

**CHARGE RELATING TO
SEOCH COLLATERAL**

THIS DEED OF CHARGE is made on _____ (date) between

(1) The SEHK Options Clearing House Limited ("SEOCH") of 12/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong; and

(2) _____ (name) of _____

(address) as an SEOCH Participant ("the SEOCH Participant").

NOW THIS DEED WITNESSES as follows:-

1. **Interpretation, References and Construction**

1.1 Terms defined in the Clearing Rules shall, unless the context otherwise requires, have the same meaning when used in this deed.

1.2 In this deed:-

"**CCASS GCP**" has the same meaning as in the Clearing Rules.

"**CCMS Collateral Account**" has the same meaning as in the Clearing Rules.

"**Charge**" means all or any of the Security Interest created, or which may at any time be created, by or pursuant to this deed.

"**Charged Property**" means the CCMS Collateral Account (excluding the Excluded Sums and Excluded Securities), the Collateral Securities and any Derived Assets.

"**Clearing Rules**" means the clearing rules of SEOCH as from time to time in effect.

"**Collateral Securities**" all Securities held by the SEOCH Participant that are from time to time recorded in the CCMS Collateral Account, excluding the Excluded Securities;

"**Delegate**" means a delegate or sub-delegate appointed pursuant to clause 12.3.

"**Derived Assets**" means all Securities, Rights or other property of a capital nature which accrue or are offered, issued or paid at any time (by way of bonus, rights, redemption, conversion, exchange, substitution, consolidation, subdivision, preference, warrant, option, purchase or otherwise) in respect of:-

- (i) the Collateral Securities; or
- (ii) any Securities, rights or other property previously accruing, offered, issued or paid as mentioned in this definition,

but excluding any such Securities, Rights or other property of a capital nature in or to any Excluded Sums.

"**Dissolution**" of a person includes the bankruptcy, insolvency, liquidation, amalgamation, reconstruction, reorganization, administration, administrative or other

receivership, or dissolution of that person, and any equivalent or analogous proceeding by whatever name known and in whatever jurisdiction, and any step taken (including, but without limitation, the presentation of a petition or the passing of a resolution) for or with a view to any of the foregoing.

"Dividends" means all dividends, interest and other income paid or payable in respect of the Collateral Securities or any Derived Assets.

"Event of Default" means any event or circumstance within the meaning given to the expression "event of default" in the Clearing Rules, any of the representations and warranties in clause 5 being untrue or untrue when deemed to be repeated in accordance with clause 6 or which would be or become untrue if any matter which has come to the attention of SEOCH had come to the attention of the SEOCH Participant (whether or not the SEOCH Participant had or has become aware of such matter) or any breach of any of the obligations of the SEOCH Participant under this deed.

"Excluded Securities" means all of the following Securities that are from time to time recorded in the SEOCH Participant's CCMS Collateral Account and all entitlements to interest, redemption money and other Rights from time to time accruing to or arising in connection with such Securities: Exchange Fund Bills and Notes and such other Securities as may from time to time be determined by SEOCH to be Excluded Securities and notified to the SEOCH Participant in writing.

"Excluded Sums" means all cash and balances in respect of cash from time to time standing to the credit of any account (including, without limitation, the CCMS Collateral Account) and all entitlements to interest and other Rights from time to time accruing to or arising in connection with such cash and balances in respect of cash and the debt represented thereby.

"Operational Trading Procedures" has the same meaning as in the Options Trading Rules.

"Potential Event of Default" means any event which with the giving of notice and/or lapse of time and/or relevant determination (including, without limitation, a determination by SEOCH pursuant to the Clearing Rules) would constitute an Event of Default.

"Proceedings" means any proceeding, suit or action arising out of or in connection with this deed.

"Relevant Charged Property" means any such part of the Charged Property as in the opinion of SEOCH has been charged pursuant to this deed in respect of and as relates to a Relevant Secured Sum.

"Relevant Secured Sum" means such part of the Secured Sums as in the opinion of SEOCH is attributable to a specified account maintained by SEOCH as is referred to in Clearing Rule 622.

"Rights" means rights, benefits, powers, privileges, authorities, discretions and remedies (in each case, of any nature whatsoever).

