the Transaction was effected, the Client confirms that the Client has arrangements in place with such beneficiaries, which entitle the Client to obtain the details contemplated above from the beneficiaries immediately upon request or procure that they be so obtained. USPL will, upon USPL's request in relation to a Transaction, promptly request the requisite identity details from the beneficiaries on whose Instructions the Transaction was effected, and provide them to the regulators as soon as received from the beneficiaries or procure that they be so provided.

**17.4 Survivability:** The Client further confirms that the Client's obligations under this Clause 17 will continue after the termination of this Agreement.

## **18. PERSONAL DATA PROTECTION ACT 2012**

**18.1** The Client may from time to time be requested by the USPL to supply Personal Data (as defined under Personal Data Protection Act 2012 (the "**PDPA**") relating to the Client. Personal Data, in this Clause 18, refers to any data, whether true or not, about an individual who can be identified (a) from that data; or (b) from that data and other information to which uSmart Group have or are likely to have access, including data in our records as may be updated from time to time. Examples of such Personal Data include an individual's name, email address and mobile number. This is not an exhaustive list and uSmart Group may collect other types of personal data from the user. For the purposes of this Clause 18, Personal Data (i) in the case of individual account holders, joint account holders or sole proprietors,

means personal data relating to the relevant individual concerned; (ii) in the case of a partnership, means personal data relating to each partner of the partnership; and (iii) in the case of a corporate entity, means personal data relating to any individual director, shareholder, officer or manager which has been provided to USPL. Personal Data also means those information about the Client collected by USPL upon the Client's usage of the provided services and products. This might include (but not limited to) financial information, credit record, investment preference and tendency, location information of mobile devices, browser details and IP addresses.

- 18.2** The Client shall provide all such Personal Data as shall be reasonably requested by USPL in the Account Opening Form or otherwise, and any failure to do so may result in USPL being unable to open or continue the Account, or to effect transactions under the Account. When the Client uses the product or service provided by USPL, the Client may be required to permit the collection of personal data by USPL upon request. Otherwise, the Client might not be able to use such product or service, or enjoy a more optimised experience.
- 18.3** The Client understands, consents and accepts that USPL may collect, use and/or disclose Personal Data received from the Client to the following persons (whether within or outside of Singapore) for the purposes set out in Clause 18.4:
- 18.3.1 any nominees in whose name securities or other assets may be registered;
  - 18.3.2 any member or affiliated or related company in the uSmart Group including but not limited to USPL's parent and/or subsidiary companies;
  - 18.3.3 any contractor, adviser, agent or third party service provider which provides administrative, background checking, data processing, financial, computer, telecommunication, payment or clearing, professional or other services to USPL in connection with the operation of its business, anti-money laundering checks, identity checks or provision of financial services or products to the Client;
  - 18.3.4 any financial institution trading with or intended to trade with the Client;
  - 18.3.5 credit reference agencies, and, in the event of default, to debt collection agencies;
  - 18.3.6 any person as guarantor or intended to be guarantor;
  - 18.3.7 any person (or any member of the uSmart Group) who holds the duty of confidentiality for USPL or has promised the confidentiality of such information;
  - 18.3.8 any person with whom USPL enters into or proposes to enter into a transaction with on behalf of the Client or the Account, or the persons representing the same;
  - 18.3.9 any person who provides financial services or issues, distributes or provides capital markets products to the Client through or with USPL;
  - 18.3.10 any foreign or local exchanges of securities, futures and/or other capital markets products where the Client's orders to buy or sell such securities, futures and/or other capital markets products are placed or transacted; or their associated clearing houses or operators;
  - 18.3.11 any assignee, transferee, participant, sub-participant, delegate, successor or person to whom this Agreement is novated; and
  - 18.3.12 any foreign or local governmental, regulatory, supervisory, tax, law enforcement or other authorities, bodies or institutions.
- 18.4** The Client understands, consents and accepts that the purposes for which the Personal Data provided by the Client from time to time may be used are:-

- 18.4.1 executing or giving effect to the Client's orders relating to transactions or otherwise, and carrying out the Client's other Instruction;
  - 18.4.2 providing financial services and/or products to the Client or in connection with the Account, whether the services or products are provided by or through any other member of uSmart Group or any other person, within or outside Singapore;
  - 18.4.3 providing personalised financial analysis and planning or designing financial services or products for the Client's use;
  - 18.4.4 improving the products and services and optimising the Client's experience;
  - 18.4.5 marketing services or products which may be of interest to the Client;
  - 18.4.6 conducting credit inquiries or background checks on the Client and ascertaining the Client's financial situation and investment objectives;
  - 18.4.7 ensuring that the Client or any guarantor maintains a reliable credit;
  - 18.4.8 collecting of amounts due, enforcing of security, charges or other rights and interests in favour of USPL or any member of uSmart Group;
  - 18.4.9 complying with and/or enabling any affiliated or related company in the uSmart Group to comply with any applicable laws, regulations, codes of practice, guidelines, or rules, or to assist in law enforcement and investigations conducted by any governmental and/or regulatory authority, including all government agencies and authorities, tax authorities, regulators, exchanges, clearinghouses, markets, or depositories, within or outside Singapore, existing currently and in the future;
  - 18.4.10 complying with obligations, requirements, policies, procedures, measures and arrangements for sharing Personal Data and information within the uSmart Group and/or any other use of Personal Data in accordance with any uSmart Group wide programmes for compliance with sanctions or prevention or detection of money laundering, terrorist financing or other unlawful activities;
  - 18.4.11 enabling the actual or suggested transferee on the conditions of merge, combination, re-organisation or other conditions to evaluate the trading planned to be transferred; and
  - 18.4.12 other purposes related or incidental to any one or more of the above.
- 18.5** The Client understands, consents and accepts that USPL may from time to time transfer the Personal Data of the Client outside Singapore to any of the persons referred to in Clause 18.3 above and for any of the purposes referred to in Clause 18.4 above. USPL shall do so in accordance with the PDPA to ensure the USPL provides a standard of protection to personal data so transferred that is comparable to the protection under the PDPA. However, such personal data and information may be processed stored or maintained in accordance with the local data protection laws, rules and regulations applicable in the relevant jurisdiction.
- 18.6** When USPL provides the Client with credit limit or financing arrangements or when the Client represents the other person of the guarantor, if the Client or the borrower is delinquent on the payment for more than sixty (60) calendar days or other duration prescribed from time to time by laws or related regulations, the related credit information service institution can keep the information provided by USPL for five (5) years starting from the final clear-off day or five (5) years starting from the day when the institution receives the notification of the Client's discharge of bankruptcy, the earlier day being the standard. If the related Account is closed due to full payment and if there is no material delinquency five (5) years prior to the close of the Account, the Client is entitled to order USPL to submit the request to the related institutions of deleting any Account information from the database but such order shall only be issued within five (5) years subsequent to the close of the Account.

## **18.7 Use of Personal Data in Direct Marketing**

In addition to Clause 18.4, USPL intends to use, from time to time, Client's Personal Data in direct marketing of capital markets products and services, including but not limited to securities, futures, fixed income, currencies, commodities, wealth management, asset management, equity financing, equity derivatives, insurance, and other capital markets products and services. Only the following kinds of Personal Data of the Client may be used in such direct marketing:

18.7.1 name;

18.7.2 gender;

18.7.3 date of birth;

18.7.4 part of identity card or passport number;

18.7.5 contact information (including but not limited to phone number, fax number, email address, correspondence address and residential address);

18.7.6 information about the products and/or services the Client has purchased or applied for.

USPL may not so use the data unless it has received the Client's consent to the intended use. The Client can always request USPL not to receive direct marketing materials or related information in written form.

## **18.8 Provision of Personal Data for Use in Direct Marketing**

USPL intends to provide, from time to time and for money and other property, Client's personal data to uSmart Group (other than USPL itself) for use by uSmart Group in direct marketing of capital markets products and services, including but not limited to securities, futures, fixed income, currencies, commodities, wealth management, asset management, equity financing, equity derivatives, insurance, and other capital markets products and services. Only the following kinds of personal data of the Client may be provided to uSmart Group (other than USPL itself) for use by uSmart Group in such direct marketing:

18.8.1 name;

18.8.2 gender;

18.8.3 date of birth;

18.8.4 part of identity card or passport number;

18.8.5 contact information (including but not limited to phone number, fax number, email address, correspondence address and residential address);

18.8.6 information about the products and/or services the Client has purchased or applied for.

USPL may not so use the data unless it has received the Client's consent to the intended use. The Clients can always request USPL or member of uSmart Group engaging in direct marketing not to receive direct marketing materials or related information in written form.

**18.9** Personal Data will be held for as long as it is necessary to fulfill the purpose for which it was collected, or as required or permitted by applicable laws, rules and regulations. USPL shall cease to retain Personal Data, or remove the means by which the Personal Data can be associated with particular individuals, as soon as it is reasonable to assume that the purpose for which that Personal Data was

collected is no longer being served by retention of the Personal Data and retention is no longer necessary for legal or business purposes.

**18.10** In order to ensure that the Client's Personal Data is current, complete and accurate, please update USPL of any changes to the Client's personal data by contacting Data Protection Officer of USPL at the contact details stated below.

**18.11** *Intentionally left blank*

**18.12** The Client shall acknowledge and accept that the risk of data disclosure under this Agreement may include recipients disclosing information to other persons according to the laws of the country. Due to the application of different laws and regulations, as compared with the situation in Singapore, the scope of application of some personal data protection laws of other countries may be wider, its execution may also be more lenient. When clients provide any data (including personal information) to USPL, the Client shall state, represent and warrant that the Client has been authorised to take all necessary actions to be disclosed to USPL and allow USPL to use such data in accordance with this Agreement.

**18.13** The Client has the right to request a copy of such Personal Data and may request the correction of the Personal Data to the extent that applicable laws allow. The Client acknowledge that some Personal Data may be exempt from such access and/or correction rights. Data Protection Officer can be contacted for (1) queries, requests, feedback relating to the Client's Personal Data, (2) withdrawal of consent to any use of the Client's Personal Data, or (3) obtain access and/or make corrections to the Client's Personal Data records via <[dpo@usmart.sg](mailto:dpo@usmart.sg)>. The Client understands that a fee shall be charged by USPL for the processing of any such request.

**18.14** The Client agrees that where its written consent or permission is required by law, regulation or otherwise for any such collection, use, disclosure and/or processing of personal data by USPL, the signing or electronic agreement or acceptance via application form(s), account opening document(s), consent form(s), and/or other methods of consent notification, as well as in any other manner permitted by law or regulation shall constitute and be deemed to be sufficient written consent or permission for such collection, use, disclosure, and/or processing of Personal Data.

**18.15** If the Client does not wish for USPL to collect, retain, use or disclose the Client's Personal Data to any of the persons referred to in Clause 18.3 above and for any of the purposes referred to in Clauses 18.4 and 18.7 above, to the extent applicable under Singapore personal data protection laws and regulations, the Client may withdraw their consent at any time by written notice to USPL, however, depending on the circumstances and the nature/extent of the Client's withdrawal, the withdrawal of consent may result in USPL's inability to open or maintain any of the Accounts or to provide the Client with (or continue providing the Client with) any product, services including but not limited to the Electronic Trading Service, enter into any Transaction or maintain any of the Client's positions and hence, may result in the termination of the Client's customer relationship and/or the Accounts with USPL or result in other consequences of a legal nature which may arise by virtue of the Client's legal relationship with USPL.

**18.16 China Connect Securities Trading Service and Transfer of Personal Data**

Without prejudice to the generality of Clauses 18.1 to 18.15 above, the Client further acknowledges and agrees that in providing USPL's China Connect securities trading service to the Client, USPL will be required to:

- (i) 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 Client's joint account with USPL, as appropriate; and
- (ii) provide to the 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 the SEHK.

Without limitation to any notification USPL has given the Client or consent USPL has obtained from the Client in respect of the processing of the Client's personal data in connection with the Client's account and USPL's services to the Client, the Client acknowledges and agrees that USPL may collect, store, use, disclose and transfer personal data relating to the Client as required as part of USPL's China Connect securities trading service, including as follows:

- (a) to disclose and transfer the Client's BCAN and CID to the SEHK and the relevant SEHK Subsidiaries 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 SEHK Subsidiaries 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 SEHK) for market surveillance and monitoring purposes and enforcement of the Rules of the SEHK; (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 SEHK Subsidiary; (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.

By instructing USPL in respect of any Transaction relating to China Connect Securities, the Client acknowledges and agrees that USPL may use the Client's personal data for the purposes 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 Client also acknowledges that despite any subsequent purported withdrawal of consent by the Client, the Client's 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.

#### **18.17 Consequences of failing to provide Personal Data or Consent**

Failure to provide USPL with the Client's personal data or consent as described in the clauses above may mean that USPL will not, or no longer be able, as the case may be, to carry out the Client's trading Instructions or provide the Client with USPL's China Connect securities trading service.

**18.18** This Clause 18 will survive the termination or expiry of this Agreement.

#### **19. FATCA, CRS, ETC., AND TAX COMPLIANCE**

**19.1 Disclosure, Consent and Waiver:** The Client shall provide to USL, uSmart Group, their agents or service providers, upon request, any documentation or other information regarding the Client and its beneficial owners that USL, uSmart Group, their agents or service providers may require from time to time in connection with their obligations under, and compliance with, applicable laws and regulations including, but not limited to, the United States Foreign Account Tax Compliance Act (“**FATCA**”), Common Reporting Standard (“**CRS**”) and Income Tax Act 1947 of Singapore (“**Singapore ICTA**”) (“**Applicable Regulations**”). The Client hereby agrees and consents that USPL, uSmart Group and their agents and service providers may collect, store and process information obtained from the Client or otherwise in connection with this Agreement and/or the Client’s transactions for the purposes of complying with the Applicable Regulations, including disclosures between USPL and any of them and to the governmental authorities of the United States of America, Singapore and/or other jurisdictions. To the extent permitted by law, Client hereby waives any provision of any data protection, privacy, banking secrecy or other law or regulation of any jurisdiction and/or the terms of any confidentiality agreement, arrangement or understanding that would otherwise prevent compliance by USPL, uSmart Group and their agents and service providers with Applicable Regulations. The Client acknowledges that this may include (to the extent permitted under Singapore law) transfers of information to jurisdictions which do not have strict data protection, data privacy laws or banking secrecy laws. The Client shall ensure that, before the Client or anyone on its behalf discloses information relating to any third party to USPL, uSmart Group or their agents or service providers in connection with this Agreement or the Client’s transactions that third party has been provided with such information and has given such consents or waivers as are necessary to allow USPL, uSmart Group and their agents and service providers to collect, store, process and disclose his, her or its information as described in this Clause 19.

**19.2 Provision of Information:**

19.2.1 The Client shall upon request by USPL confirm to USPL (i) whether the Client is a person who is entitled to receive payments free from any deduction or withholding as required by the Applicable Regulations (“**Exempt Person**”); and (ii) supply to USPL such forms, documentation and other information relating to the Client’s status under the Applicable Regulations (including its applicable pass-through rate or other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as USPL reasonably requests for the purposes of that USPL’s compliance with the Applicable Regulations (and the compliance of any of uSmart Group).

19.2.2 If the Client confirm to USPL pursuant to the above that the Client is an Exempt Person and the Client subsequently becomes aware that the Client is not, or has ceased to be an Exempt Person, the Client shall notify USPL as soon as reasonably practicable. The Client shall report to USPL all changes in his/her tax residency status or in circumstance when the Client’s declaration as not being a U.S. person as defined under FATCA (including U.S. citizen, U.S. resident or green card holder), being the beneficial owner of all the income to which the Client’s Account(s) maintained with USPL, being the resident of the Client declared country within the meaning of the income tax treaty between the United States and the Client declared country, being an exempt foreign person as defined in Instructions for Form W-8BEN, or any relevant declaration(s) in relation to the Applicable Regulations made at the Account Opening Form or in any applicable format subsequently delivered to USPL is no longer valid within 7 days (when it is infeasible, it shall not be later than 30 days) of such change in circumstances.

19.2.3 If the Client fails to confirm its status or to supply forms, documentation or other information requested in accordance with Clause 19.2.1 above (including, for avoidance of doubt, where Clause 19.2.2 above applies), then:

- (a) If the Client failed to confirm whether the Client is (and/or remains) an Exempt Person then the Client will be treated as if the Client is not a an Exempt Person; and
- (b) If the Client failed to confirm its applicable pass-through rate then the Client will be treated as if its applicable pass-through rate is 100%, until such time as the Client provides USPL the requested confirmation, forms, documentation or other information.

**19.3 Withholding or Deduction:** If USPL is required pursuant to the Applicable Regulations to withhold or deduct any withholding taxes (including any penalties or interest payable in connection with any failure to pay or any delay in paying any such taxes) on any payments to the Client, USPL may deduct such taxes and USPL will not be required to increase any payment in respect of which USPL makes such withholding. The Client shall be treated for all purposes of this Agreement as if the Client had received the full amount of the payment, without any deduction or withholding. The Client shall provide USPL such additional documentation reasonably requested by USPL to determine the amount to deduct and withhold from such payment.