"Secured Sums" means all moneys and liabilities (whether actual or contingent) which are now or may at any time hereafter be due, owing or payable, or expressed to be due, owing or payable, to SEOCH from or by the SEOCH Participant under or in connection with any contract, agreement or arrangement including, without limitation, any OCH Contract, the agreement between SEOCH and the SEOCH Participant relating to SEOCH Participants required to be entered into under the Clearing Rules, the

Clearing Rules, the Options Trading Rules, the Operational Trading Procedures, the Operational Clearing Procedures or this deed, together with all legal and other costs, charges and expenses which SEOCH may incur in enforcing or obtaining, or attempting to enforce or obtain, payment or discharge of any such moneys and liabilities.

"Securities" means stocks, shares and other securities of any kind which shall include, notwithstanding the definition of "securities" in the Clearing Rules, those which are not securities within the meaning of Part 1 of Schedule 1 of the Securities and Futures Ordinance.

"Security Interest" includes any mortgage, fixed or floating charge, encumbrance, lien, pledge, hypothecation, assignment by way of security, or title retention arrangement (other than in respect of goods purchased in the ordinary course of trading), and any agreement or arrangement having substantially the same economic or financial effect as any of the foregoing (including any "hold back" or "flawed asset" arrangement).

"SEOCH's nominee" means any person holding any Charged Property or any Rights, title or interest therein for SEOCH including, without limitation, any of the Designated Banks or HKSCC (or any of their nominee companies) and **"nominee of SEOCH"** or cognate expressions shall be construed accordingly.

1.3 In this deed, unless otherwise specified:-

- (i) references to clauses are to clauses of this deed;
- (ii) headings to clauses are for convenience only and are to be ignored in construing this deed;
- (iii) references to a "person" are to be construed so as to include any individual, firm, company, government, state or agency of a state, local or municipal authority, or any joint venture, association or partnership (whether or not having separate legal personality);
- (iv) references to a "company" are to be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established;
- (v) references to any statute or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted, and include references to all bye-laws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom.

1.4 Except to the extent that the context otherwise requires, any reference in this deed to **"this deed"** or any other deed, agreement or instrument is a reference to this deed or, as the case may be, the relevant deed, agreement or instrument as amended, supplemented, replaced or novated from time to time and includes a reference to any document which amends, supplements, replaces, novates or is entered into, made or given pursuant to or in accordance with any of the terms of this deed or, as the case may be, the relevant deed, agreement or instrument.

2. **Covenant to Pay and Discharge**

The SEOCH Participant covenants with SEOCH to pay and discharge all Secured Sums at the time or times when, and in the currency or currencies in which, the same are expressed to be payable under any contract, agreement or arrangement including, without limitation, any OCH

Contract, the agreement between SEOCH and the SEOCH Participant relating to SEOCH Participantship required to be entered into under the Clearing Rules, the Clearing Rules, the Options Trading Rules the Operational Trading Procedures, the Operational Clearing Procedures or this deed, as the case may be.

3. **Security**

The SEOCH Participant, as continuing security for the payment and discharge of all Secured Sums, both on its own behalf and, where appropriate, on behalf of other persons charges, assigns and agrees to assign absolutely to SEOCH by way of first fixed charge all its Rights, title and interest, present and future, in and to the Charged Property (excluding, in the case of Collateral Securities and Derived Assets, any Dividends) and any other Rights of the SEOCH Participant under any contracts, agreements or arrangements with SEOCH or the Exchange, but excluding all its Rights, title and interest, present and future, in or to any Excluded Sums or Excluded Securities.

4. **Further Assurances**

In addition to and without prejudice to anything else contained in this deed, the SEOCH Participant shall, at its own cost, promptly execute and do, both on its own behalf and, where appropriate, on behalf of its clients, all such deeds, instruments, transfers, renunciations, proxies, notices, documents, assurances, acts and things in such form as SEOCH may from time to time require:-

- 4.1 for perfecting, preserving or protecting the Charge or the priority of the Charge; and
- 4.2 for facilitating the realization of the Charge or the exercise of any Rights vested in SEOCH.