**19.4 Discretion to Close Account:** USPL shall have its sole discretion in closing any Account or not opening any account or executing any orders for the “U.S. person”, “recalcitrant account holder”, “non-participating foreign financial institution”, “passive non-financial foreign entity with substantial U.S. owner(s) or controlling U.S. person(s)”, or any other Account holder with classification or status that may impose any reporting or withholding obligations on USPL as defined by FATCA.

## 20. CHINA CONNECT

**20.1** Without prejudice to any other provisions in this Agreement, the Client acknowledges and accepts the following additional terms and conditions applicable to trading in securities (“**China Connect Securities**”) listed in the Shanghai Stock Exchange (“**SSE**”) and/or Shenzhen Stock Exchange (“**SZSE**”) through the Shanghai Connect and/or Shenzhen Connect under China Connect (“**Northbound trading**”):

20.1.1 The Client represents and undertakes on a continuing basis, including without limitation on each date that the Client places an order or gives an instruction in respect of China Connect Securities, that: (1) the Client is not a Mainland China Resident or an entity incorporated or registered under the laws of Mainland China; if the Client is a Mainland China Resident, the Client is using funds lawfully owed by the Client and located outside Mainland China to make investments in China Connect Securities; or if the Client is an entity incorporated or registered under the laws of Mainland China, its investment in China Connect Securities has been conducted pursuant to any program (including the Qualified Domestic Institutional Investor Program, if applicable) approved by, or any other approval of, any competent Mainland China regulator; (2) the Client’s investment in China Connect Securities does not violate the laws and regulations of Mainland China, including those in relation to foreign exchange control and reporting; and (3) the Client will trade shares listed on the ChiNext Board of the SZSE (“**ChiNext Shares**”) only when the Client is, and in the case where the Client is an intermediary (including, but not limited to, a fund manager, asset manager, broker or order placer) trading for or on behalf of an underlying client or clients, each of such underlying client is, an Eligible Investor to trade ChiNext Shares under the Northbound Trading Regulations;

20.1.2 The Client must understand and comply with all the applicable by-laws, codes, rules and regulations of SSE and/or SZSE (“**SSE/SZSE Rules**”), the relevant rules applicable to the companies listed in SSE/SZSE as issued by SSE/SZSE (“**SSE/SZSE Listing Rules**”), and other applicable laws and regulations of Mainland China relating to Northbound trading (together “**Northbound Trading Regulations**”). The Client acknowledges that if the Client is in breach of any Northbound Trading Regulations, the Client will be subject to regulatory investigation and be personally liable to any legal and regulatory consequences. USPL will not and does not intend to advise the Client on any of such Northbound Trading Regulations. The Client should consult the Northbound Trading Regulations (including but not limited to the information about Northbound Trading Regulations published by Hong Kong Exchanges and Clearing Limited which can be accessed at its website) and obtain professional advice as necessary;

20.1.3 The Client hereby agrees and authorizes USPL to do or not to do whatever act without Client’s prior approval in connection with any Northbound trading of the Client as USPL in its absolute discretion deems appropriate to comply with any Northbound Trading Regulations or any



orders, directions, notices or requests from any authorities. USPL shall not be liable for any loss or damage directly or indirectly suffered by the Client arising from or in connection with such action or inaction of USL;

- 20.1.4 The Client must understand fully the rules and regulations of Mainland China in relation to securities investment, such as short-swing profits, disclosure obligations and follow such rules and regulations accordingly;
- 20.1.5 USPL may in its absolute discretion refuse to execute or complete any instructions from the Client on any grounds such as, for example, in USL' reasonable belief, execution of such instructions may not be compliant with any Northbound Trading Regulations, or the Client does not have sufficient securities to settle delivery obligation or sufficient cash (in Renminbi) to settle payment obligation;
- 20.1.6 Pre-trade checking is in place so that the Client must have his/her shares transferred to USL' corresponding Central Clearing And Settlement System ("**CCASS**") account before the commencement of trading on a trading day if the Client intends to sell the shares during a trading day. Client undertakes to ensure there are sufficient and available China Connect Securities in his Account by the applicable cut-off time to cover any proposed sell order given on the relevant Trading Day. If USPL considers that Client does not for whatever reason have sufficient and available China Connect Securities in his Account to settle a sell order by the applicable cut-off time, USPL may in its absolute discretion: (1) reject Client's sell order (in whole or in part); (2) use any China Connect Securities in the designated CCASS stock account(s) which USPL holds for itself or on behalf of its other clients to fulfill the Pre-trade checking requirement in respect of Client's sell order, in which case Client shall reimburse USPL for any costs, losses or expenses which USPL incurs as a result of buying in or otherwise sourcing the amount of China Connect Securities which Client has failed to deliver in respect of his sell order on such terms and at such price (including any associated fees and expenses) and at such time as USPL shall determine in its absolute discretion); or (3) perform any other act which USPL considers necessary or desirable to comply with Pre-trade checking and/or relevant Northbound Trading Regulations and to cover Client's shortfall (including but not limited to applying any other China Connect Securities available to USPL from other sources);
- 20.1.7 All trading must be conducted on SSE/SZSE, i.e. no over-the-counter (OTC) or manual trades are allowed;
- 20.1.8 No day trading is allowed;
- 20.1.9 Naked short selling is not allowed;
- 20.1.10 Foreign shareholding restriction (including the forced-sale arrangement) is in place and USPL has the right to "force-sell" the Client's shares upon receiving the forced-sale notification from the SEHK;
- 20.1.11 USPL has the right to cancel the Client's orders in case of contingency such as hoisting of Typhoon Signal No 8 in Hong Kong;
- 20.1.12 USPL may not be able to send in the Client's order cancellation requests in case of contingency such as when the SEHK loses all its communication lines with SSE/SZSE, etc and the Client shall still bear the settlement obligations if the orders are matched and executed;
- 20.1.13 At the request of the SEHK (for the purposes of assisting SSE/SZSE or other regulators of Mainland China in its regulatory surveillance, investigation and/or enforcement, or otherwise as part of the regulatory cooperation between the SEHK and SSE/SZSE or other regulators of Mainland China), USPL may forward the information in relation to the Client, including but not limited to the Client's identity, personal data and trading activities, to the SEHK which may on-forward such information to SSE/SZSE or other regulators of Mainland China for such surveillance, investigation or enforcement purposes;

- 20.1.14 If any Northbound Trading Regulations is breached, or the disclosure and other obligations referred to in the SSE/SZSE Listing Rules or SSE/SZSE Rules is breached, SSE/SZSE has the power to carry out investigation, and may, through the SEHK, require USPL to provide relevant information and materials (in relation to, including but not limited to, the Client's identity, personal data and trading activity) and to assist in its investigation. The Client shall upon request by USL, SSE/SZSE or the SEHK provide such information and provide such assistance as requested. The Client hereby waives the benefit of any applicable secrecy laws and personal data protection laws;
- 20.1.15 The SEHK may upon SSE's/SZSE's request, require USPL to reject or cancel orders from the Client;
- 20.1.16 The Client needs to understand and accept the risks concerned in Northbound trading, including but not limited to prohibition of trading securities listed in SSE/SZSE, being liable or responsible for breaching the SSE/SZSE Listing Rules, SSE/SZSE Rules and other applicable laws and regulations;
- 20.1.17 SSE/SZSE may request the SEHK to require USPL to issue warning statements (verbally or in writing) to the Client, and not to extend Northbound trading to the Client;
- 20.1.18 USPL shall have no obligation to collect or receive or take any other action in relation to any payment or distribution in respect of China Connect Securities for the Client's account, or to notify the Client about any notice, circular, announcement or similar corporate action in respect of China Connect Securities;
- 20.1.19 The Client shall be solely responsible for all fees, charges, levies and taxes and all filing, tax returns, and other registration or reporting obligations as may be required by any relevant authority, relating to any of the Client's investment through Northbound trading and any incomes, dividends, profits and entitlements in respect of such investment; and
- 20.1.20 USL, Hong Kong Exchanges and Clearing Limited, the SEHK, the SEHK's subsidiaries, SSE/SZSE and SSE's/SZSE's subsidiaries and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the Client or any third parties arising from or in connection with Northbound trading or the China Connect.
- 20.2** The Client has read and acknowledged the following disclosure of specific risks relating to China Connect, and agrees that these disclosures do not cover all risks related to China Connect. The Client will obtain relevant professional advice as necessary:
- 20.2.1 Not protected by Investor Compensation Fund:** The Client should note that any Northbound or Southbound trading under China 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 China brokers, they are not protected by China Securities Investor Protection Fund on Mainland China.
- 20.2.2 Pre-Trade Checking:** SEHK is required to check that in respect of any Northbound sell orders given by an Exchange Participant, the relevant Exchange Participant holds sufficient and available China Connect Securities to be able to fill such Northbound sell orders. Pre-Trade Checking will be carried out prior to the start of each Trading Day. Accordingly, the Client may be unable to execute Northbound sell orders due to Pre-Trade Checking related requirements. Note in particular that the Client may be unable to execute a sell order of China Connect Securities if there has been a delay or failure for whatever reason in the transfer of the relevant China Connect Securities to any clearing account of USPL or if for any other reason USPL considers that there is or may be non-compliance with any Northbound Trading Regulations. Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre-trade checking and/or the relevant Northbound Trading Regulations shall be borne by the Client.

- 20.2.3 Quotas Restrictions:** Purchases of China Connect Securities through China Connect are subject to certain quota controls. As a result, there is no assurance that a buy order can be successfully placed through China Connect. There is a daily quota that limits the maximum value of all Northbound buy trades that can be executed by Exchange Participants on each Trading Day (“**Daily Quota**”). The Daily Quota may change from time to time without prior notice and investors are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information. The SEHK and the SSE and/or SZSE (as the case may be) may also set pricing and other restrictions on buy orders in order to prevent the artificial use or filling of the Daily Quota. If there is a restriction, rejection or suspension of Northbound buying (which would include any order that has been accepted but not yet executed) as a result of a breach of the Daily Quota or the relevant pricing and other restrictions, USPL will be unable to carry out any buy orders and any instruction to buy submitted but not yet executed will be restricted or rejected. Conversely, under the SEHK rules, investors may sell their China Connect Securities regardless of whether there is a breach of the Daily Quota.
- 20.2.4 Difference in trading day and trading hours:** The 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. China 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 China market but Hong Kong investors cannot carry out any A-share trading. The Client should take note of the days and the hours which China 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 China Connect is not trading.
- 20.2.5 The recalling of eligible stocks and trading restrictions:** A stock may be recalled from the scope of eligible stocks for trading via China Connect for various reasons, and in such event the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Client. The 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 China Connect, the 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. The Client should also note that price fluctuation limit would be applicable to A-shares.
- 20.2.6 Trading costs:** In addition to paying trading costs and stamp duties in connection with A-share trading, the Client carrying out Northbound trading via China Connect should also take note of any current and new tax in respect of income and capital gain arising from investment in securities which would be determined by the relevant authorities.
- 20.2.7 Local market rules, foreign shareholding restrictions and disclosure obligations:** Under China 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 China Connect may affect share prices. The Client should also take note of the foreign shareholding restrictions and disclosure obligations applicable to A-shares. The 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. The Client is solely responsible for compliance with all notifications, reports and relevant requirements in connection with its interests in A-shares. Under the current Mainland China rules, once an investor holds or controls shares (on an aggregate basis, i.e., including both domestically and overseas issued shares of the same Mainland China Listco (as defined below), whether the relevant holdings are through Northbound trading, QFII/RQFII regime or other investment channels) in a Mainland China incorporated company which is listed on a Mainland China stock exchange (a “Mainland China Listco”) above a certain threshold as may be specified from time to time by the relevant regulatory authorities, the investor is required to

disclose his interest within the period specified by the relevant regulatory authorities and during which he cannot trade the shares of that company. The investor is also required to disclose any change in his shareholding and comply with related trading restrictions in accordance with the Mainland China rules and regulations. Where a Mainland China incorporated company has both H Shares listed on the SEHK and A-Shares listed on the SSE and/or SZSE (as the case may be), if an investor is interested in more than a certain threshold (as may be specified from time to time) of any class of voting shares (including A-Shares purchased through China Connect) in such Mainland China incorporated company, the investor is under a duty of disclosure pursuant to Part XV of the SFO. Part XV of the SFO does not apply where the Mainland China incorporated company has not listed any shares on the SEHK. It shall be the Client's responsibility to comply with any disclosure of interest rules from time to time imposed by the relevant regulatory authorities and arrange for any relevant filings. According to existing Mainland China practices, Hong Kong and overseas investors as beneficial owners of A-shares traded via China Connect cannot appoint proxies to attend shareholders' meetings on their behalf.

**20.2.8 Currency risks:** Northbound investments in the China Connect securities will be traded and settled in Renminbi. If the Client holds a local currency other than Renminbi, the Client will be exposed to currency risk if the Client invests in a Renminbi product due to the need for the conversion of the local currency into Renminbi. During the conversion, the Client will also incur currency conversion costs. Even if the price of the Renminbi asset remains the same when the Client purchases it and when the Client redeems / sells it, the Client will still incur a loss when the Client converts the redemption / sale proceeds into local currency if Renminbi has depreciated.

**20.2.9 Short Swing Profit Rule:** Under Mainland China laws, rules and regulations, the "short swing profit rule" requires the Client to give up/return any profits made from purchases and sales in respect of China Connect Securities of a particular Mainland China Listco if (a) the Client's shareholding in that Mainland China Listco exceeds the threshold prescribed by the relevant regulatory authorities from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. The Client must comply with the "short swing profit rule".

**20.2.10 Company Announcements on Corporate Actions:** Any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the SSE website and/or SZSE website (as the case may be) and certain appointed newspapers. HKSCC will also record all corporate actions relating to China Connect Securities in CCASS and inform its clearing participants of the details via the CCASS terminals as soon as practicable on the announcement date. Investors engaged in Northbound trading may refer to the SSE website and/or the SZSE website (as the case may be) and the newspapers and websites officially appointed from time to time or, alternatively, the HKEx website's China Stock Markets Web (or such other replacement or successor web page from time to time) for corporate actions in respect of China Connect Securities issued on the previous Trading Day. Investors should note that (i) issuers that are listed on the SSE/SZSE publish corporate documents in simplified Chinese only, and English translations will not be available and (ii) issuers listed on the ChiNext Board are required to publish certain corporate announcements on their corporate websites and the officially appointed websites only.

**20.2.11 ChiNext Shares:** ChiNext Shares involve a high investment risk. In particular, profitability and other financial requirements for listing on the ChiNext Board are less stringent than the Main Board and the SME Board of the SZSE. The Client should make the decision to invest only after due and careful consideration. Companies listed on the ChiNext Board may include enterprises in the innovation and technology sector as well as other start-up and/or growth enterprises with smaller operating scale and share capital. Stock prices may also be more susceptible to manipulation due to fewer circulating shares. Accordingly, the ChiNext Shares may be very volatile and illiquid. In addition, current information on such companies may be limited and may not be widely available. It may be more common and easier for companies listed on the ChiNext Board to be delisted. The ChiNext Shares may become very illiquid after

delisting. The Client may suffer a total loss of its investment in the event of a delisting. The Client should seek independent professional advice if it is uncertain of or have not understood the nature and risks involved in trading of ChiNext Shares.

**20.2.12 Margin Trading:** Subject to certain conditions prescribed by the regulatory authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Securities determined by the relevant regulatory authorities to be eligible for margin trading (“**Eligible Margin Trading Securities**”). The HKEx will from time to time publish a list of Eligible Margin Trading Securities. A SSE/SZSE may suspend margin trading activities in any specific A Share if the volume of margin trading activities in such A Share exceeds a threshold determined by such SSE/SZSE and resume margin trading activities when the volume of margin trading drops below a prescribed threshold. Where the SEHK is notified by the relevant SSE/SZSE that a suspension or resumption involves a security on the list of Eligible Margin Trading Securities, the HKEx will disclose such information on its website. In such circumstances, any margin trading (except for margin trading in respect of China Connect Securities buy orders) in the relevant China Connect Security shall be suspended and/or resumed accordingly. USPL shall not have any obligation to update the Client in respect of the list of Eligible Margin Trading Securities or any restrictions or suspensions in respect of margin trading from time to time.

## 21. OTHERS

**21.1 The Client’s Declarations and Statements:** The Client shall confirm that USPL has explained the provisions of this Agreement to the Client and the Client has understood the Agreement completely without the need of further explanation. The Client shall confirm that USPL has suggested the Client and the Client has the opportunity to request information from the independent legal or other professional consultants.

**21.2 Immunity:** Except otherwise stipulated in this Agreement, any party’s failure or delay to exercise any rights, powers, or privileges in this Agreement shall not constitute the immunity of such rights, powers, or privileges; any exercise of any rights, powers, or privileges separately or partly shall not exclude the other or further exercise of such rights, powers, or privileges, and the exercise of other rights, powers, or privileges. USPL’s immunity from the rights shall not be valid and effective unless otherwise notified in written form. USPL’s rights and right of compensation are accumulated, including any rights or right of compensation entitled by laws.

### 21.3 Transfer:

21.3.1 Without the written consent in advance by USPL, the Client shall not transfer, entrust, subcontract, move, or dispose of in other ways any rights or liabilities under this Agreement to other persons. Under the prerequisite of compliance with the laws, USPL can transfer, entrust, subcontract, move or dispose of in other way any rights or liabilities in this Agreement under the conditions that USPL deems to be appropriate.

21.3.2 When USPL intends to combine, merge, reorganise or transfer its business to another institution (including the institutions in the uSmart Group), USPL can transfer any rights and obligations in this Agreement to the institution. However, USPL should issue a notification to the Client where the effective date of transfer shall be set forth therein. The date should be at least ten (10) days subsequent to the issuance of the notification. The effectiveness of such transfer shall be equal to a novation agreement between the Client and the institution. Should such situation occur, the Client agrees that USPL can conduct such transfer.

**21.4 Force Majeure:** In the event of wars, terrorist activities, revolutionary events, insurrections, controls of the rulers, military turmoil, riots, civil convulsions or other similar actions in relation to any countries, strikes, lockouts, rejection to work, labor control, distraint on or confiscation of properties or other governmental actions with similar influences, governmental controls of the exchange of currencies or capital flowing or transferring, any natural calamities, epidemic diseases, nationally epidemic diseases, acts of vandalism, disturbances to the business of any stock exchange or malfunctions of computer

system and/or communication devices in any stock exchange or any other similar events, out of the control of USPL, leading to USPL's being checked or obstructed in the performance of its obligations under this Agreement (collectively, "**Force Majeure Events**"), USPL then, as other choices in performance of obligations hereof, shall decide with absolute discretion that: (a) delay the performance of obligations until the force majeure events no longer exert the influences; or (b) if any delivery or payment is needed, offer or require payment in cash and such payment is based on the current market prices of the securities or financial tools of related payments on the second Business Day or relevant trading day prior to the occurrence of the force majeure events (the current market prices shall be decided by USPL at last). USPL shall not bear any risks incurred by or in relation to the force majeure events. The client shall agree to bear the risks of force majeure events independently.

**21.5 Excluding Third Party Rights:** Any person who is not a Client or a party to any agreements, contracts or arrangements with USPL to which these terms and conditions apply shall have no right under the Contracts (Rights of Third Parties) Act 2001 to enforce or enjoy the benefits of any provision of these terms and conditions.

**21.6 Proxy:** USPL shall have no duty or responsibility to notify the Client of any proxy or other documents received by it in respect of the Securities held and/or registered with USPL or to send any proxy or other documents to the Client.

In addition, USPL shall have no duty or responsibility to attend any meetings or to exercise any vote on behalf of the Client pursuant to its holding of the Securities except in accordance with any prior written instructions from the Client and upon such terms and conditions and indemnities and provisions for fees, charges, and expenses as USPL may require.

**21.7 Unclaimed Monies and Assets:** If there are any monies, assets and/or other property standing to the credit of any Account (including a trust or custody account) or otherwise held by USPL or its nominee or sub-custodian for and on behalf of the Client which are unclaimed by the Client six (6) years after the Client's last transaction with or through USPL and USPL determines in good faith that it is not able to trace or locate the Client, the Client hereby irrevocably agree that all such monies, assets and/or other property including any and all accretions and accruals thereon (which in the case of monies shall include all interests earned thereon and all investments and their respective accretions and accruals which may have been made with such monies) shall be deemed to have been abandoned by the Client in favour of USPL and may be appropriated by USPL to and for itself to utilise in any manner USPL so wishes for its own benefit. The Client therefore shall have no right to claim such monies, assets and/or other property or their accretions and accruals.

## **PART 2: FOR SECURITIES MARGIN TRADING**

This Part 2 shall be read in conjunction with Part 1 of this Agreement. Where any conflict arises between the provisions of Part 1 of this Agreement and this part, the provisions of this Part 2 shall prevail.

### **22. DEFINITIONS**

**22.1** Terms defined in this Part 2 shall have the same meanings as in Part 1 of this Agreement unless stated otherwise.

**22.2** Reference to “**Account**” in Part 1 of this Agreement is deemed to include the Margin Account as established pursuant to this Part 2.

**22.3** Reference to a singular expression includes the plural and vice versa, and reference to a gender includes any gender.

“**CCASS**” means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on The Stock Exchange of Hong Kong Limited.

“**CCASS Depository**” means such person appointed by HKSCC to perform the depository and custodian services in CCASS.

“**CCASS Nominee**” means the nominee company of HKSCC or such other person appointed by HKSCC (including HKSCC itself) to perform the nominee services under CCASS.

“**CCASS Participant**” means any participant in CCASS for whom the CCASS Depository agrees to provide nominee service through the CCASS Nominee.

“**CDP**” means The Central Depository (Pte.) Limited.

“**Charge**” means all or any of the security created or expressed to be created by or pursuant to this Agreement.

“**Charged Securities**” means the Securities which the Client charged to USPL as continuing security for the Margin Facility and for performance of all of the Client’s obligations to USPL from time to time.

“**Client Securities**” means any Securities (other than Securities Collateral) received or held by or on behalf of USPL or any other member of uSmart Group, or nominees which are so received or held on the Client’s behalf or in which the Client has a legal or equitable interest.

“**Collateral**” means Charged Securities, Client Securities, Securities Collateral, any asset, and all monies 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 USPL or other member of uSmart Group, or nominees, or transferred to or held by any other person in circumstances where USPL 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 USPL 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).

“**Event of Default**” has the meaning set out in Clause 32.5.

“**Financial Accommodation**” means financial accommodation as defined in the SFO.

“**HKSCC**” means the Hong Kong Securities Clearing Company Limited.

“**Instruction**” means an instruction relating to the services under the Margin Account(s), given to USPL in such form and by such means specified or accepted by USL, including e-mail or other electronic means of communication (subject to such rules and conditions as to the timing of delivery and receipt).

“**Issuer**” means each company or entity issuing any Charged Securities.

“**Loan**” means the aggregate principal amount and interest owing to USPL under the Margin Facility at any relevant time.

“**LTV Ratio**” means the loan-to-value ratio expressed as a percentage, calculated in accordance with the following formula:  $\text{Loan} / \text{Security Market Value} \times 100\%$ .

“**Margin Account**” means the Account maintained by USPL for the Client for the purpose of the Margin Facility.

“**Margin Facility**” means the credit facility which USPL may from time to time offer or make available to the Client at the Client’s request subject to the terms and conditions of this Part 2 of the Agreement and such further terms and conditions that USPL may from time to time stipulate.

“**Margin Limit**” is the maximum amount of the Margin Facility that USPL will grant to the Client in respect of the amount of the Client’s Collateral and Margin Ratio, and in any case shall not exceed S\$150,000 (or its equivalent in a foreign currency), or such other amount that USPL may grant to the Client as determined by USPL at USPL’s sole discretion.

“**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 loans or credit facilities) from USPL against the Collateral.

“**Marginable Securities**” means at any relevant time, the Securities permitted by any exchange on which Securities are traded to be bought and carried in the Margin Accounts and approved by USPL for financing under the Margin Facility. Notwithstanding the foregoing, it shall be at the sole and absolute discretion of USPL to (a) accept or reject any or all Marginable Securities and/or (b) subject the Marginable Securities to a discount.

“**MAS**” means the Monetary Authority of Singapore.

“**SCCS**” means Securities Clearing and Computer Services (Pte.) Ltd.

“**Securities**” means any stocks, shares, warrants, bonds (including, without limitation and for the avoidance of doubt, convertible bonds), notes, derivative instruments, certificates of deposit, unit trust, mutual funds and other collective investment schemes, and other interests commonly known as securities which USPL may accept or handle from time to time pursuant to these Margin Facility Terms, including:

- (a) shares and partly-paid shares, stocks, debentures, loan stocks, funds, bonds or notes of, or issued by, any person, government or government authority;
- (b) rights, options or interests (whether or not described as units) in or in respect of any securities in (a) above;
- (c) certificates or receipts for, or warrants to subscribe for or purchase, any securities in (a) above; and
- (d) interests in any collective investment scheme.

“**Securities Collateral**” means any securities deposited with or otherwise provided by the Client or on the Client’s behalf to USL; or any other member of the uSmart Group; or nominees; or any other person, in the course of the conduct of any regulated activity for which USPL is licensed or is required to be licensed under the SFO, to secure or facilitate the provision of Financial Accommodation by USL.

“**Security Market Value**” means with respect to any Charged Securities at any given time, the market value, which USPL determines in its absolute discretion, at such time and in such market or on such relevant exchange on which Securities of the same type are normally dealt or quoted (to avoid doubt, USPL may value certain Charged Securities to be zero or having no value).

“**SFA**” means the Securities and Futures Act 2001 of Singapore.

“**SFC**” means the Securities and Futures Commission or its successor.

“**SFO**” means the Securities and Futures Ordinance (Cap. 571).



“SGX-ST” means the Singapore Exchange Securities Trading Limited.

“uSmart Group” means USPL and its Affiliates.

## 23. THE FACILITY AND PURPOSE

- 23.1** The Client acknowledges and agrees that where the Client has requested, on the Account Opening Form, a Margin Facility from USPL or subsequent to the date of the Account Opening Form, the Client has requested a Margin Facility from USPL, the Client agrees to comply with the terms and conditions of this Part 2 which shall apply in addition to all other terms and conditions of this Agreement and all other documents (which includes, but is not limited, to documents and information published on USPL’s website) pertaining to the Margin Facility.
- 23.2** If granted, the Margin Facility shall only be used by the Client for financing the purchase of Marginable Securities provided always that the Client shall not use more than the percentage imposed by USPL in its sole discretion and notified to the Client of the Margin Facility or such other percentage as USPL may at its sole and absolute discretion stipulate from time to time for financing the purchase of any single purchase of Marginable Securities.
- 23.3** Notwithstanding any other provisions of this Agreement, the Margin Facility may be cancelled at any time by USPL and all sums and monies outstanding or owing by the Client to USPL under or in connection with the Margin Facility shall become due and payable immediately upon demand. Upon such demand, the Client shall immediately repay all such sums and monies outstanding or owing by the Client to USPL.
- 23.4** For the avoidance of doubt, an order of the Client effected through the Margin Account, shall be deemed to be the Client’s irrevocable request to draw down on such Margin Facility, and unless USPL agrees, the Client shall not be entitled to request, for an amendment of the order, or to transfer the trade from one trading Account to another trading Account of the Client even if the Client or Client’s agent has made a mistake, or the order of the Client has been erroneously executed by the Client’s agent.
- 23.5** The Electronic Trading Service will recognise if an Order is placed as a long or short sale. The Client acknowledge that: (i) short sales may only be effected in a Margin Account and are subject to the Margin Limit set out in Clause 24; (ii) prior to effecting a short sale for the Client, USPL or its Intermediary (as defined in Clause 23.6 below) must be able to borrow such stock on the Client’s behalf to effect delivery of such stock to the purchaser; (iii) if USPL or its Intermediary is able to borrow stock to enable the Client to effect a short sale and the lender subsequently issues a re-call notice for such stock, USPL or its Intermediary will attempt to re-borrow the stock on the Client’s behalf, it being expressly understood by the Client that if USPL or its Intermediary is unable to re-borrow such stock, then USPL or its Intermediary, without notice to the Client, is authorised by the Client to cover the Client’s short position by purchasing stock on the open market at the then-current market price and the Client shall be liable for any resulting losses and all associated costs incurred by USPL, Executing Broker, and/or its Clearing Firm. The market value of short stock is treated as a debit item to the Client’s Account.
- 23.6** For the avoidance of doubt, the Client acknowledges that USPL may, and the Client consent to and authorise USPL to appoint, engage or use from time to time directly or indirectly, any person (including another broker, correspondent broker, executing broker, dealer, market-maker, exchange, clearing firm, clearing house, bank, custodian or other third party) (“**Intermediary**”), whether in Singapore or elsewhere, whether or not associated with, connected to or related to USPL, for the provision of any facilities and services to USPL and on such terms and conditions as USPL deems fit in its discretion.

## 24. MARGIN FACILITY

- 24.1** The Margin Facility is granted to the Client in accordance with the provisions set out in this Agreement and any margin offer letter from USPL to the Client (collectively referred as “**Margin Facility Terms**”). The Client acknowledge and agree that USPL shall have the right to reduce, cancel or vary, and from

time to time review any Margin Facility and that nothing in this Margin Facility Terms shall be deemed to impose on USPL any obligation at applicable laws or in equity to make or continue to make available to the Client a Margin Facility. The Client further acknowledges and agrees that the Margin Facility Terms may be amended, varied or supplemented by USPL from time to time by notice through such other method of notification as USPL may designate (which includes notification by electronic mails or via Electronic Trading Service), such amendment to take effect on the date of such notice or on the date that USPL may specify without further consent from the Client. The Client agrees to use the Margin Facility only in connection with the acquisition, sale and/or holding of Marginable Securities.

- 24.2** Subject to Clause 24.5 below, USPL may grant the Client a Margin Facility of such amount up to the Margin Limit as may be notified to the Client from time to time. The Margin Limit available to the Client and the Margin Ratio may be varied at the discretion of USPL without any prior notice to the Client. Notwithstanding the Margin Limit as notified to the Client, USPL may at its discretion (1) extend the Margin Facility to the Client in excess of the Margin Limit and the Client agrees that the Client shall be liable to repay the full amount of any Margin Facility given by USPL on demand, or (2) refuse to make available to the Client any advance under the Margin Facility at any time even if the Margin Limit applicable at that time has not been exceeded.
- 24.3** USPL is authorised by the Client to draw on the Margin Facility to settle any amounts due to USPL in respect of the Client's purchase of Marginable Securities, margin maintenance obligations for any positions required by USPL or payment of any commission or other costs and expenses owing to USPL including costs and any expenses that may be incurred in connection with the realisation of any Collateral.
- 24.4** Any Collateral deposited with USPL may be valued at 100% of the market valuation or be subject to a discount at such other percentage as USPL may in its sole discretion prescribe from time to time.
- 24.5** USPL will not at any time be obliged to provide any Margin Facility to the Client. In particular, the Client understands that USPL 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 Facility Terms, including, without limitation, any Event of Default shall have occurred and is continuing; or
  - (b) in the opinion of USPL 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 liabilities or perform his obligations under the Margin Facility Terms; or
  - (c) making an advance would cause the applicable Margin Limit to be exceeded; or
  - (d) USPL in its absolute discretion considers it prudent or desirable for its protection not to do so.
- 24.6** For so long as there exists any indebtedness to USPL on the part of the Client, USPL 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 USPL 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 USPL 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.
- 24.7** 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 USPL's cost of funds which will vary according to the prevailing money market situation and as notified to the Client by USPL from time to time. Such interest charges may be deducted by USPL from the Margin Account or any other account of the Client with USPL or any other member of uSmart Group.
- 24.8** In respect of the Margin Facility, the Client hereby undertakes:

- 24.8.1 that it will at all times comply with all Collateral deposits and/or Margin Ratio and/or other maintenance requirements prescribed by USPL or otherwise notified to the Client by USPL or otherwise notified to the Client by USPL. In this connection, the Client shall where required execute such Collateral documents as may be required by USPL to ensure that USPL will have a valid and enforceable first security interest over all the Customer's Securities and/or property deposited with USPL as Collateral;
- 24.8.2 that it shall comply at all times with such position and/or financial exposure limits which USPL may prescribe or otherwise notify the Client from time to time in respect to any single Securities counter that the Client may transact in with respect to the Margin Account;
- 24.8.3 to take all reasonable steps to obtain and communicate to USPL all information, and deliver or cause to be delivered to USPL all documents, with respect to transactions under the Margin Account which may be requested by USPL or the SGX-ST, CDP, SCCS, MAS or any authority having such right to request for such information to enable USPL to comply with the applicable laws and in any case not later than seven (7) days after being requested in writing by USPL to do so or such earlier date as the SGX-ST, CDP, SCCS, MAS or any other authority may require;
- 24.8.4 to disclose to USPL if there is any material adverse change in the Client's business, assets, financial condition, operating environment or management;
- 24.8.5 the fact that all Securities transactions in the Margin Account shall be on an immediate or a ready basis and the credit extended under the Margin Account shall not be used to subscribe for new issues of Securities (including initial public offers and rights issues).

**24.9** The Client acknowledges that in no event is USPL obliged to accept any Instruction the Client may give (for the establishment for a new position) as USPL may, amongst other things, have its own aggregate limits of exposure to a particular Securities counter or aggregate limits to the financing available to USPL or permitted of USPL or the Margin Facility USPL is permitted to engage in, and if USPL had in good faith inadvertently accepted any of the Client's Instructions which would cause USPL to be in breach of any its obligations whether under the applicable laws, the rules and bye-laws of the SGX-ST or the terms of financing extended to USPL, the Client acknowledges that USPL may in its sole and absolute discretion, take any and all action necessary to rectify such a breach (including but not limited to allocating the Instructions to an Account in the Client's name other than the Margin Account designated for the Margin Facility) and the Client will effect settlement accordingly.