5. **Representations and Warranties**

The SEOCH Participant represents and warrants to SEOCH as follows, save that the representations and warranties made in clauses 5.1(ii), 5.2, 5.3, 5.5, 5.6, 5.8(ii) and (iii) and 5.9 are made and given by the SEOCH Participant to the best of its knowledge and belief having made all reasonable enquiries and, where appropriate, having obtained representations and warranties from such persons as it believes may be interested in the Charged Property:-

5.1 **Ownership of Charged Property**

it is the sole beneficial owner of the Charged Property, or the SEOCH Participant has obtained assurances from each person as it considers may have any beneficial or equitable interest or Rights in or over the Charged Property that:

- (i) the SEOCH Participant may grant such mortgages and charges in favour of SEOCH as are contemplated in clause 3; and
- (ii) the first fixed charge over the Charged Property in favor of SEOCH will have priority over any beneficial or equitable interest or Rights in or over the Charged Property of such person;

5.2 **No Other Security Interest**

no Security Interest exists on, over or with respect to any of the Charged Property other than the Charge and charges which are created with the express consent of SEOCH and in such form as it may prescribe and which are expressed to be subordinate to and which do not rank in priority over the Charge;

5.3 No Other Rights or Remedies

no person has any Rights in relation to the Charged Property arising from any breach of fiduciary duty;

5.4 No Disposal of Any Interest

it has not sold, transferred, lent, assigned, parted with its interest in, disposed of, granted any option in respect of or otherwise dealt with any of its Rights, title and interest in and to the Charged Property, or agreed to do any of the foregoing (otherwise than pursuant to this deed);

5.5 Securities Fully Paid

all Securities comprised in the Collateral Securities and all Derived Assets are fully paid and there are no moneys or liabilities outstanding in respect of any of the Charged Property;

5.6 Securities Validly Issued and Freely Transferable

all Collateral Securities and all Securities comprised in any Derived Assets have been duly authorized and validly issued and are free from any restrictions on transfer or rights of pre-emption;

5.7 Corporate Authority

it has the power to enter into, and perform and comply with its obligations under, this deed, and to create the Charge;

5.8 All Necessary Actions Taken

all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) in order to (i) enable it lawfully to enter into, and perform and comply with its obligations under, this deed, (ii) ensure that those obligations are valid, legal, binding and enforceable, (iii) permit the creation of the Charge and ensure that the Charge is a valid, legal, binding and enforceable first fixed security interest over the Charged Property ranking in priority to the interests of any liquidator, administrator, receiver or creditor of the SEOCH Participant, and (iv) make this deed admissible in evidence in the courts of Hong Kong, have been taken, fulfilled and done; and

5.9 Obligations Are Valid and Binding

the obligations of the SEOCH Participant under this deed and the Charge are and will be until fully discharged valid, legal, binding and enforceable and the Charge constitutes a first fixed security interest over the Charged Property ranking in priority to the interests of any liquidator, administrator, receiver or creditor of the SEOCH Participant, and of any other person.

6. Repetition of Representations and Warranties

Each of the representations and warranties in clause 5 shall be deemed to be repeated at all times during the continuation of the Charge by reference to the then existing circumstances.

7. **Covenants**

The SEOCH Participant shall:-

7.1 **Ensure Representations Remain True**

not take or omit to take any action which act or omission could lead to any of the representations and warranties in clause 5 being untrue or inaccurate, or untrue or inaccurate when repeated in accordance with clause 6, save in respect of such representations and warranties as are made to the best of the SEOCH Participant's knowledge and belief;

7.2 **Preservation of Value**

not take or omit to take any action which act or omission could adversely affect or diminish the value of any of the Charged Property;

7.3 **Provision of Information**

promptly deliver to SEOCH all such information as is within the knowledge or control of the SEOCH Participant concerning the Charged Property as SEOCH may request from time to time;

7.4 **Security**

not create or permit to subsist any Security Interest over the Charged Property except by this Charge;

7.5 **Disposal**

not (nor agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, withdraw, transfer or otherwise dispose of the Charged Property save, in the case of Dividends as permitted by clause 8 (*SEOCH Participant's Rights Before Enforcement*); and

7.6 **Delivery of Documents**

deliver to the CCASS GCP of the SEOCH Participant (copied to SEOCH) a signed and dated notice substantially in the form set out in Schedule 1 (*Form of Notice*) and procure such CCASS GCP to deliver to SEOCH a signed and dated undertaking substantially in the form set out in Schedule 2 (*Form of Undertaking*).

8. **SEOCH Participant's Rights Before Enforcement**

Until the Charge shall become enforceable, the SEOCH Participant shall:-

8.1 **Dividends**

be entitled to receive all Dividends paid to it; and

8.2 **Voting Rights**

exercise all voting and other Rights relating to the Charged Property provided that the exercise of or failure to exercise those rights would not have an adverse effect on the value of the Charged Property and would not otherwise prejudice the interests of SEOCH.

9. **Enforcement**

9.1 **Charge Shall Become Enforceable**

The Charge shall become enforceable upon and at any time after the occurrence of an Event of Default or Potential Event of Default.

9.2 **Notification**

The SEOCH Participant shall immediately upon becoming aware notify SEOCH in writing of the occurrence of any Event of Default or Potential Event of Default.

10. **Dealings with Charged Property on Enforcement**

At any time after the Charge has become enforceable, SEOCH shall have the right, without any notice to or consent of the SEOCH Participant:-

10.1 **Dividends**

to receive and retain any Dividends;

10.2 **Sell**

to sell, exchange, convert into money or otherwise dispose of or realize the Charged Property (whether by public offer or private contract) to any person and for such consideration (whether comprising cash, debentures or other obligations, Securities or other valuable consideration of any kind) and on such terms (whether payable or deliverable in a lump sum or by installments) as SEOCH in its absolute discretion may think fit;

10.3 **Voting Rights**

for the purpose of preserving the value of the Charge or realizing the same, to exercise (or cause to permit or instruct SEOCH's nominee to exercise) the voting and other Rights relating to the Charged Property in such manner as it may think fit;

10.4 **Claims**

to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands relating in any way to the Charged Property;

10.5 **Legal Actions**

to bring, prosecute, enforce, defend, settle and abandon actions, suits and proceedings in relation to the Charged Property;

10.6 **Currency Conversion**

to purchase any currency in which any payment is expressed to be payable with any other currency on such terms as SEOCH, in its absolute discretion, may think fit; and

10.7 **Rights**

to do all such other acts and things it may consider necessary or expedient for the realization of the Charged Property or incidental to the exercise of any of the Rights

conferred on it under or in connection with this deed and to concur in the doing of anything which it has the Right to do and to do any such thing jointly with any other person;

provided that where in SEOCH's opinion the circumstances giving rise to the exercise of such rights make it appropriate to have recourse to specific Relevant Charged Property, SEOCH's first recourse shall be to such Relevant Charged Property and only after such Relevant Charged Property is exhausted may SEOCH have recourse to any other Charged Property in respect of the circumstances giving rise to the exercise of such rights.

11. **Application of Moneys**

All moneys arising from the exercise of the powers of enforcement under this deed or from a sale hereunder shall (except as may be otherwise required by applicable law) be held and applied in the following order of priority (but without prejudice to the right of SEOCH to recover any shortfall from the SEOCH Participant):-

- 11.1 moneys arising from Relevant Charged Property shall be applied in or towards the payment or discharge of Secured Sums as follows: (i) first, to the Relevant Secured Sum as relates to the Relevant Charged Property; (ii) thereafter, if the Relevant Secured Sum in relation thereto relates to a client account held by the SEOCH Participant, to liabilities attributable to the SEOCH Participant's client account, otherwise, to liabilities attributable to the SEOCH Participant's house account;
- 11.2 thereafter, monies arising from Charged Property shall be applied in or towards the payment or discharge of such of the Secured Sums in such order as SEOCH in its absolute discretion may from time to time determine; and
- 11.3 after all the Secured Sums have been paid or discharged in full, in payment of any surplus to the SEOCH Participant or other person entitled to it.

12. **General Rights of SEOCH**

12.1 **Redemption of Security Interest**

Without prejudice to the representations and warranties in clause 5 and the covenants in clause 7, SEOCH may at any time redeem any Security Interest over the Charged Property having priority to the Charge or procure the transfer thereof to SEOCH (or the SEOCH's nominee), may settle the accounts of holders of any such Security Interest and otherwise may deal with the holders of any such Security Interest in such manner as SEOCH sees fit. Any accounts so settled shall be conclusive and binding on the SEOCH Participant. The SEOCH Participant shall on demand pay to SEOCH all principal moneys, interest, costs, charges, losses, liabilities and expenses of and incidental to any such redemption or transfer.