**24.10** The Client acknowledges and understand that trading on margin involves a high degree of risk and may result in loss of funds even greater than the amount deposited by the Client in the Margin Account.

## **25. CHARGE**

### **25.1 Fixed Charge**

The Client, as beneficial owner, charges in favour of USPL, free of all encumbrances and adverse interests, by way of first fixed charge all the Client's respective rights, title, benefits and interests in and to all Collateral (which includes but is not limited to dividends, interests, rights, monies or property accruing in respect thereof) as a continuing security 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 owing to USPL together with interest.

### **25.2 Floating Charge**

25.2.1 The Client, as a continuing security 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 owing to USPL together with interest, charges, free of all encumbrances and adverse interests, by way of a first floating charge all the Collateral not at any time otherwise effectively charged or mortgaged by way of a first fixed charge under Clause 25.1 (Fixed Charge).

- 25.2.2 The first floating charge created by the Client under this Clause 25.2 (Floating Charge) shall crystallise into a first legal charge forthwith and automatically upon the earlier of (i) the creation and issue to or receipt by the Client of the relevant Collateral, (ii) any corporate action, legal proceedings or other formal procedure or formal step is taken in relation to the winding-up, dissolution or re-organisation of the Client, (iii) the occurrence of any Event of Default, (iv) any person taking any step to effect any expropriation, attachment, sequestration, distress or execution against any of the Collateral, or (v) the issue of a written notice by USPL to the Client if USPL considers it desirable to convert any floating charge created pursuant to this Clause 25.2 in order to protect or preserve the security over the Collateral and/or the priority of the Charge.
- 25.3** The Charge shall be continuing notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of any sum owed by the Client to USPL notwithstanding the closing of any the Client's accounts with USPL 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 USPL on any account or otherwise.
- 25.4** The Client represents and warrants that:-
- 25.4.1 the Collateral is legally and beneficially owned by the Client;
- 25.4.2 the Client is entitled to deposit the Collateral with USPL; and
- 25.4.3 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.
- 25.5** 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, USPL will at the Client's request and expense release to the Client all the rights, title and interests of USPL in the Collateral and will give such instructions and directions as the Client may require in order to perfect such release.
- 25.6** The Client agrees to the following:
- 25.6.1 Subject to giving the Client notice, USPL will have the right to exercise rights relating to the Collateral to protect the value of the Collateral; and
- 25.6.2 Until the Charge becomes enforceable, 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 USPL's rights in relation to the Collateral.
- 25.7** In the event any Collateral (that are Marginable Securities) deposited by the Client with USPL is removed from the list of Marginable Securities ("**Ineligible Collateral**"), the Client shall, within one (1) month from the date of such notice provided by USPL to the Client of such removal of the Collateral from the list of Marginable Securities, deposit such additional Collateral with USPL, and such additional Collateral to be deposited with USPL shall have the same value as the Ineligible Collateral. For the avoidance of doubt, if such additional Collateral to be deposited with USPL are Securities, such Securities to be deposited as Collateral must comply with the requirements under Clauses 7.5 (No Scrip Securities) and 7.6 (No Delisted Securities) of this Agreement.
- 25.8** Nothing in this Agreement shall restrict the operation of any general lien or other rights or lien whatsoever which USPL may be entitled to under general law.

**26. CONFIRMATIONS AND AGREEMENTS**

**26.1** The Client confirms to USPL that:

- 26.1.1 the Client has read, fully understood and accepted the Risk Disclosure Statements set out in Clause 37;
- 26.1.2 the Client is the sole beneficial owner (or where the services under the Margin Facility Terms are provided to two or more persons, such persons are the only beneficial owners) of all Securities and funds in the Margin Account and has good title to all Securities deposited with USPL or which the Client instructs USPL to deal on his behalf free from encumbrances or any third party interest;
- 26.1.3 the Client has and will maintain beneficial ownership of the Charged Securities free from encumbrances or any third party interest (except in favour of USPL); and
- 26.1.4 the Charge created by Clause 25 constitutes and will continue to constitute the Client's valid and legally binding obligations enforceable in accordance with their terms.

**26.2** The Client undertakes and agrees to the following:

- 26.2.1 the Client will not (and will not attempt to) create or permit to arise any encumbrance or third party interest over any asset or funds in the Margin Account, except in USPL's favour;
- 26.2.2 the Client will obtain and maintain in full force and effect all governmental and other approvals, authorities, licences and consents required in connection with the security created in Clause 25 and he will do or cause to be done all other acts and things necessary or useful for the performance of all of his obligations under the Margin Facility Terms, or for ratifying or confirming anything done by USPL in the performance of its duties or exercise of its rights or powers under the Margin Facility Terms;
- 26.2.3 throughout the continuance of this Agreement and/or so long as any moneys are owing hereunder, the Client will not permit, approve nor permit to approve any share or other Securities, other than those already in issue as at the date of this Agreement, to be issued by any Issuer to any person, unless with prior written consent from USPL, and will vote at any general meeting of any such Issuer to the effect of protecting USPL's security interest in this Agreement and shall authorise USPL to vote on behalf of the Client to such effect; and
- 26.2.4 the Client shall, as soon as reasonably practicable after reasonable demand by USPL, and entirely at its own costs and expenses, make, execute, do, perform and provide all such further acts and documents as USPL shall reasonably require to perfect, protect, maintain, or improve the security afforded or created by this Agreement and/or to give full effect to any provision of this Agreement.

**26.3** The Client will seek independent professional advice on and will be responsible for handling any tax issues which may affect him under any applicable regulations arising from or in connection with any investment or transaction contemplated under the Margin Facility Terms. These may include application for tax credits or a reduced rate of tax to be withheld or withheld on interest, dividend or any other distribution or proceeds from any investment or transaction. For the avoidance of doubt, USPL is not responsible for advising on or handling any of the Client's tax issues, liabilities or obligations.

**26.4** The Client agree to and authorise USPL and/or the Clearing Firm to hold the Client's funds (which includes cash Collateral) in accordance with and in any of the forms of investments permitted under applicable laws in Singapore (including without limitation those permitted under regulation 20 of the Securities and Futures (Licensing and Conduct of Business) Regulations) and applicable laws of other jurisdiction. USPL shall not be liable for any loss in principal or lack of enhancement in the value of the principal occasioned by and/or from any specific investments effected and the Client acknowledges and

accepts the risk of any and all losses of any kind or nature whatsoever or shortfalls that may result from any such investments effected.

## 27. POWER OF ATTORNEY

The Client by way of security irrevocably appoints USPL 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 USPL 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 execute and deliver such further charges, authorisation and other documents as USPL may from time to time reasonably require for perfecting its title to or for vesting to it or enabling it to enjoy the full benefit of the security created by Clause 25;
- (c) to ratify and confirm all documents, acts and things and all transactions in Securities effected by USPL on behalf of the Client in exercising its rights or powers under the Margin Facility Terms;
- (d) to perfect its title to any of the Collateral;
- (e) to ask, require, demand, receive, compound and give a good discharge for any and all monies and claims for monies due or to become due under or arising out of any of the Collateral;
- (f) to give valid receipts and discharges and to endorse any cheques or other instruments or orders in connection with any of the Collateral; and
- (g) 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.

## 28. SECURITIES DEPOSITED OR HELD WITH USPL

**28.1** Subject to Clause 25, all Securities acquired by USPL for the Client or on the Client's account, and Securities deposited by the Client with USPL will be governed by the following provisions:

28.1.1 USPL will hold such Securities as custodian for safe-keeping, and will be entitled to deposit such Securities with any broker, depository, or such other institution on such terms that USPL considers appropriate;

28.1.2 such Securities will be registered and held by USPL on the Client's behalf in the name of USPL's nominee or the CCASS Nominee (if applicable) for the account of such CCASS Participant (if applicable) as USPL may consider appropriate from time to time. The Client agrees to sign all instruments of transfer and documents as are necessary or useful for the above purposes. If applicable, USPL is authorised to enter into agreements or arrangements with any of the CCASS Participants in relation to the custody of these Securities which are registered or intended to be registered in the name of the CCASS Nominee. Such agreements or arrangements may contain terms and conditions which USPL may, in its discretion, consider appropriate and the Client will agree to be bound by such agreements or arrangements. The Client will be responsible for the charges of USPL's nominee or CCASS Nominee (if applicable) which will be deducted from the Margin Account from time to time without prior notice;

28.1.3 USPL may treat such Securities as fungibles and pool them together with the securities of its other customers. USPL may at any time and in its discretion allocate specific Securities to the Client, which allocation will be conclusive and binding on the Client. If for any reason all or any part of the Securities of a particular class, company or denomination deposited by the Client with USPL and pooled by USPL with the securities of other customers are lost or become unavailable for delivery, the reduction in the quantity or amount of such Securities will be shared on a pro-rata basis by the Client and all of the other relevant customers of USPL;

28.1.4 such Securities are deposited at the Client's risks and, subject to Clause 35.1.8, USPL will not be liable for any loss and damage; and

28.1.5 subject to prior agreement between the Client and USPL, if applicable, the Client may withdraw the Securities registered by USPL in the name of the CCASS Nominee by giving Instructions to transfer the relevant Securities to the account of a CCASS Participant specified by the Client. The Client is considered to have withdrawn the relevant Securities once USPL passes such Instruction to the relevant broker for whose account the CCASS Nominee holds the relevant Securities or to the CCASS Depository for transfer. USPL owes no duty to ensure that the relevant broker of the CCASS Depository has duly carried out such Instruction or that the relevant Securities have been duly received by the CCASS Participant specified by the Client in its Instruction.

**28.2** USPL has no obligation to execute an Instruction from the Client to take up a rights issue by subscribing for the requisite shares unless USPL (1) has received sufficient amount of immediately available cleared funds within the time limit set by USPL, or (2) agrees to make an advance to the Client under the Margin Facility.

**28.3** All shares allotted pursuant to a rights issue taken up by the Client or on the Client's behalf (excluding those shares which the Client has renounced in favour of USPL) will form part of the Securities deposited by the Client with USPL.

## **29. MARGIN COVER**

**29.1** The Client's obligation to monitor and maintain the Loan amount and the Margin Ratio will be governed by the following provisions:

29.1.1 the Client is required to (i) monitor and maintain at all times the Loan not to exceed the Margin Limit and the Margin Ratio at such level determined by USPL to be satisfactory, (ii) satisfy the Margin Calls given by USPL from time to time, and (iii) to avoid the possibility of a liquidation pursuant to Event of Default set out in Clause 32.5;

29.1.2 the Client is solely responsible for contacting USPL from time to time to ensure that the Client is informed of the Margin Limit, the Margin Ratio in respect of the Charged Securities and the status relating to Margin Calls and whether they have been performed to the satisfaction of USPL; and

29.1.3 USPL is entitled to exercise its rights under Clause 29.3 to sell or dispose of the Charged Securities even if (i) USPL has not given the Client a Margin Call, or (ii) USPL has not been promptly notified of the satisfaction of a Margin Call by the Client. Subject to Clause 35.1.8, USPL is not liable to the Client for such sale or disposal.

## **29.2 Margin Call**

29.2.1 USPL will monitor and determine the Security Market Value on a real time basis on the information supplied by the relevant stock or other exchange and the prevailing exchange rates for the relevant currencies. USPL will update the Client's position in respect of the services under the Margin Account at such times a day as USPL considers appropriate. If at any time USPL determines that the Loan exceeds the Margin Limit or the LTV Ratio reaches or exceeds

the Margin Ratio (or both), USPL may (but have no obligation to) refuse to act on any Instruction given by the Client or on the Client's behalf. USPL also has the right to give the Client a margin call requiring the Client to 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 USPL in order to reduce the Loan or increase the Collateral (or both) within a specified time (a "**Margin Call**"). Unless the Margin Call is fully satisfied within the time specified, USPL shall have no obligation to effect or respond to the Client's Instruction to buy or sell Securities on margin.

29.2.2 The Client is required to satisfy a Margin Call by taking the following steps (or any of them):

- (a) deposit into the Margin Account additional monies or immediately available cleared funds in such amount acceptable to USPL;
- (b) deposit into the Margin Account additional Securities and/or Collateral of such type and in such value acceptable to USPL and charging them in favour of USPL; and
- (c) reduce the Loan so that the Loan does not exceed the Margin Limit.

29.2.3 For the avoidance of doubt:

- (a) USPL may give more than one Margin Call in any given day; and
- (b) USPL has the right to determine and calculate the relevant value and amount for deciding whether to make a Margin Call based on its records, even if such records do not reflect the latest transactions in Securities effected by USPL on behalf of the Client in respect of the Margin Account due to the time necessary for updating the records or for clearing the funds, cheques or Securities deposited with USPL.

### 29.3 Rights regarding margin requirements

29.3.1 Between the time after USPL has given a Margin Call and before that Margin Call has been met to the satisfaction of USPL, USPL is entitled (i) to exercise any of its rights under Clause 34 (Set-off and Lien) and this Clause 29.3 without notice to the Client, and (ii) to refuse to carry out any of the Client's Instructions relating to the Margin Account or any dealing in Securities.

29.3.2 If the following (or any of them) occur at any time, USPL is entitled to exercise its rights set out in Clause 29.3.3, whether or not any Margin Call has been made:

- (a) USPL determines that the LTV Ratio reaches or exceeds the Margin Ratio, even if (1) such determination is based on USPL's records that do not reflect the latest transactions in respect of the Margin Account due to the time necessary for updating the records or for clearing the funds, cheques or Securities deposited with USPL, or (2) USPL does not know that a Margin Call has been satisfied; and
- (b) USPL considers, in good faith, that the market conditions are likely to expose investors to unacceptable risk or heavy losses, including unstable, unfavourable, and abnormal market conditions.

29.3.3 USPL may (but has no obligation to) do the following (or any of them) without demand, notice, legal process or other action as it considers appropriate at any time upon occurrence of any event specified in Clause 29.3.2:

- (a) reduce or terminate the Margin Facility;
- (b) cancel or modify the outstanding Instructions; and
- (c) sell, realise, redeem, liquidate, or dispose in any other manner all or any of the Collateral in the relevant market or by private contract, and on such terms as USPL in



its absolute discretion considers appropriate, free from any claim, right of redemption, equity or other right or interest that the Client may have.

29.3.4 USPL has the right to select all, any, or which of the Collateral (including Charged Securities) to be sold or disposed of, including the right to sell or dispose of more quantity of the Collateral (including Charged Securities) than is necessary to reduce the Loan not exceeding the Margin Limit. USPL also has the right to sell or dispose of the Collateral (including Charged Securities) at any time and on any terms as it considers appropriate. USPL shall not be liable to the Client for any loss, damage or expense of any kind which the Client or any other person may incur or suffer arising from or in connection with any such sale or disposal. The Client has no right or claim against USPL for not selling or disposing of any Collateral (including Charged Securities) at a better price or time.

29.3.5 USPL will deposit at its discretion any proceeds resulting from the sale, realisation, redemption, liquidation, or disposal of the Collateral (including Charged Securities) in the Margin Account in reduction of the Loan until the Loan has been repaid in full or does not exceed the Margin Limit.

### **30. ANTI-DILUTION**

Without affecting USPL's rights and interests under this Agreement, the economic or financial effect of the Collateral or the security interest provided for in this Agreement shall not be affected by any subdivision, consolidation or change of the classification in the Collateral, or any of them or by any company or entity whose shares form all or part of the Collateral reorganising or amalgamating with any company or entity or by further issue of equity or equity derivatives or grant of options by the Client or the Issuer or by raising of further debts by the Client or the Issuer. If the economic or financial effect of the Collateral or the security interest is so affected by any incident described above without the Client having prior written consent of USPL, USPL may at its discretion demand for immediate repayment of the Loan.

### **31. DELEGATION**

31.1 USPL may appoint any other person as its agent or nominee to perform any of the services under the Margin Account for it. Such person includes any service provider or sub-contractor acting in its capacity as USPL's agent or nominee and excludes any independent service provider or sub-contractor. For that purpose, (i) USPL may delegate any of its powers to that person, and (ii) the Client authorises USPL to disclose or transfer any information relating to him, the services under the Margin Account, and the Margin Account to that person.

31.2 USPL has the right to employ any person to assist it in collecting and recovering any outstanding or overdue amount owing by the Client to USPL. Such person includes any collection agent or any other service provider.

The Client is required to pay all costs and expenses reasonably incurred by USPL for preserving or enforcing its rights in connection with the services under the Margin Account, or the Margin Account (including fees of any collection agent employed by USPL and legal fees in demanding, collecting, suing or recovering any outstanding or overdue amount).

### **32. DEFAULTS**

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

32.1.1 fails to maintain the Margin Ratio upon Margin Call; or

32.1.2 fails to repay or discharge the Margin Facility upon demand; or

- 32.1.3 fails to settle a transaction in Securities against which Margin Facility has been provided, or
- 32.1.4 has indebtedness owed to USPL for dealing in Securities which remains outstanding after USPL has disposed of all the Securities purchased under the Margin Facility.

**32.2** 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 USPL. Upon any sale by USPL, a declaration made by an officer of USPL 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 USPL shall be concerned to inquire into the circumstances of the sale.