12.2 **New Account**

At any time following (i) SEOCH receiving notice (either actual or constructive) of any subsequent Security Interest affecting the Charged Property or (ii) the Dissolution of the SEOCH Participant, SEOCH may open a new account in the name of the SEOCH Participant (whether or not it permits any existing account to continue). If SEOCH does not open such a new account, it shall nevertheless be treated as if it had done so at the time when the notice was received or was deemed to have been received or, as the case may be, the Dissolution commenced. Thereafter, all payments made by the SEOCH Participant to SEOCH or received by SEOCH for the account of the SEOCH Participant shall be credited or treated as having been credited to the new account and

shall not operate to reduce the amount secured by this deed at the time when SEOCH received or was deemed to have received such notice or, as the case may be, the Dissolution commenced.

12.3 **Delegation**

SEOCH may delegate in any manner to any person any of the Rights which are for the time being exercisable by SEOCH under this deed. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as SEOCH may think fit.

12.4 **Set-off by SEOCH**

SEOCH may at any time, without notice to the SEOCH Participant and without prejudice to any of SEOCH's other Rights, set off any Secured Sums which are due and unpaid against any obligation (whether or not matured) owed by SEOCH to the SEOCH Participant, and, if applicable, for that purpose SEOCH may convert one currency into another at the rate of exchange determined by SEOCH in its absolute discretion to be prevailing at the date of set-off.

13. **Liability of SEOCH, Delegates and SEOCH's Nominees**

13.1 **SEOCH's Liability**

SEOCH and a recognized exchange controller which is the controller of SEOCH shall not in any circumstances (whether as mortgagee in possession or on any other basis whatsoever):-

- (1) be liable to account to the SEOCH Participant or any other person for anything except SEOCH's own actual receipts; or
- (2) be liable to the SEOCH Participant or any other person for any costs, charges, losses, damages, liabilities or expenses arising from any realization of the Charged Property or from any exercise or non-exercise by SEOCH of any Right conferred upon it in relation to the Charged Property or from any act, default, omission or misconduct of SEOCH, its officers, employees or agents in relation to the Charged Property except to the extent that they shall be caused by SEOCH's willful misconduct or that of its officers or employees,

and all the provisions of this clause shall apply, mutatis mutandis, in respect of the liability of any Delegate or nominee of SEOCH or any officer, employee or agent of SEOCH, any Delegate or any nominee of SEOCH.

13.2 **Indemnity**

SEOCH, every nominee of SEOCH, and every Delegate, attorney, manager, agent or other person appointed by SEOCH hereunder shall be entitled to be indemnified out of the Charged Property in respect of all liabilities and expenses incurred by any of them in the execution or purported execution of any of its Rights and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in anyway relating to the Charged Property, and SEOCH, any such nominee, and any such Delegate, attorney, manager, agent or other person appointed by SEOCH hereunder may retain and pay all sums in respect of the same out of any moneys received.

14. **Protection of Third Parties**

No person dealing with SEOCH, any Delegate or SEOCH's nominee shall be concerned to inquire whether any event has happened upon which any of the Rights conferred under or in connection with this deed are or may be exercisable, whether any consents, regulations, restrictions or directions relating to such Rights have been obtained or complied with or otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such Rights or as to the application of any money borrowed or raised or other proceeds of enforcement.

15. **Continuing Security**

The Charge shall be a continuing security for the Secured Sums and shall not be satisfied, discharged or affected by any intermediate payment or settlement of account (whether or not any Secured Sums remain outstanding thereafter) or any other matter or thing whatsoever.

16. **Other Security Interests**

The Charge shall be in addition to and shall not be prejudiced by any other Security Interest or any guarantee or indemnity or other document which SEOCH may at any time hold for the payment of the Secured Sums.