**32.3** 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 USPL on demand any balance that may then be due.

**32.4** The Client shall from time to time upon the request of USPL promptly and duly execute and deliver any and all such further Instructions and documents as USPL 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.

### **32.5 Events of Default**

Without limiting or reducing the effect of Clause 14.9 of this Agreement, each of the following is an Event of Default:

- 32.5.1 failure to pay to USPL the Loan or any other amount due and payable under the Margin Facility Terms in the currency and manner specified;
- 32.5.2 failure to perform or observe any other obligations under the Margin Facility Terms which, in USPL's opinion, amounts to a material default on the Client's part;
- 32.5.3 failure to satisfy a Margin Call to the satisfaction of USPL;
- 32.5.4 the Client's death or legal incapacity of the Client;
- 32.5.5 the Client becomes bankrupt or a petition for bankruptcy, winding-up or similar relief is filed by or against the Client;
- 32.5.6 the application for or appointment of a liquidator, receiver, trustee or similar official over all or a material part of the Client's assets;
- 32.5.7 an encumbrancer taking possession of, or a distress, execution, attachment or other process is levied or enforced against, the Margin Account, any monies owed by USPL to the Client, any assets held by USPL on the Client's behalf or any of the Client's assets;
- 32.5.8 the Client is unable to or admits to being unable to pay debts as they become due; and
- 32.5.9 any change of law which prohibits or renders illegal the provision, maintenance, or operation of the services under the Margin Account or the Margin Account.

An Event of Default under the Margin Facility Terms will constitute an "event of default" under Clause 14.9 of this Agreement.

## **33. TERMINATION OF MARGIN FACILITY**

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

33.1.1 the withdrawal or non-renewal of the Client's authorisation to USPL; or

33.1.2 any termination in accordance with Clause 14.11 of this Agreement, and any notice of termination for that purpose shall be deemed to be a notice of termination of the Margin Facility.

**33.2** Upon termination of the Margin Facility, any outstanding indebtedness by the Client shall forthwith be repaid to USPL.

**33.3** 32.3 Repayment of all or any of the loan amounts owed to USPL will not of itself constitute cancellation or termination of the Margin Facility Terms.

**33.4** 32.4 Suspension or termination of services under the Margin Account

(a) USPL has the right to suspend or terminate all or any of the services under the Margin Account with or without giving the Client notice or reason.

(b) Without limiting or reducing the effect of Clause 14.9, if any Event of Default occurs, USPL has the right to terminate the services under the Margin Account and close the Margin Account with immediate effect and without notice to the Client.

### **33.5 Termination by the Client**

The Client may terminate the Margin Account by providing USPL a written notice fifteen (15) Business Days in advance.

### **33.6 Consequences of Termination**

33.6.1 Upon the termination of the services under the Margin Account, the Loan and all amounts due or owing by the Client to USPL under the Margin Facility Terms will become immediately due and payable. USPL ceases to have any obligations to grant or continue to grant the Margin Facility or to deal or continue to deal in Securities on the Client's behalf under the Margin Facility Terms, even if the Client has given contrary Instructions.

33.6.2 USPL is entitled to sell, realise, redeem, liquidate or dispose in any other manner all or any of the Collateral (including Charged Securities) in such manner and on such terms as USPL in its discretion consider appropriate to satisfy the Loan and any other amount owing by the Client to it under the Margin Facility Terms at the Client's own risk and expense. USPL is not liable to the Client for any loss, damage or expense of any kind which the Client or any other person may incur or suffer arising from or in connection with any such sale or disposal.

33.6.3 USPL will credit the cash proceeds of such sale upon receipt by it to the Margin Account or such other account as it may select in its absolute discretion after deducting the costs, charges, fees and expenses (including legal expenses) reasonably incurred by it in relation to the sale or disposal. The credit balance on the Margin Account (if any) after the Loan and any other amount owing by the Client to USPL under the Margin Facility Terms have been paid in full will be returned to the Client. USPL will also deliver to the Client any Charged Securities that have not been sold or disposed of and any documents of title in USPL's possession or in the possession of its nominee at the Client's own risk and expense.

**33.7** If there is a debit balance on the Margin Account after applying the cash proceeds, the Client will be required to pay to USPL an amount equal to such debit balance plus its cost of funding the amount of debit balance up to the date on which payment in full (before and after any judgment) is received.

**33.8** Even if all or any of the services under the Margin Account are suspended or terminated or the Margin Account is closed, the Client continues to be bound by the Margin Facility Terms to the extent that they relate to any of his obligations or liabilities which remain to be performed or discharged.

#### **34. SET-OFF AND LIEN**

**34.1** Without limiting or reducing the effect of Clauses 14.9 and 14.10 of this Agreement, USPL is entitled to do the following without prior notice to the Client:

34.1.1 exercise a lien over all of the Client's property (including all Securities in the Margin Account and other accounts of the Client with USPL or any other member of uSmart Group) in the possession or control of USPL or any other member of uSmart Group from time to time for any purpose. USPL has the power to apply such property or sell such property and apply the proceeds to satisfy any of the Client's liabilities (such liabilities include debts owed to USPL or any other member of uSmart Group that were incurred by the Client as a principal or guarantor and whether such debts are actual or contingent, principal or subsidiary, individual or joint) to USPL or any other member of uSmart Group;

34.1.2 debit any amount payable by the Client to USPL or any other member of uSmart Group (including any fees, expenses, or interest) from the Margin Account and other accounts of the Client with USPL or any other member of uSmart Group irrespective of whether there are sufficient available funds, overdraft or other facilities in the relevant accounts and even if the Client has given Instruction for applying the funds in any account. If any debit causes any of the relevant accounts to be overdrawn, the Client is liable to repay the outstanding amount to USPL on demand together with fees, expenses, and interest accruing on the outstanding amount at such rate as set by USPL;

34.1.3 withhold, combine, or consolidate the balance on the Margin Account and other accounts of the Client with USPL or any other member of uSmart Group, and set off or transfer any monies standing to the credit of any account in or towards settlement of any amounts owing by the Client to USPL or any other member of uSmart Group. The amounts owing by the Client (1) may be actual or contingent, present, future, or deferred, primary or collateral, (2) may be owing by the Client solely or jointly with any other person, (3) may include any amount payable by the Client in satisfaction of a Margin Call, and (4) may include fees, expenses, or interest;

34.1.4 refuse to repay the Client any monies in any currency standing to the credit of the Margin Account and other accounts of the Client with USPL or any other member of uSmart Group when due or on demand by the Client and to the extent that such monies are equal to or less than the amount owing by the Client to USPL or any other member of uSmart Group. If USPL exercises this right with respect to any monies, such monies will remain outstanding from USPL or any other member of uSmart Group concerned on substantially the terms and conditions in force immediately before this right is exercised or on such other terms as considered appropriate by USPL; and

34.1.5 where any such debit, withholding, combination, or consolidation requires the conversion of one currency into another currency, such conversion will be calculated at the rate to be prevailing in the relevant foreign exchange market at the relevant time as determined by USPL, and the rate determined by USPL will be conclusive and binding on the Client.

#### **35. LIMITATIONS OF LIABILITY AND INDEMNITY**

##### **35.1 Limitation of USPL's liability**

35.1.1 Providing the services under the Margin Account to the Client does not make USPL a trustee of the Client in respect of any of the Securities save and except those Securities registered in the name of USPL's nominee and in the capacity of a bare trustee only. USPL has no other

obligations in respect of the Client's monies or assets other than those expressly specified in the Margin Facility Terms.

- 35.1.2 USPL has no obligation to examine or verify the validity of the ownership of or title to any Securities. USPL is not responsible for any defect in ownership or title of any Securities purchased or held or to be purchased or held by USPL on the Client's behalf.
- 35.1.3 USPL does not guarantee gains or profitability. USPL is not responsible for the management of or any loss or diminution in the value of any Securities purchased or held by USPL on the Client's behalf. USPL is not liable for any taxes or duties payable on or in respect of the Margin Account or any of the Securities.
- 35.1.4 USPL has no obligation to ascertain the Client's nationality or whether any restriction applies to any Securities. This may include restriction on ownership, owner's nationality or foreign exchange control or requirements.
- 35.1.5 Commentaries, financial information and data in relation to the services under the Margin Account may be provided to USPL by other persons or compiled by USPL based on materials provided by other persons. USPL does not represent or guarantee the accuracy, reliability, adequacy, timeliness, sequence, or completeness of any such commentaries, financial information or data, or whether it is fit for any purpose. The Client should not rely on such information as investment advice or for trading purpose. The Client is solely responsible for verifying such information before using it for any purpose. USPL is not liable (whether in tort, contract or any other manner) to the Client or any other person for using such commentaries, information or data for any purpose.
- 35.1.6 The Client is solely responsible for making his own independent investment decisions or obtaining advice from a licensed independent financial advisor. USPL does not make investment decisions on the Client's behalf. Even if the Client may have informed USPL of his investment objectives, USPL does not owe the Client a duty to exercise judgment as to the merits or suitability of any transaction (save only to the extent required by the SFC and SFA). While any information or view given by USPL or its agents will be given in good faith, neither USPL nor any person giving the information or view are responsible for that information or view. The Client should assess the merits, risks and suitability of Securities based on information independently obtained by him or by or from his licensed independent financial advisor. The Client should decide whether to sell or purchase based on his own judgment (instead of relying solely on the explanation or information provided by USPL).
- 35.1.7 Except as set out in Clause 35.1.8, USPL is not liable for loss, damage or expense of any kind which the Client or any other person may incur or suffer arising from or in connection with the following (or any of them):
- (a) access to the services under the Margin Account by the Client or any other person (whether authorised or unauthorised);
  - (b) any interruption, suspension, delay, loss, mutilation or other failure in transmission of Instructions or other information caused by any reason;
  - (c) USPL's inability to act on an Instruction due to prevailing market conditions or fluctuation and the manner and timing of acting on such Instruction; and
  - (d) any mechanical failure, power failure, malfunction, breakdown, interruption or inadequacy of equipment or installation in connection with the services under the Margin Account.
- 35.1.8 If it is proved in a case set out in Clause 35.1.7 that there was fraud, gross negligence or wilful default by (i) USPL, (ii) its agents or nominees, or (iii) its officers or employees or that of its agents or nominees, then USPL will be liable for any loss and damage the Client incurs or

suffers that is directly and reasonably foreseeable arising directly and solely from such fraud, gross negligence or wilful default.

35.1.9 USPL is not liable for any loss, damage or expense of any kind incurred or suffered by the Client or any other person as a result of any interruption, delay or failure (whether total or partial) in providing the services under the Margin Account to the Client or performing its duties and obligations under the Margin Facility Terms to the extent that it is attributable to any reason or circumstance that is beyond USPL's reasonable control or the reasonable control of its agents or nominees. These causes or circumstances may include but are not limited to the following (or any of them):

- (a) the imposition or change of any applicable regulations or any procedures, restrictions or suspension of trading imposed by any government, exchange, clearing house, market, regulatory or self-regulatory body; and
- (b) the bankruptcy, liquidation, insolvency or failure of any government, exchange, clearing house, financial institution or any other person that is required to perform its obligations in relation to any transaction contemplated by the Margin Facility Terms.

## 35.2 The Client's indemnity

35.2.1 Except as set out in Clause 35.2.2, the Client will indemnify and reimburse (i) USPL, (ii) its agents and nominees, and (iii) its officers and employees and that of their agents or nominees for all actions, proceedings and claims which may be brought by or against USPL or them, and for all losses, damages and reasonable costs and expenses which USPL or they may incur or suffer as a result of or in connection with the following (or any of them):

- (a) the Client's use of the services under the Margin Account or USPL's provision of the services under the Margin Account to the Client,
- (b) USPL's decision not to process any Instruction or its delay or failure to act on an Instruction in part or in full for any reason;
- (c) any fluctuation in the price of the relevant Securities between the time USPL receives an Instruction and the time it acts on it;
- (d) any default by the Client in performing his obligations under the Margin Facility Terms or the applicable regulations; and
- (e) the preservation or enforcement of USPL's rights or exercise of its powers under the Margin Facility Terms, including legal fees (on a full indemnity basis) and any claims by the Hong Kong Inland Revenue Department (or any other tax authorities) on USPL for tax in respect of any profits or gains attributable to the Client.

This indemnity shall continue after the termination of the services under the Margin Account, the Margin Account, or the Margin Facility Terms.

35.2.2 If it is proved that any actions, proceedings, claims, losses, damages or amounts set out in Clause 35.2.1 was caused by fraud, gross negligence or wilful default by (i) USPL, (ii) its agents or nominees, or (iii) its officers or employees or that of its agents or nominees, then the Client is not liable for any loss and damage under Clause 35.2.1 to the extent that those losses, damages and reasonable costs and expenses are directly and reasonably foreseeable arising directly and solely from such fraud, gross negligence or wilful default.

35.2.3 USPL is entitled to withhold, retain or deduct such portion from the Securities or such amount from any of the accounts the Client maintains with it as it determines to be sufficient to cover any amount owing by the Client to it under this Clause 35.2.

35.2.4 The Client further agree, accept and understand that if the Client utilise Margin Facility to trade products denominated in different currencies using a base currency chosen by the Client, USPL will calculate Margin Limit by applying exchange rates specified by USPL. USPL WILL APPLY "HAIRCUTS" (A PERCENTAGE DISCOUNT ON THE FOREIGN CURRENCY EQUITY AMOUNT) TO REFLECT THE POSSIBILITY OF FLUCTUATING EXCHANGE RATES BETWEEN THE BASE CURRENCY AND THE FOREIGN CURRENCY. THE CLIENT AGREE TO CLOSELY MONITOR MARGIN LIMIT AT ALL TIMES, PARTICULARLY FOR POSITIONS DENOMINATED IN FOREIGN CURRENCIES, BECAUSE FLUCTUATION IN THE CURRENCY AND THE VALUE OF THE UNDERLYING POSITION CAN CAUSE A MARGIN DEFICIT.

### **36. 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 USPL or any other member of uSmart Group 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 USPL or any other member of the uSmart Group 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 USPL or any other member of the uSmart Group;
- (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 USPL 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 USPL with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of USPL to any other person;
- (h) the existence of any claim, set-off or other right which the Client may have at any time against USPL or any other person;
- (i) any arrangement or compromise entered into by USPL 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 authorised, 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 USPL 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 USPL 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.

## **37. RISK DISCLOSURE STATEMENTS**

### **37.1 Risk of margin trading**

The risk of loss in leveraged trading or 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/funds and/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 or to obtain advice from a licensed independent financial advisor.

### **37.2 Risk of providing an authority to re-pledge Securities Collateral etc.**

There is risk if Client provides USPL with an authority that allows it to apply Client Securities or Securities Collateral pursuant to a securities borrowing and lending agreement, re-pledge his Securities Collateral for loans and/or credit facilities, or deposit his Securities Collateral as collateral for the discharge and satisfaction of his settlement obligations and liabilities.

If Client's Securities or Securities Collateral are received or held by him 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 authority must specify the period for which it is current and be limited to not more than twelve (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 written consent) if USPL issues the Client a reminder at least fourteen (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 USPL, 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. USPL 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 Securities Collateral are lent to or deposited with third parties, those third parties will have a lien or charge on the Client's Securities Collateral. Although USPL is responsible to the Client for Securities or Securities Collateral lent or deposited under the 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 USPL. If the Client does not require margin facilities or does not wish his 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.

**37.3** The Client should refer to Clause 16 (Risk Disclosure Statements) of this Agreement as well as other Risk Disclosure Statements as issued by USPL for other risks.

## **38. AUTHORISATION UNDER SUBSECTIONS (2) AND (3) OF SECTION 7 OF THE SECURITIES AND FUTURES (CLIENTS SECURITIES) RULES (CAP. 571H)**

Without prejudice to any other right or remedy available to USPL, the Client hereby authorises USPL to do any of the following without further notice to or consent from the Client provided standing authority is obtained from the Client:-



- (a) apply any of Client Securities or Securities Collateral in the Margin Account pursuant to a securities borrowing and lending agreement;
- (b) deposit any of Client Securities or Securities Collateral in the Margin Account with an authorised financial institution as collateral for financial accommodation provided to USPL;
- (c) deposit any of Client Securities or Securities Collateral in the Margin Account with (i) a recognised clearing house; or (ii) another intermediary or registered for dealing in securities as collateral for the discharge and satisfaction of USPL's settlement obligations and liabilities;
- (d) apply or deposit any of the securities collateral in question in accordance with Clauses 38(a), (b), and/or (c) if USPL provide financial accommodation to the Client in the course of dealing in securities and also provide financial accommodation to the Client in the course of any other regulated activity for which USPL is licensed or registered; and
- (e) any of the acts under Clauses 38(a) and (b).