17. **Charge Not to be Affected**

Without prejudice to clauses 15 and 16, neither the Charge nor the liability of the SEOCH Participant for the Secured Sums shall be prejudiced or affected by:-

- 17.1 any variation or amendment of, or waiver or release granted under or in connection with, any other Security Interest or any guarantee or indemnity or other document; or
- 17.2 time being given, or any other indulgence or concession being granted, by SEOCH to the SEOCH Participant or any other person; or
- 17.3 the taking, holding, failure to take or hold, varying, realization, non-enforcement, non-perfection or release by SEOCH or any other person of any other Security Interest, or any guarantee or indemnity or other document; or
- 17.4 the Dissolution of the SEOCH Participant or any other person; or
- 17.5 any change in the constitution of the SEOCH Participant; or
- 17.6 any amalgamation, merger or reconstruction that may be effected by SEOCH with any other person or any sale or transfer of the whole or any part of the undertaking, property and assets of SEOCH to any other person; or
- 17.7 the existence of any claim, set-off or other right which the SEOCH Participant may have at any time against SEOCH or any other person; or
- 17.8 the making or absence of any demand for payment of any Secured Sums on the SEOCH Participant or any other person, whether by SEOCH or any other person; or
- 17.9 any arrangement or compromise entered into by SEOCH with the SEOCH Participant or any other person; or
- 17.10 any other thing done or omitted or neglected to be done by SEOCH or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the liability of the SEOCH Participant for the Secured Sums.

18. **Release of Charged Property**

18.1 **Release of Charged Property**

If SEOCH is satisfied that:-

- (i) all Secured Sums have been paid or discharged in full and the SEOCH Participantship of the SEOCH Participant has been terminated in accordance with the Clearing Rules; or
- (ii) a Security Interest or a guarantee for the Secured Sums, in each case acceptable to SEOCH, has been provided in substitution for this deed,

then, subject to clause 18.2, SEOCH shall at the request and cost of the SEOCH Participant release, re-assign or discharge (as appropriate) the Charged Property from this Charge.

18.2 **Retention of Deed**

If the SEOCH Participant requests SEOCH to release the Charged Property following any payment or discharge made or Security Interest or guarantee given in relation to the Secured Sums by a person other than the SEOCH Participant (**a "Relevant Transaction"**), SEOCH or SEOCH's nominee shall be entitled to retain this deed and shall not be obliged to release the Charged Property until the expiry of the Retention Period in relation to that Relevant Transaction. If at any time before the expiry of that Retention Period the Dissolution of such other person shall have commenced, SEOCH may continue to retain this deed and shall not be obliged to release the Charged Property for such further period as SEOCH may determine.

18.3 **Retention Period**

For the purpose of clause 18.2, "**Retention Period**" means, in relation to any Relevant Transaction, the period which commences on the date when that Relevant Transaction was made or given, and which ends on the date falling one month after the expiration of the maximum period within which that Relevant Transaction can be avoided, reduced or invalidated by virtue of any applicable law or for any other reason whatsoever.

19. **Power of Attorney**

19.1 **Appointment**

The SEOCH Participant hereby appoints, irrevocably and by way of security, SEOCH and any person nominated in writing by SEOCH as attorney of the SEOCH Participant severally to be the attorney of the SEOCH Participant (with full powers of substitution and delegation), on its behalf and in its name or otherwise, at such time and in such manner as the attorney may think fit:-

- (i) to do anything which the SEOCH Participant is or may be obliged to do (but has not done) under this deed including, but without limitation, to complete and execute any transfer of Securities; and
- (ii) generally to exercise all or any of the Rights conferred on SEOCH in relation to the Charged Property or under or in connection with this deed.

19.2 **Ratification**

The SEOCH Participant covenants to ratify and confirm whatever any attorney shall do or purport to do in the exercise or purported exercise of the power of attorney in clause 19.1.

20. **Certificate to be Conclusive Evidence**

For all purposes, including any Proceedings, a copy of a certificate signed by an officer of SEOCH as to the amount of any indebtedness comprised in the Secured Sums for the time being shall, in the absence of manifest error, be conclusive evidence against the SEOCH Participant as to the amount thereof.

21. **Notices**

21.1 Any notice or other communication shall be in writing and dispatched by hand delivery, post, facsimile or, in the cases of notices or communications which may in SEOCH's opinion be of relevance to persons other than the SEOCH Participant, DCASS provided that, in addition, SEOCH may give notice by telephone as long as any such notice is promptly confirmed in any of the foregoing ways.