### **39. FURTHER AUTHORISATION IN RELATION TO CLIENT SECURITIES AND SECURITIES COLLATERAL**

**39.1** Without limiting or reducing the effect of Clauses 38(a), (b), (c) and (d), USPL shall have the right in its sole discretion to do any of the following without further notice to or consent from the Client provided standing authority is obtained from the Client:

39.1.1 to sell, dispose of or otherwise deal with any Client Securities or Securities Collateral in the Margin Account at the discretion of USPL if such sale, disposal or dealing is required by any applicable regulation or is otherwise for the protection of the Client or USPL. USPL will credit the proceeds of such sale or disposal (after deducting reasonable expenses) to the Margin Account or any other account of the Client with USPL;

39.1.2 to deal with any Client Securities or Securities Collateral in the Margin Account in such manner as USPL considers appropriate to facilitate the provision of services to the Client under this Agreement with regard to applicable regulations and at the discretion of USPL;

39.1.3 to enable USPL to borrow for its own, or on-lend to other USPL, its intermediary's customers or to other market participants as the principal of such Client Securities or Securities Collateral. The Client further agrees in connection with the foregoing that non compensation will be payable to the Client and that USPL is the sole beneficiary of any fee or commission that USPL may earn from any exercise of USPL's right under this Clause 39.1.3; and

39.1.4 to do all acts and things which are necessary for or incidental to the performance of any or more of the above acts.

**39.2** Without limiting or reducing the effect of Clauses 38(a), (b), (c) and (d), USPL shall have the right in its sole discretion to do any of the following without further notice to or consent from the Client provided standing authority is obtained from the Client:

- 39.2.1 (a) to apply any Securities or Collateral in the Margin Account pursuant to a securities borrowing and lending agreement which shall be under arm's length commercial terms equivalent to the market standard terms set out in the International Securities Lending Association Global Master Securities Lending Agreement (the "**GMSLA**") which shall,
- (i) include a commercially reasonable valuation mechanism to value securities equivalent to the Securities or Collateral borrowed by USPL where USPL is unable to return such Securities or Collateral, as applicable; and

- (ii) in contrast to the market standard terms of the GMSLA, not entitle the Client to receive any cash or equivalent Securities Collateral from USPL in return for permitting it to borrow the Securities or Collateral.
- (b) Where the Securities or Collateral in the Margin Account are applied to such securities borrowing and lending agreement the Client acknowledges the following:
  - (i) the Client has read and understood the Risk Disclosure Statements set out in Clause 37.2 – “*Risk of providing an authority to re-pledge Securities Collateral etc*”;
  - (ii) the Client understands that there is risk that in the event of USPL becoming subject to insolvency, bankruptcy, liquidation, administration, moratorium, reorganisation and/or similar laws generally affecting the rights of creditors, the Client may become an unsecured creditor of USPL with respect to the securities borrowing and lending agreement which may result in the Client receiving either (a) only a small percentage or (b) none of (i) the securities equivalent to the Securities and/or Collateral borrowed, and/or (ii) any cash sum equal to the value of the securities equivalent to the Securities and/or Collateral borrowed which may be owed to the Client by USPL.

**39.3** Provided standing authority is obtained from the Client, USPL may do any of the acts in Clauses 38 and 39 without giving further notice to the Client. This Agreement constitutes such standing authority. **This standing authority is valid for a period of twelve (12) months only, effective from the date of signing this Agreement.** However, the Client has the right to revoke this standing authority by giving USPL not less than fourteen (14) business days’ prior written notice provided that the Client has no outstanding debts owed to USPL or any of its associated entities at that time. Such standing authority which is not revoked prior to its expiry may at the end of such and each subsequent twelve (12) month period be renewed or shall be deemed to have been renewed for a further 12 months upon the same terms and conditions as specified above in accordance with the relevant rules under the SFO.

#### **40. 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 USPL;
- (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 USPL;
- (c) no company belonging to a group of companies, of which the Client is a member, is a margin client of USPL;
- (d) the Client is not acting on behalf of other person, and no other person stands to gain the commercial or economic benefit or bear the commercial or economic risk of the transactions in the Client’s accounts; and
- (e) the Client has not guaranteed the financial liabilities of any margin client of USPL, and has no financial liabilities which are guaranteed by any margin client of USPL or any guarantor who also guarantees the financial liabilities of any other margin client of USPL.

#### **41. COMMUNICATIONS**

**41.1** The Client confirms that all information provided to USPL (in an account opening form or by other means) is, to the best of his knowledge, complete, accurate and up-to-date. The Client agrees that USPL may use any contact details provided by the Client and kept on its records (including address,

telephone number, email address and fax number) from time to time to communicate with the Client (whether through letters, telephone calls, SMS, fax, email or other means).

- 41.2** Without limiting or reducing the effect of Clause 8 of this Agreement, and unless USPL specifies otherwise, the Client will be considered as having received any notice of Margin Call given by USPL:
- 41.2.1 immediately after emailing it to the email address last notified in writing by the Client (if sent by email);
  - 41.2.2 immediately after sending it to the mobile phone number last notified in writing by the Client (if sent through SMS messaging); or
  - 41.2.3 immediately after displaying it at USPL's premises (if communicated by display).
- 41.3** Items sent to the Client or delivered to his authorised representative are sent or delivered at the Client's own risk.
- 41.4** All communications from the Client to USPL have to be given in such manner and by such means to such location specified by USPL from time to time. Communications sent by the Client to USPL will be considered as having been received by USPL on the day of actual receipt.
- 41.5** If the Margin Account is in joint names of two (2) or more persons, any notice communication from the Client to USPL will be considered as effective notification on it only if given by each of the aforesaid persons (unless USPL has agreed to other authorisation arrangement) or the survivors, and any notice under the Margin Facility Terms to any of the aforesaid persons will be considered as effective notification to the Client.
- 41.6** This Clause 41 does not limit or reduce the effect of any provisions in the Margin Facility Terms that apply to (i) the issuing of contract notes, statements of account or transaction advice by USPL to the Client, or (ii) the giving of Instructions by the Client to USPL.

## PART 3: FOR STOCK OPTIONS TRADING

### 42. DEFINITIONS AND INTERPRETATION

- 42.1 Terms defined in this Part 3 shall have the same meanings as in Part 1 of this Agreement unless stated otherwise.
- 42.2 Reference to “Account” in this Agreement is deemed to include the Options trading account as established pursuant to this Part of the Agreement.
- 42.3 In Part 3 of this Agreement, the following terms shall bear the following meanings:-

“**Client Money Standing Authority**” means the standing authority granted by the Client to USPL in the terms set out in Clause 56 as amended from time to time.

“**Client Securities Standing Authority**” means the standing authority granted by the Client to USPL in the terms set out in Clause 56 as amended from time to time.

“**FATCA**” or “**Foreign Account Tax Compliance Act**” means (i) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations or other official guidance; (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of the legislation or guidance referred to in (i) above; and (iii) any agreement pursuant to the implementation of the legislation or guidance referred to in (i) or (ii) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“**HKEx**” means the Hong Kong Exchanges and Clearing Limited.

“**Instruction**” means any instruction (including any subsequent amendment or cancellation thereof accepted by USPL) the Client may give for the trading, dealing and settlement in Options, whether verbally, through the electronic trading service or in such other manner as USPL may permit.

“**Margin**” means such amount in such currency and such other security whatsoever as USPL may from time to time demand in accordance with this Agreement from the Client by way of margin, variation adjustments or cash adjustments in relation to contracts.

“**Options**” or “**Options Contract**” means a stock option contract pursuant to which one party grants to the other party a right (but not the obligation), exercisable by the latter party on or before a specified date, to acquire or to dispose of (as the case may be) a specified quantity of a securities at an agreed price.

“**Rules**” means the applicable laws, rules and regulations of the relevant government, exchange, regulator or clearing house applicable to USPL’s handling of the Client’s Accounts or where the Client’s orders are being placed, including but not limited to the SFO, the Code of Conduct for Persons Licensed By or Registered with the Securities and Futures Commission issued by SFC, the Rules of the SEHK including the default procedure, the Options Trading Rules and Operational Trading Procedures for Options Trading Exchange Participants of the SEHK, the Options Clearing Rules and Operational Clearing Procedures for Options Trading Exchange Participants of the SEOCH and the General Rules of Central Clearing and Settlement System, and the rules and regulations of the New York Stock Exchange, Securities and Futures Commission, the Financial Industry Regulatory Authority, the Options Clearing Corporation (“**OCC**”), including any amendments, supplements, variations or modifications thereof.

Please refer the details to this link: <https://www.theocc.com/getmedia/a151a9ae-d784-4a15-bdeb-23a029f50b70/riskstoc.pdf>.

“SEHK” means the Stock Exchange of Hong Kong Limited.

“SEOCH” means the SEHK Options Clearing House Limited.

**42.4** Words denoting the singular shall include the plural and vice versa, reference to one gender shall include all genders and words denoting person, the Client and USPL shall include a natural person, firm or a sole proprietorship, partnership, syndicate and corporation and vice versa.

### **43. APPLICABLE RULES AND REGULATIONS**

**43.1** All Options Contracts for the Account shall be subject to the terms and conditions of this Agreement and the Rules. The Rules shall be binding on USPL and the Client in respect of Options Contracts traded in accordance with the Client's Instruction.

#### **43.2 Account Information**

43.2.1 USPL generally will endeavor to keep information relating to the Client and the Account confidential, but USPL may be required to disclose information concerning the Client and the Account to comply with the Rules or to provide services to Client. Client agrees to provide such information to USPL, and consents for USPL to provide such information to the relevant government, exchange, clearing house, regulator or other necessary party to comply with their requirements or requests for information. The Client irrevocably authorises USPL to make any such disclosure.

43.2.2 Where USPL utilises another broker, service provider, agent or entity, who could be an Affiliate, to facilitate execution of Client's instructions or provision of services to the Client under this Agreement, Client authorises USPL to provide information relating to the Client and the Account to the relevant broker or entity as necessary, including but not limited to for the purpose of satisfying the broker or entity's obligations under the Rules or the provision of services to the Client.

**43.3 Suitability of Recommendation:** Nothing on USPL's website is a recommendation or solicitation to buy or sell Options Contracts. USPL representatives may provide investment or trading advice or solicit orders on Options Contracts, and to the extent they do so, shall comply with applicable Rules. If USPL solicits the sale of or recommends any Options Contract to the Client, the Options Contract 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 USPL may ask the Client to sign and no statement USPL may ask the Client to make derogates from this clause.

### **44. OPTIONS TRADING**

**44.1** The Client agrees that the terms of the Options Contract (including that of the Standard Contract as defined in the Options Trading Rules) for the relevant Options series shall apply to each Options Contract between USPL and the Client, and that all Options Contracts shall be created, exercised, settled and discharged in accordance with the Rules.

**44.2** USPL may, in its sole discretion, place limits on the open positions (net or gross) or delivery obligations that the Client may have at any time. The Client agrees:-

44.2.1 not to enter into any transaction that would have the effect of exceeding such position limits and that USPL may be required to close out or give up Options Contracts to comply with the position limits imposed;

- 44.2.2 that USPL may at any time reduce open positions by issuing close out or offsetting trades, or require the Client to reduce open positions carried with USPL;
- 44.2.3 that USPL may refuse for any reason to accept orders to establish new positions;
- 44.2.4 USPL may impose and enforce such limits, reduction or refusal whether or not the same are required by the Rules, SEHK or the relevant exchange; and
- 44.2.5 if USPL goes into default, the default procedures of the relevant exchange may result in Options Contracts being closed out or replaced by Options Contracts between the Client and another options exchange participant or broker.

## **45. INSTRUCTIONS AND TRANSACTIONS**

- 45.1 Instructions may be given orally, in writing or electronically. USPL shall be entitled to rely and act upon any Instruction which purports or which USPL believes in good faith to have been given by the Client.
- 45.2 Unless the Client gives specific Instruction to USPL to the contrary and which Instruction is accepted by USPL, the Client acknowledges that all orders, Instruction or requests in relation to the Account are good for the day only and that they will lapse at the end of the official trading hours of the relevant exchange.
- 45.3 USPL may decline to accept any Instruction from the Client, restrict or prohibit trading in the Client's Account or terminate Client's use of USPL's service at any time in its absolute discretion and without assigning any reason. In such event, USPL will endeavour to notify the Client accordingly, but USPL shall not in any circumstances whatsoever be liable in any way for any loss of profit or gain, damage, liability, cost or expense suffered or incurred by the Client arising out of or in connection with USPL declining to act on such Instruction or offer service or omitting so to notify the Client.
- 45.4 USPL may, for the purpose of carrying out any Instruction given by the Client, contract with or otherwise deal with or through any other agent, service provider or broker including any person or party associated in any manner with USPL, on such terms and conditions as USPL may in its absolute discretion determine.
- 45.5 USPL shall execute Client orders as agent, unless otherwise confirmed. USPL can execute Client orders as principal. USPL may use another broker, or an Affiliate, to execute orders, and they shall have benefit of all USPL's rights under this Agreement. USPL will select the market and dealer to which to route Client's orders. USPL cannot guarantee execution of every order at the best posted price; USPL may not have access to every market or dealer; other orders may trade ahead; market centers may not honor posted prices or may re-route orders for manual handling; market rules, decisions or system failures may prevent/delay execution of Client's orders or cause orders not to receive the best price. Client acknowledges that it may not be possible to cancel or modify an order and that Client is responsible for executions notwithstanding a cancel or modify request.
- 45.6 Subject to applicable laws and regulations and market requirements, USPL 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 USPL.
- 45.7 The Client understands that the relevant exchange or clearing house have established cut-off times for the tender of exercise Instructions and that an Options will become worthless if exercise Instructions are not delivered before such expiration time. The Client also understands that the relevant exchange or clearing house automatically will exercise some "in-the-money" Options unless instructed otherwise. The Client acknowledges full responsibility for taking action either to exercise or not to exercise an

Options Contract. USPL is not required to take any action with respect to an Options Contract, including but not limited to any action to exercise a valuable Options prior to its expiration date or to prevent the automatic exercise of an Options, except upon the Client's express Instructions. The Client further understands that USPL has established exercise cut-off times, which may be earlier than the times established by the relevant exchange or clearing house.

- 45.8** Client agrees to monitor each order until USPL confirms execution or cancellation. Client acknowledges that confirmations of executions or cancellations may be delayed or may be erroneous or may be cancelled or adjusted by an exchange. Client is bound by the actual order execution, if consistent with Client's order. If USPL confirms execution or cancellation in error and Client delays reporting such error, USPL reserves the right to remove the trade from the Account or require Client to accept the trade, in USPL's discretion.
- 45.9** Client agrees to notify USPL immediately if: (i) Client fails to receive an accurate confirmation of an execution or cancellation; (ii) Client receives a confirmation that is different than Client's order; (iii) Client receives a confirmation for an order that Client did not place; or (iv) Client receives an Account statement, confirmation, or other information reflecting inaccurate orders, trades, balances, positions, margin status, or transaction history.
- 45.10** Client acknowledges that USPL may adjust Client's Account to correct any error. Client agrees to promptly return to USPL any assets erroneously distributed to Client.
- 45.11** Subject to all relevant Rules, Client authorises USPL to execute proprietary trades of itself and its affiliates, though USPL may simultaneously hold unexecuted Client orders for the same products at the same price.
- 45.12** USPL, its affiliates, and their respective directors and or employees may trade on their own Account and, subject to all relevant Rules, USPL and its affiliates may take the opposite position to the Client's order in relation to any securities and options positions, whether on USPL's or its affiliate's own account or for the account of another client of USPL.
- 45.13** Prior to the start of the last trading day before expiration, Client agrees to liquidate or close out any long or short option position or other rights position that an Account holds for which the Account has insufficient equity or may have insufficient equity at expiration to exercise (or be assigned on) such position and to then carry the resulting underlying position. Client acknowledges that approaching expiration with long or short options for which an Account does not or may not have sufficient equity to hold the underlying position puts Client and USPL at serious risk (including the risk of market movements in the underlying product between expiration and the next opening of the market in the product). If Client has not closed out a long or short option or other rights position prior to the start of the last trading day before expiration, and if USPL in its sole discretion determines that an Account has or may have insufficient equity to hold the underlying position upon expiration, USPL has the right, in its sole discretion, to do any or all of the following and USPL and its Clients shall have no claim for damages or lost profits resulting from any or all of the following: a) USPL may liquidate some or all of the options or rights position prior to expiration; b) USPL may lapse some or all of the options even if in-the-money at expiration; and c) USPL may allow some or all of the options to be exercised or assigned and then may liquidate some or all of the resulting position.

## **46. COMMISSION AND CHARGES**

- 46.1** In consideration of USPL carrying out or entering into Options Contracts on the Client's behalf or for the Account, the Client agrees to pay USPL commissions at such rate or rates and on such basis as it may from time to time determine and notify the Client as being the rate or rates applicable to the Account. In addition, the Client shall pay or reimburse USPL forthwith on demand all commission, brokerage, levies, fees, duties and taxes and all other charges and expenses incurred by USPL arising out of or in

connection with any purchase or sale of Options Contracts entered into by USPL on behalf of the Client or otherwise arising out of or in connection with the performance of any of USPL's duties under this Agreement. All such amounts may be deducted from the Account and any other accounts maintained by the Client with USPL.

- 46.2 Every Options Contract executed on the relevant exchange shall be subject to any levies or charges that the SEHK or the relevant exchange may from time to time impose. USPL is authorised to collect from the Client any such levies in accordance with the Rules prescribed by the relevant exchange.