21.2 Any such notice or other communication shall be addressed to the address set out under the parties signatures to the agreement between SEOCH and the SEOCH Participant in relation to SEOCH Participants required to be entered into by the Clearing Rules (or to such other address as each party may from time to time notify to the other) and shall be treated for all purposes as having been duly given or made (a) if sent by personal delivery, upon delivery at the address of the relevant party; (b) if sent by first class or international post, three clear days after posting; (c) if sent by facsimile, when dispatched and acknowledged; (d) if sent by DCASS, when dispatched; and (e) if given by telephone, when communicated by SEOCH, provided that if, in accordance with the foregoing provisions, any notice or other communication (other than a communication by telephone) would otherwise be treated as having been given or made outside normal business hours (local time) on a trading day, then such notice or other communication shall be treated as having been made or given at the start of business hours (local time) on the next trading day.

21.3 A party to this deed shall promptly notify the other of any change in any of its contact details.

22. **Rights and Waivers**

22.1 **Delay**

No delay or omission on the part of SEOCH in exercising any Right provided by law or under this deed shall impair such Right or operate as a waiver thereof or of any other Right.

22.2 **Single or Partial Exercise**

The single or partial exercise by SEOCH of any Right provided by law or under this deed shall not preclude any other or further exercise thereof or the exercise of any other Right.

22.3 **Rights to be Cumulative**

The Rights provided in this deed are cumulative with, and not exclusive of, any Rights provided by law.

23. **Invalidity**

If at any time any provision of this deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither:-

- (i) the legality, validity or enforceability in that jurisdiction of any other provision of this deed; nor
- (ii) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this deed,

shall be affected or impaired.

24. **Governing Law**

This deed shall be governed by, and construed in accordance with, the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

25. **Jurisdiction**

25.1 The SEOCH Participant irrevocably agrees that the courts of the Hong Kong Special Administrative Region of the People's Republic of China are to have jurisdiction to settle any disputes which may arise out of or in connection with this deed and that accordingly any Proceedings may be brought in such courts. Nothing in this clause shall limit the right of SEOCH to take Proceedings against the SEOCH Participant in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

25.2 The SEOCH Participant irrevocably waives (and irrevocably agrees not to raise) any objection which it may now or hereafter have to the laying of venue of any Proceedings in any such court as is referred to in this clause and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in any such court as is referred to in this clause shall be conclusive and binding upon the SEOCH Participant and may be enforced in the courts of any other jurisdiction.

26. **Release of Previous Charge**

SEOCH and the SEOCH Participant hereby agree that the Charge relating to SEOCH Collateral dated _____ granted by the SEOCH Participant in favour of SEOCH (**the "Previous Charge"**) shall be terminated and substituted with this deed with effect from the date of this deed and without prejudice to the Rights and Security Interest of SEOCH over the Charged Property under this deed, SEOCH hereby releases and discharges (i) in favour of the SEOCH Participant all the property of the SEOCH Participant mortgaged or charged in favour of SEOCH pursuant to the Previous Charge from all mortgages, charges, encumbrances and security interests created by the Previous Charge; and (ii) the SEOCH Participant from all demands and claims under the Previous Charge.

IN WITNESS WHEREOF this document has been executed and delivered as a deed the day and year first before written.

[For use by a Hong Kong company executing by seal]

SEALED with the Common Seal of the)
SEOCH Participant and SIGNED by)
)
)
)
the Director(s) thereof)
In the presence of :-)
)
)
_____)
(Signature of witness))
)
)
_____)
(Name in full))

SEALED with the Common Seal of)
SEOCH and Signed by)
)
the Director or the Secretary thereof)
In the presence of :-)
)
)
_____)
(Signature of witness))
)
)
_____)
(Name in full))

[For use by a Hong Kong company executing under hand, subject to requirements in its articles of association]

EXECUTED and DELIVERED as a deed by)
)
_____)
[Name of SEOCH Participant])
and acting by [*its sole director/two directors/*])
a director and its company secretary])
)
)
in the presence of :-)
)
)
_____)
(Signature of witness))
)
)
_____)
(Name in full))