#### 47. QUOTES, MARKET INFORMATION, RESEARCH AND INTERNET LINKS

Quotes, news, research and information accessible through USPL ("**Information**") may be prepared by independent providers. The Information is the property of USPL, the providers or their licensors and is protected by law. Client agrees not to reproduce, distribute, sell or commercially exploit the Information in any manner without written consent of USPL or the providers. USPL reserves the right to terminate access to the Information. None of the Information constitutes a recommendation by USPL or a solicitation to buy or sell. Neither USPL nor the providers guarantee accuracy, timeliness, or completeness of the Information, and Client should consult an advisor before making investment decisions. Reliance on quotes, data or other information is at client's own risk. USPL does not warrant in any fashion, and is not responsible for, the accuracy or timeliness of the information. In no event will USPL or the providers be liable for any loss arising from use of the information. There is no warranty of any kind, express or implied, regarding the information, including warranty of merchantability, warranty of fitness for a particular use, or warranty of non-infringement.

#### 48. MARGIN

- 48.1 In respect of all Options Contracts entered into by USPL on behalf of the Client, the Client shall before the relevant Options Contract is entered into or otherwise immediately upon demand provide USPL with such Margin together with such guarantees and other security in such form and amount and on such terms as USPL may in its absolute discretion require from time to time. Such Margin shall be maintained with USPL and the Client shall not withdraw the same until the Options Contract to which it relates has been closed out. USPL shall be entitled to refuse to execute the Client's Instruction unless the Margin required by USPL has been provided to USPL.
- 48.2 The Client agrees to maintain such Margin and shall on demand pay or deliver such additional Margin by means of cash, securities and/or other assets in such form and amounts and within such time as may be determined by USPL to be payable by the Client or by USPL on the Client's behalf in respect of such Margin or any other payment in connection with any Options Contracts entered into on the Client's behalf under the terms of this Agreement. The amounts required by way of Margin should not be less than, but may exceed, the amounts as may be required by the Rules in respect of the Client's open positions and delivery obligations, and further Margin may be required to reflect changes in market value.
- 48.3 If USPL accepts securities by way of Margin ("**Margin Securities**"), the Client will on request provide USPL with such authority as USPL may require under the Rules to authorise USPL to deliver such securities, directly or through an options exchange participant or the relevant clearing house as collateral resulting from the Client's instructions to USPL.
- 48.4 The time for payment of any Margin is of the essence and if no other time is stipulated by USPL when making a demand then the Client is required to comply with such demand before expiry two (2) hours from the time of making the demand (or more quickly if required by USPL to do so). The Client also agrees to pay immediately in full and on demand any amount owing with respect to any of USPL's accounts. All initial and subsequent deposits and payments for Margin and other purposes shall be



made in cleared funds and in such currency and in such amounts as USPL may in its sole discretion require.

- 48.5** Without prejudice to Clause 48.2 above, USPL shall be entitled to revise Margin requirements from time to time in its absolute discretion. No previous Margin requirements shall establish a precedent and revised requirements once established shall apply to existing positions as well as to the new positions in the Options Contracts affected by such revision.
- 48.6** Failure by the Client to meet Margin calls made by USPL by the time prescribed by USPL or any other accounts payable hereunder shall give USPL the right (without prejudice to other rights) to close out open positions in respect of which any Margin calls are not met without notice to the Client and to dispose of any or all assets of the Client in any account maintained with USPL or its affiliates, whether such account is individually or jointly owned by the Client, and to apply the proceeds and any cash deposit(s) to pay USPL all outstanding balances owing to USPL. Any monies remaining after that application shall be refunded to the Client. Client shall be liable and will promptly pay USPL for any deficiencies in Client's account that arise from such disposal or remain after such disposal. USPL has no liability for any loss sustained by Client in connection with such disposal even if Client re-establishes its position at a worse price.
- 48.7** If a debit balance arises on any of the Client's Account(s), USPL shall not be, nor shall USPL be deemed to be, obliged to make available or continue to make available any financial accommodation. In particular, the fact that USPL permits a debit balance to arise in any Account(s) so debited shall not imply any obligation on the part of USPL to advance monies or incur any obligation on the Client's behalf.
- 48.8** Client acknowledges and agrees that USPL will deduct commissions and various other fees from the Account and that such deductions may affect the amount of equity to be applied against the Margin requirements. Account positions are subject to liquidation as described in this Agreement if deduction of commissions, fees or other charges causes the Account to have an insufficient balance to satisfy the Margin requirements.

#### **49. PAYMENTS AND REMISSION OF MONIES**

- 49.1** The Client shall pay USPL forthwith upon demand by USPL at any time the full amount of all losses, debit balances and deficiencies resulting from any Options trading of the Client, or from the operation of the Client's Account. Payment shall be made in such currencies as USPL may prescribe from time to time.
- 49.2** Without prejudice to the Client's obligation to effect payment on demand, each payment (whether by way of direct payment, transfer, debit or credit) to be made by Client to USPL in relation to this Agreement shall be not later than the close of business (Hong Kong time) on the date on which payment is required to be made.
- 49.3** Subject to the deduction of all amounts which USPL is entitled to deduct under the Rules, applicable laws and regulations and/or this Agreement, any Margin required as referred to in Clause 48 above and subject to the prior discharge in full of all sums or liabilities actual or contingent owed by the Client to USPL, USPL shall as soon as practicable after receiving a demand in writing from the Client return to the Client all or part of the monies forming part of the Account and/or the proceeds of sale of any Options Contracts. All monies payable by USPL to the Client shall be transferred by USPL to the bank account specified by the Client on the Account Opening Form or in such other manner as may be agreed between the parties from time to time. All monies paid as aforesaid to the Client's specified bank account shall be deemed good discharge of USPL's obligation to make payment to the Client.

**49.4** The Client will be responsible to USPL for any losses, costs, fees and expenses in connection with the Client's failure to meet the Client's obligations by the due settlement date as described above.

**49.5** All payments by the Client for Options Contracts in connection with this Agreement shall be made in cleared funds in the currency and at the place specified by USPL:

49.5.1 free of any restrictions, conditions or equities;

49.5.2 free and clear and without any deduction or withholding on account of any taxes; and

49.5.3 without deduction or withholding on account of any other amount, whether by way of set-off, counterclaim or otherwise.

## **50. INTEREST**

**50.1** USPL may retain for its own use any benefit it may derive from cash for the time being in its hands as part of the Account, and the Client agrees that no interest will accrue to the Client upon any amounts which may be held by USPL to the Client's credit, unless there is an agreement to the contrary between the parties hereto.

**50.2** The Client undertakes to pay interest on all overdue amounts owed by him to USPL at any time (after as well as before any judgment) at such rate as may be specified from time to time by USPL or failing any such specification at a rate equivalent to 2.5 per cent above the best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited as USPL shall in its sole discretion determine as being the then prevailing prime rate and such interest shall be payable monthly in arrears or forthwith upon any demand being made by USPL.

## **51. EXERCISE & SETTLEMENT**

**51.1** The Client agrees to pay the premium in cash for long call/put Options payable in respect of an Options Contract in cash in such amount and within such time period as notified by USPL. If no time period is specified by USPL, then the Client is required to comply with such demand before expiry of two (2) hours from the time of making the demand (or more quickly if USPL requires the Client to do so). USPL may require the Client to make arrangements for payment of premium in cash in advance of accepting long call/put Instructions from the Client or may impose other requirements from time to time for the payment of premium as USPL in its absolute discretion thinks fit.

**51.2** The Client acknowledges that on and only on the expiry day, the relevant exchange or clearing house will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by the relevant exchange or clearing house from time to time. The Client may instruct USPL to override these automatically generated exercise instructions before System Closure on the expiry day in accordance with the Operational Clearing Procedures of relevant exchange or clearing house as amended from time to time.

**51.3** Delivery obligation shall arise when an Options Contract is validly exercised. On exercise of an Options Contract by or against the Client, the Client will perform its delivery obligations under the relevant Options Contract in accordance with the Standard Contract (as defined in the Options Trading Rules) or in accordance with the relevant Rules and as the Client has been notified by USPL.

- 51.4** If the Client exercises a long option contract, the Client agrees to pay the full aggregate exercise price provided for by the option contract. The Client shall fulfill his obligations under the relevant Options Contract by the relevant cut off time as stipulated by USPL for the relevant market from time to time (being prior to 4:30 p.m. Eastern time on the Trading Day in respect of Option Contracts listed in U.S., as amended by USPL from time to time). The exercise of a put option is considered a short sale unless the Client has the underlying securities in the Client's Account. The Client acknowledges that the Options Clearing Corporation (OCC) and the national securities exchanges have established cutoff times for delivering exercise instructions. The Client's long option contracts may expire worthless if the Client does not deliver the Client's instructions by the expiration time noted in the OCC Disclosure Document. USPL is not obligated to give the Client prior notice of option expiration dates, and the Client will have sole responsibility for taking action to exercise an option contract before the option expires.
- 51.5** However, if the Client holds in his/her Account long equity option contracts that are greater than or equal to \$0.01 in-the-money, and USPL does not receive exercise instructions from the Client on the last trading day of the option, USPL may, at our discretion (but are not required to), take action.
- 51.6** USPL may place a market order to sell the long option position at or before, in our discretion, market close on the last trading day of the expiring option. USPL may instruct the OCC not to exercise valuable options. Or we may exercise valuable option contracts for the Client's Account, and in the absence of instructions from the Client, new positions we create in this way may be closed out. In the case of long put options, USPL will only exercise those options if USPL is able to lend the securities to the Client for delivery, in which case the Client may be charged a fee that may change on a daily basis. By allowing USPL to exercise the Client's put option on the last day of trading, the Client agrees to pay any fees imposed for borrowing shares. An exercise of a put option will be considered a short sale of the underlying security. USPL may exercise for cash settlement long stock option contracts that are any amount in-the-money. If the Client does not notify USPL to exercise a valuable option contract by the prescribed time and the right to exercise expires, the Client agrees to waive, and to release USPL and its officers, employees and agents from, any and all claims of damage or loss, then or at a later time sustained, as a result of an option contract not being exercised.
- 51.7** The Client hereby acknowledges that the Client shall be responsible to USPL for any losses, costs, fees and expenses (including legal costs) incurred by USPL (on an indemnity basis) in connection with the Client's failure to meet his obligations by the due date as described in this Clause 51.

## **52. SECURITY**

- 52.1** The Client as beneficial owner hereby charges any and all Options Contracts, monies and other property held or carried in the Account or to be acquired by him in relation to the Account to and in favor of USPL free from any encumbrances as continuing security for Client's performance and observance of his obligations under this Agreement, for the discharge of all monies and liabilities (whatever actual or contingent) which are now or at any time hereafter may be due, owed or incurred from or by Client to USPL in connection with the Account or otherwise and the payment of all costs, charges and expenses incurred by USPL in the exercise or enforcement of the charge hereby created.
- 52.2** The Client agrees to do all such things and execute all such documents which USPL shall from time to time consider necessary or desirable in connection with the implementation, execution and enforcement of any of the terms of this Agreement or with a view to perfecting or improving any security created in favor of USPL.
- 52.3** At the request of USPL, the Client shall procure that such persons as are acceptable to USPL to grant further security in terms satisfactory to USPL in respect of any of the obligations of the Client under this Agreement.
- 52.4** Without prejudice to any rights to which USPL may be entitled to by law, the Client authorise and agree that USPL may deal with securities or securities collateral from time to time received or held on Client's behalf in one or more of the following ways, namely to:-

- 52.4.1 apply any of Client's securities or securities collateral pursuant to a securities borrowing and lending agreement;
- 52.4.2 deposit any of Client's securities collateral with an authorised financial institution as collateral for financial accommodation provided to USPL;
- 52.4.3 deposit any of Client's securities collateral with (i) a recognised clearing house; or (ii) another intermediary licensed or registered for dealing in securities, as collateral for the discharge and satisfaction of USPL's settlement obligation and liabilities.

Such authority shall remain valid for a period of 12 months from the date when Client's Account is first approved by USPL to conduct trading in Options Contracts unless Client gives not less than five business days' prior written notice to USPL to revoke the same at any time, provided that no such revocation shall be effective if there is outstanding liability owing by Client or on Client's behalf to USPL. Such standing authority which is not revoked prior to its expiry may be renewed or shall be deemed to have been renewed in accordance with the relevant provisions of the SFO.

**52.5 Right to Loan/Pledge Client Assets:** To the extent allowed by the relevant Rules, USPL may, from time to time and without notice to the Client, lend pledge, re-pledge, hypothecate, re-hypothecate or create security interest over any assets in Client's Account, separately or together with those of other clients, without retaining in USPL's possession or control a like amount of assets. To the extent allowed by the relevant Rules, USPL is authorised by Client to lend either to itself or to others as principal or agent any securities or other properties in the Client's Account. Client acknowledges that for such loan of securities or other property: (i) USPL may receive financial and other benefits to which Client is not entitled; (ii) loans of securities or other property generally will prevent the Client from exercising voting rights or receiving dividends, in whole or in part, with respect to the securities or other property lent; (iii) dividends paid on such securities or other property will go to the borrower and not to the Client and no compensation or reimbursements will be due to the Client; (iv) if the Client is allocated a substitute payment in lieu of dividends, such a payment may not be entitled to the same tax treatment as receipt of a dividend, and USPL is not required to compensate the Client for any differential tax treatment between dividends and payments in lieu of dividends.

## 53. EVENT OF DEFAULT

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

- 53.1.1 the Client's failure to pay any deposits, Margins, premium, exercise price of any Options Contract payable by it or any other sums payable to the USPL in connection with the Account(s), or submit to USPL any documents or deliver any securities to USPL hereunder, when called upon to do so or on due date;
- 53.1.2 default by the Client in the due performance of any of the terms of this Agreement including its delivery and settlement obligations and the observance of any Rules;
- 53.1.3 Client breaches, repudiates, or defaults in any way on any agreement with USPL or with any third party;
- 53.1.4 the Client's failure to liquidate any debit balance or any of the Client's Account(s), when called upon to do so or otherwise agreed;
- 53.1.5 the filing of a petition in bankruptcy, winding up, relief of debtors or the commencement of other analogous proceedings against the Client;

- 53.1.6 Client makes an assignment for the benefit of creditors;
  - 53.1.7 a receiver, trustee, conservator, liquidator, or similar officer is appointed for the Client or any of the Client's property;
  - 53.1.8 the death of the Client (being an individual);
  - 53.1.9 the levy or enforcement of any attachment, execution or other process against the Client;
  - 53.1.10 any representation or warranty made by the Client to USPL in this Agreement or in any document being or becoming incorrect or misleading;
  - 53.1.11 any consent, authorisation or board resolution required by the Client (being a corporation or a partnership) to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
  - 53.1.12 the occurrence of any event which, in the sole opinion of USPL, might jeopardise any of its rights under this Agreement;
  - 53.1.13 USPL has made at least two attempts to demand from the Client any Margin, but, for whatever reason, has not been able to communicate directly with the Client;
  - 53.1.14 any proceeding is commenced with respect to any of Client's property; and
  - 53.1.15 USPL has reason to believe that any of the foregoing is likely to occur imminently.
- 53.2** If an Event of Default occurs, without prejudice to any other rights or remedies that USPL may have against the Client and without further demand or notice to the Client, USPL shall be entitled to:-
- 53.2.1 decline to accept further Instructions from the Client in respect of the options trading under this Agreement;
  - 53.2.2 immediately close the Account(s);
  - 53.2.3 terminate all or any part of this Agreement;
  - 53.2.4 cancel any or all outstanding Instructions or any other commitments made on behalf of the Client;
  - 53.2.5 close out, give up or exercise any or all Options Contracts, cover any short position of the Client through the purchase of securities or liquidate any long position of the Client through the sale of securities;
  - 53.2.6 enter into Options Contracts or transactions in securities, futures or commodities (on an exchange or otherwise), for the purpose of meeting obligations arising or hedging risks to which USPL is exposed in relation to the Client's default;
  - 53.2.7 dispose of any or all of the Margin, collateral or securities held for or and on behalf of the Client and to apply the proceeds thereof and any cash deposit to discharge the Client's liabilities to USPL;
  - 53.2.8 combine, consolidate and set-off any or all accounts of the Client in accordance with Clause 57; and

53.2.9 take any action deemed fit by USPL in its absolute discretion.

In the event of any actions taken pursuant to this Clause:-

53.2.10 USPL shall not be responsible for any loss occasioned thereby howsoever arising if USPL has already used reasonable endeavors to close out, give up or exercise Options Contracts, cover short positions through the purchase of securities or liquidate long positions at the then available market price;

53.2.11 USPL shall be entitled to close out and/or liquidate all or any of the Options Contracts pursuant to this Clause at the then current price without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by USPL; and

53.2.12 the Client undertakes to pay to USPL any deficiency if the net proceeds of sale and/or liquidation of Options Contracts shall be insufficient to cover all the outstanding balances owing by the Client to USPL.

#### **54. CONTRACT SPECIFICATIONS, MARGIN PROCEDURES AND CLOSURE OF POSITIONS**

**54.1** Without prejudice to USPL's rights under Clause 53.2 above, USPL may, without the Client's consent, close all or any of the Client's positions if USPL is of the opinion that there has been a change or development involving a prospective change:-

54.1.1 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 USPL likely to result in a material or adverse fluctuation in the stock market or Options market in Hong Kong and/or overseas; or

54.1.2 which is or may be of a material adverse nature affecting the condition or operations of the Client.

**54.2** USPL shall provide to the Client upon written request options contract specifications or other product specifications, any prospectus or other offering document covering such products, and shall provide to the Client a full explanation of margin procedures.

#### **55. SUSPICIOUS ACTIVITY**

If USPL in its sole discretion believes that an Account has been involved in any fraud or crime or violation of laws or regulations, or has been accessed unlawfully, or is otherwise involved in any suspicious activity (whether victim or perpetrator or otherwise), USPL may suspend or freeze the Account or any privileges of the Account, may freeze or liquidate funds or assets or may utilise any of the remedies in this Agreement or available under law.

#### **56. STANDING AUTHORITIES**

**56.1** In respect of Options listed in Hong Kong where Securities and Futures (Client Money) Rules or Securities and Futures (Client Securities) Rules are applicable:

56.1.1 The Client Money Standing Authority covers money held or received by USPL in Hong Kong (including any interest derived from the holding of the money which does not belong to USPL) in one or more segregated account(s) on the Client's behalf ("Monies").

56.1.2 The Client authorises USPL to:

- (a) combine or consolidate any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by USPL and USPL may transfer any sum of Monies to and between such segregated account(s) to satisfy the Client's obligations or liabilities to USPL, 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 maintained at any time by USPL.

56.1.3 The Client Securities Standing Authority is in respect of the treatment of the Client's securities as set out below in this Clause 56.

56.1.4 The Client authorises USPL to deposit the securities with the SEOCH as SEOCH Collateral in respect of SEHK traded stock options resulting from the Client's instructions to USPL.

56.1.5 The Client acknowledges and agrees that USPL may do any of the things set out in Clauses 56.1.2 and 56.1.4 without giving the Client notice.

56.1.6 The Client also acknowledges that:-

- (a) the Client Money Standing Authority is given without prejudice to other authorities or rights which USPL may have in relation to dealing in Monies in the segregated accounts; and
- (b) the Client Securities Standing Authority shall not affect USPL's right to dispose or initiate a disposal of by USPL'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 USPL.

56.1.7 The Client understands that a third party may have rights to the Client's securities, which USPL must satisfy before the Client's securities can be returned to the Client.

56.1.8 Each of the Client Money Standing Authority and the Client Securities Standing Authority is valid for a period of 12 months from the date of this Agreement, subject to renewal by the Client or deemed renewal under the Securities and Futures (Client Money) Rules or Securities and Futures (Client Securities) Rules (as the case may be) referred to in Clause 56.1.10.

56.1.9 Each of the Client Money Standing Authority and the Client Securities Standing Authority may be revoked by Client by giving USPL written notice addressed to the Customer Service Department at USPL's address specified in the Account Opening Form or such other address which USPL may notify the Client in writing for this purpose. Such notice shall take effect upon the expiry of 14 days from the date of USPL's actual receipt of such notice.

56.1.10 The Client understands that each of the Client Money Standing Authority and the Client Securities Standing Authority shall be deemed to be renewed on a continuing basis without the Client's written consent if USPL issues the Client a written reminder at least 14 days prior to the expiry date of the relevant authority, and the Client does not object to such deemed renewal before such expiry date.

**56.2** In respect of Options Contracts listed outside Hong Kong and/or any Client money held outside Hong Kong:

56.2.1 The Client authorises USPL to:

- (a) combine or consolidate any or all Accounts, of any nature whatsoever and either individually or jointly with others, and USPL may transfer any sum of monies to and between such Accounts to satisfy the Client's obligations or liabilities to USPL, 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 Accounts.

56.2.2 The Client authorises USPL to deposit the securities with the relevant exchange or clearing house as collateral in respect of Options resulting from the Client's instructions to USPL.

56.2.3 The Client acknowledges and agrees that USPL may do any of the things set out in Clauses 56.2.1 and 56.2.2 without giving the Client notice.

56.2.4 The Client also acknowledges that:-

- (a) the authorisation in this Clause 56.2 is given without prejudice to other authorities or rights which USPL may have in relation to dealing in monies in the accounts; and
- (b) the authorisation in this Clause 56.2 shall not affect USPL's right to dispose or initiate a disposal of by USPL'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 USPL.

56.2.5 The Client understands that a third party may have rights to the Client's securities, which USPL must satisfy before the Client's securities can be returned to the Client.

## **57. SET-OFF AND COMBINATION OF ACCOUNTS**

**57.1** USPL may, at any time, combine or consolidate all or any of such accounts as are for the time being opened and maintained by the Client with USPL or other uSmart Group Companies, including the Account, and the Client hereby irrevocably authorises USPL (without prejudice to the other authorities granted to USPL hereunder):-

- 57.1.1 to instruct other member of uSmart Group to transfer on the Client's behalf any funds standing from time to time in any account maintained at any time by the Client with other member of uSmart Group to any of the Client's account maintained at any time with USPL;
- 57.1.2 to transfer any funds standing from time to time in any account maintained by the Client with USPL to any account maintained at any time by the Client with other member of uSmart Group;
- 57.1.3 to set-off or transfer any sum standing to the credit of any one or more such accounts by the Client in or towards satisfaction of the Client's indebtedness, obligation or liability to USPL, other member of uSmart Group on any of the accounts or in any other respect whatsoever, whether such indebtedness, obligations or liabilities be present or future, actual or contingent, primary or collateral, several or joint, secured or unsecured; and
- 57.1.4 to give other member of uSmart Group notice of such authority, and when such combination, consolidation, set-off or transfer requires the conversion of the currency into another, such conversion shall be calculated at such rate of exchange as conclusively determined by USPL's prevailing in such foreign exchange market as USPL may at its absolute discretion (but shall notify the Client of USPL's decision) select on or about the date of the combination, consolidation, set-off or transfer.



In respect of any payments by USPL to offset and discharge any of the Client's obligations to other member of uSmart Group, USPL shall not be concerned whether or not such obligation exist, provided demand has been made on USPL by other member of uSmart Group.

- 57.2** Unless expressly provided otherwise in the Agreement, all sums payable by the Client under the Agreement shall be paid in full without set-off or counterclaim or any restriction or condition.
- 57.3** The Client irrevocably and unconditionally authorises USPL to apply any amounts (in whatever currency) standing to the credit of the Accounts and/or any other account(s) in the Client's name with USPL or any uSmart Group Company in reduction of any amounts (whether matured or contingent) payable by the Client under the Agreement.
- 57.4** In addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right USPL may have under the Agreement or by law, USPL may, without prior notice to the Client or any other person, set off any sum or obligation (whether or not arising under the Agreement, whether matured or contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by the Client to USPL or any uSmart Group Company against any sum or obligation (whether or not arising under the Agreement, whether matured or contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by USPL or any uSmart Group Company to the Client.
- 57.5** The rights of set-off hereby conferred are in addition and without prejudice to any general right of set-off arising by law or any other rights granted to USPL under this Agreement or any lien or other security now or hereafter held by USPL.

## **58. ELECTRONIC TRADING SERVICE ("ETS")**

- 58.1** The Client hereby confirms that due to unpredictable traffic congestion and other reasons, the ETS through which the client may place Options trading orders may not be a reliable medium of communication and that such unreliability is beyond the control of USPL. This may give rise to situations including delays in transmission and receipt of the Client's instructions or other information, delays in execution or execution of the Client's instructions at prices different from those prevailing at the time the Client's instructions were given, misunderstanding and errors in any communication between the Client and USPL and so on. Whilst USPL will take every possible step to safeguard its systems, client information, accounts and assets held for the benefit of USPL's clients, the Client accepts the risk of conducting Options transactions via the ETS.
- 58.2** Client acknowledges that USPL does not know whether someone entering orders with Client's username and password is the Client. Client acknowledges and confirms that Client will be the only person who can and will access the Client's Account and Client will not allow anyone to access Client's Account. Client is responsible for the confidentiality and use of Client's username and password and agrees to report any theft or loss of such user name or password, or any unauthorised access to Client's Account, to USPL immediately. Client remains responsible for all transactions entered using Client's username and password.

## **59. LIMITATION OF SERVICES**

- 59.1** Currently the trading system of USPL only allows the Client to conduct long call and long put transactions, and temporarily does not support the trading of short-selling call options and put options.

59.2 The trading system of USPL currently does not support the early exercise of stock options. If the client exercises it before the expiry date of the stock options, please contact our customer services to handle the relevant instructions manually.

## 60. RISK DISCLOSURE STATEMENTS

60.1 The following statements are furnished to the Client in accordance with the Code of Conduct for Persons Licensed By or Registered With the Securities and Futures Commission.

### Risk of Trading Options

The risk of loss in trading Options is substantial. In some circumstances, the Client may sustain losses in excess of the 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. The Client may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, the Client's position may be liquidated. The Client will remain liable for any resulting deficit in the Client's account. The Client should therefore study and understand Options before the Client trades and carefully consider whether such trading is suitable in the light of the Client's own financial position and investment objectives. If the Client trades Options, USPL should inform the Client of exercise and expiration procedures and the Client's rights and obligations upon exercise or expiry.

### Risk of Providing an Authority to Repledge Client Securities Collateral etc.

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

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

Additionally, the Client's authority may be deemed to be renewed (i.e. without the Client's consent) if USPL 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 the authorities. But an authority may be required by USPL, for example, to facilitate margin lending to the Client or to allow the Client's securities or securities collateral to be loaned to or deposited as collateral with third parties. USPL would 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 the Client's securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on the Client securities or securities collateral. Although USPL is responsible to the Client for the Client's securities or securities collateral lent or deposited under the authority, a default by USPL could result in the loss of the Client's securities or securities collateral.**

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

## 60.2 Additional Risk Disclosure For Options Trading

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

### Options

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

The purchaser of Options may offset or exercise the Options or allow the Options to expire. The exercise of an Options results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the Options is on a future, the purchaser will acquire a futures position with associated liabilities for margin. If the purchased Options expire worthless, the Client will suffer a total loss of the Client's investment, which will consist of the Options premium plus transaction costs.

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

The seller will also be exposed to the risk of the purchaser exercising the Options and the seller will be obligated to either settle the Options in cash or to acquire or deliver the underlying interest. If the Options is on a future, the seller will acquire a position in a future with associated liabilities for margin. If the Options is "covered" by the seller holding a corresponding position in the underlying interest or a future or another Options, the risk may be reduced.

Certain exchanges in some jurisdictions permit deferred payment of the Options 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 Options is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

## 60.3 Additional Risks Common to Options

**Terms and conditions of contracts:** The Client should ask the firm with which the Client deals about the terms and conditions of the specific Options which the Client is trading and associated obligations (e.g. the circumstances under which the Client may become obliged to make or take delivery of the underlying interest of an Option 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 Options) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

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

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

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

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

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

**Currency risks:** The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in the 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.

**Trading facilities:** Most electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. The Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary: the Client should ask the firm with which the Client deals for details in this respect.

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

**Off-exchange transactions:** In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which the Client deals with may be acting as the Client's counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before the Client undertakes such transactions, the Client should familiarise himself/herself with applicable rules and attendant risks.

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

### Warning to Option Holders

The Client understands that some options may only be exercised on an expiry day (European-style exercise) and that other options may be exercised at any time before expiration (American-style exercise). The Client understands that upon exercise some options require delivery and receipt of the underlying securities and that other options require a cash payment.

The Client is aware that an option is a wasting asset and there is a possibility that as an option holder the Client may suffer the loss of the total premium paid for the option. The Client is aware 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. The Client is also aware that USPL has no obligation either to exercise a valuable option in the absence of the Client's instruction or to give to the Client prior notice of the expiration date of the option.

### **Warning to Option Writers**

The Client is also aware that as a writer of any option the Client may be required to pay additional margin at any time. The Client is aware that as an option writer, unlike an option holder, the Client may be liable for unlimited losses based on the rise or fall of the price of the underlying securities and the Client's 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. The 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.

## **60.5 Additional Risk Disclosure**

### **Credit Risk of USPL**

Where we have borrowed, pledged, re-pledge, hypothecated, re-hypothecated or created security interest over assets in Client's Account to the extent permitted by law, Client will not retain any proprietary interest in such assets. In the event that USPL becomes insolvent, Client will become one of USPL's unsecured creditors with only an unsecured contractual claim against USPL to claim the value of the asset. What the Client will receive in respect of any debt owed to the Client by USPL will depend on the assets available to the creditors of USPL after any insolvency procedures have been completed, and the debt may not be repaid in full, or at all.

### **Credit Risk of USPL's executing broker/ custodian**

In respect of Options Contracts traded in overseas markets, USPL may engage third party executing brokers and custodians, which may or may not be a uSmart Group Company, to execute and clear the trades. USPL will exercise due care in the selection of such brokers and custodians but will not be responsible for any loss incurred by the Client as a result of any default (including insolvency) of such executing brokers or custodians. The uSmart Group including USPL shall in no event be liable for any loss suffered or incurred by the Client in connection with the Agreement or anything whatsoever which may be suffered as a result of any default, insolvency, act or omission of such executing brokers and custodians or any person, firm or company through or with whom transactions are effected for the Account.

### **Risk of Customer's Assets Received or Held outside Singapore**

The Client's assets received or held by USPL outside Singapore are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the SFA 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 Singapore.

## **PART 4: TERMS AND CONDITIONS FOR FRACTIONAL SHARE TRADING**

### **61. FRACTIONAL SHARES TRADING**

- 61.1** USPL may, allow the Client, directly or through their third parties and in respect of certain shares in certain markets, purchase certain shares in fractional shares rather than whole share quantities. The terms and conditions for the trading of fractional shares (the "**Terms for Fractional Shares Trading**") are set out in this part of the Agreement, which will govern the provision of services by USPL in relation to the execution of Transactions in fractional shares (the "**Fractional Shares Trading Services**"). Where any conflict arises between the provisions of Part 1 of this Agreement and this part in relation to the Terms for Fractional Shares Trading, the provisions of this Part 4 shall prevail.
- 61.2** The shares for which USPL will provide the Fractional Shares Trading Services will be determined by USPL at its discretion.
- 61.3** Although the shares for which USPL will provide the Fractional Shares Trading Services may be listed or primarily traded on a particular exchange or marketplace, USPL will not route such an order for fractional shares for execution on the exchange or marketplace where the shares are listed or primarily traded. Instead, USPL will place the order with an Executing Broker who will arrange for execution of the order in another marketplace or in an over the counter transaction (and the seller or buyer of the fractional shares may be an affiliate of the Executing Broker or the Executing Broker itself).
- 61.4** The prices that are displayed in respect of shares in the Electronic Trading Service are for whole shares and not fractional shares. The Client acknowledge that the market for fractional shares may be significantly less liquid than the market for whole shares, and the price at which an order for fractional shares is executed may be materially different from the prevailing prices for the shares that are displayed on the Electronic Trading Service.
- 61.5** USPL will accept certain types of orders for Fractional Shares Trading Services (which includes but is not limited to for example, market orders, limit orders, stop orders, stop limit orders, etc.). In the event that the Client chooses to place an unmarketable limit order with a fractional Share component, the fractional component may not execute until the order becomes marketable (and therefore may not execute at all), even if the order might have executed earlier if submitted for a whole Share quantity. The Client acknowledges that USPL has the sole discretion to determine the types of orders and if such orders are to be accepted, and the trading hours in which such orders may be placed or executed, in respect of fractional shares may be different from orders in respect of whole shares.
- 61.6** **Custody:** The Client acknowledges and agrees that any fractional shares that are purchased through USPL will be held by USPL in the Client's Account as custodian through a sub-custodian or nominee in accordance with Clause 7 of this Agreement.
- 61.7** **Transfer/withdrawal of fractional shares:** The Client acknowledges that fractional shares that are held in the Client's Account with USPL are not transferable to another account the Client holds with any other custodian, broker or bank. If the Client wishes to transfer the holdings in an Account to another brokerage firm, the fractional share holdings cannot be transferred and will need to be liquidated before transfer, which may have tax consequences and will result in commission charges. For the avoidance of doubt, in the event the Client decides to close the Account with USPL, the Client's fractional shares will have to be sold through USPL.
- 61.8** **Voting rights and dividends:** Clients will not have voting rights for any of the fractional shares held in their Account, will not be able to make voluntary elections on any corporation action (including, but not limited to, any tender offers or rights offerings) with respect to such fractional shares, and USPL cannot provide Clients any shareholder documentation for any holdings of less than one share. Clients will, however, be entitled to receive payments of dividends (or in some cases, stock dividends, dividend

shares or an equivalent value which commensurate the dividend shares) in relation to any fractional shares held in their Account with USPL.

**61.9 Four-Decimal Place Recording:** USPL records the quantity of fractional shares traded or otherwise held in the Account down to four decimal places as long as the value of the order is at least US\$1.00.