_____)
(Signature of director)
_____)
(Name in full)
_____)
(Signature of director or company secretary)
_____)
(Name in full)

SEALED with the Common Seal of)
SEOCH and Signed by)
)
the Director or the Secretary thereof)
In the presence of :-)
)
)
_____)
(Signature of witness))
)
)
_____)
(Name in full))

Schedule 1
Form of Notice

[on the letterhead of the SEOCH Participant]

[name of CCASS GCP of the SEOCH Participant][address]

Copied to

The SEHK Options Clearing House Limited
12/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong
For the attention of: Chairman

[Date]

Dear Sirs,

CCMS Collateral Account maintained with SEOCH

We hereby give you notice that by an assignment contained in a Deed of Charge dated *[date]* (“**Deed of Charge**”) made between ourselves and The SEHK Options Clearing House Limited (“**SEOCH**”), we have assigned by way of security to SEOCH, all our right, title and interest in and to and all benefit accruing to us under our CCMS Collateral Account maintained in the Common Collateral Management System with SEOCH in respect of SEOCH Collateral (as defined in the Options Clearing Rules of SEOCH)(the “**CCMS Collateral Account**”).

We shall remain liable to perform all our obligations in respect of the CCMS Collateral Account and SEOCH is under no obligation of any kind in respect of the CCMS Collateral Account nor under any liability whatsoever in the event of any failure by us to perform our obligations in respect thereof.

Notwithstanding the foregoing assignment, you shall continue to deal with us in respect of any transfer of securities held by you for us in your Stock Account (as defined in the General Rules of CCASS) maintained with Hong Kong Securities Clearing Company Limited to the CCMS Collateral Account and in respect of any securities transferred from the CCMS Collateral Account to your Stock Account until you have received written notice to the contrary from SEOCH. Following receipt of such notice from SEOCH, you shall hold all securities and sums that are transferred from the CCMS Collateral Account to your Stock Account (“**Pledged Securities**”) to the order of SEOCH and pay or release such securities or sums only in accordance with SEOCH’s instructions.

In addition, we irrevocably authorise you to act on any instructions or notices issued by SEOCH with respect to the CCMS Collateral Account and the Pledged Securities in your Stock Account in accordance with the Deed of Charge.

Yours faithfully,

For and on behalf of
[SEOCH Participant]

Authorised Signatories

Schedule 2
Form of Undertaking

[on the letterhead of the CCASS GCP of the SEOCH Participant]

The SEHK Options Clearing House Limited
and
Hong Kong Securities Clearing Company Limited
12/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

[Date]

Dear Sirs,

We have been notified by *[name of SEOCH Participant]* ("**Company**") that by an assignment contained in a Deed of Charge dated *[date]* ("**Deed of Charge**") made between the Company and The SEHK Options Clearing House Limited ("**SEOCH**"), the Company has assigned by way of security to SEOCH, all of its right, title and interest in and to and all benefit accruing to the Company under its CCMS Collateral Account maintained in the Common Collateral Management System with SEOCH in respect of SEOCH Collateral (as defined in the Options Clearing Rules of SEOCH)(the "**CCMS Collateral Account**").

We hereby irrevocably undertake and agree that we will, upon receipt of written notice from SEOCH instructing us to do so, hold all securities and sums that are transferred from the Company's CCMS Collateral Account to the Stock Account (as defined in the General Rules of CCASS) maintained by us with Hong Kong Securities Clearing Company Limited ("**HKSCC**") ("**Pledged Securities**") to the order of SEOCH and pay or release the Pledged Securities only in accordance with SEOCH's instructions and do such other acts and things with respect to such Pledged Securities as may be instructed by SEOCH in connection with or incidental to the exercise of its rights under the Deed of Charge.

We hereby further irrevocably authorize HKSCC to act on any instructions or notices issued by SEOCH in respect of the Pledged Securities, including, without limitation, doing anything which we are or may be obliged to do (but has not done) under this undertaking, completing and executing any transfer of Pledged Securities from our Stock Account, and generally doing such other acts and things with respect to such Pledged Securities as may be instructed by SEOCH in connection with or incidental to the exercise of its rights under the Deed of Charge.

Yours faithfully,

For and on behalf of
[the CCASS GCP of the SEOCH Participant]

Authorised Signatories