

BY GIVING THE GUARANTEE YOU MIGHT BECOME LIABLE INSTEAD OF OR AS WELL AS _____

(name of guarantor)

YOU SHOULD SEEK INDEPENDENT LEGAL ADVICE BEFORE ENTERING INTO THE GUARANTEE

THIS GUARANTEE AND INDEMNITY is made BY DEED on _____
(date)

BY _____
(name of guarantor)

(address)

(The "Guarantor")

IN FAVOUR OF **Sanfull Securities Limited** whose registered address is at Suite 2001-6, 20/F., Cosco Tower, 183 Queen's Road Central, Hong Kong ("The Company")

WHEREAS

(A) The Company is a member of the Stock Exchange of Hong Kong Limited carrying out the business of securities dealing.

(B) By virtue of the Client's Agreement - Cash/Margin* Account dated _____
(date)

made between _____
(client name)

(the "Client") and the Company (the "Client's Agreement"), the Company has agreed to open and maintain Cash/Margin* account(s) (as defined therein) (the "Trading Accounts") for the Client and act as an agent for the Client in the purchase and sale of securities on condition that the Guarantor enters into this Deed and the Guarantor has agreed to enter into this Deed.

NOW THIS DEED WITNESSES and the Guarantor hereby agrees:

1. **INTERPRETATION**

1.1 Unless the context otherwise requires or unless otherwise defined in this Guarantee, words and expressions shall have the same respective meanings that are ascribed to them in the Client's Agreement.

1.2 In this Guarantee:
"Interest Rate" means Hong Kong Prime Rate + 8% per annum.

1.3 In this Guarantee:

- (a) references to this Guarantee are to include the indemnity in Clause 3.3;
- (b) references to Clauses are to be construed as references to the clauses of this Guarantee;
- (c) references to this Guarantee and any provisions of this Guarantee or to any other document or agreement are to be construed as references to this Guarantee, those provisions or that document or agreement in force for the time being and as amended, varied, supplemented, substituted or novated from time to time;
- (d) words importing the singular are to include the plural and vice versa;
- (e) references to a person are to be construed to include references to a corporation, firm, company, partnership, joint venture, unincorporated body of persons, individual or any state or any agency of a state, whether or not a separate legal entity;
- (f) references to any person are to be construed to include that person's personal representatives assigns or transferees or successors in title whether direct or indirect;
- (g) references to any statutory provision are to be construed as references to that statutory provision as amended, supplemented, re-enacted or replaced from time to time (whether before or after the date of this Guarantee) and are to include any orders, regulations, instruments or other subordinate legislation made under or deriving validity from that statutory provision;
- (h) the words "other" and "otherwise" are not to be construed ejusdem generis with any foregoing words where a wider construction is possible;
- (i) reference to any liability are to include any liability whether actual, contingent, present or future; and
- (j) clause headings are for case of reference only and are not to affect the interpretation of this Guarantee.

2. **GUARANTEE AND INDEMNITY**

2.1 In consideration of the Company agreeing at my/our request to open and/or continue to maintain *Cash/Margin Accounts in the name of the Client for the purpose of dealing in securities on their instructions and in consideration of the Company arranging and/or providing financing facilities or other accommodation to the Client for dealing in securities through the said *Cash/Margin Account(s) for as long as the Company may think fit, the Guarantor irrevocably and unconditionally undertakes the obligations and liabilities set out in Clause 2.2 and Clause 2.3.

2.2 The Guarantor irrevocably and unconditionally guarantees:

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(a) to pay to the Company on demand, and in the currency in which the same falls due for payment, all monies and liabilities which are now or at any time hereafter shall have been advanced to, become due, owing or incurred by the Client to or in favour of the Company under or in connection with any of the *Cash/Margin Account;

(b) the due and punctual performance and discharge by the Client of all of its obligations and liabilities under the Client's Agreement.

2.3 The Guarantor, as a principal obligor and as a separate and independent obligation and liability from its obligations and liabilities under Clause 2.2, irrevocably and unconditionally agrees to indemnify the Company in full on demand against all losses, costs and expenses suffered or incurred by the Company arising from or in connection with any of: (a) the Company's making available any of the credit facilities under the Client's Agreement (b) the Company's entering into the Client's Agreement (c) the failure by the Client fully and promptly to perform and discharge any of its obligations and liabilities under the Client's Agreement.

2.4 The Guarantor shall indemnify and keep indemnified the Company on demand by the Company against all losses, actions, claims, costs, charges, expenses and liabilities suffered or incurred by the Company in relation to this Guarantee (including the costs, charges and expenses incurred in the enforcement of any of the provisions of this Guarantee or occasioned by any breach by the Guarantor of any of its obligations to the Company under this Guarantee).

3. **COMPANY PROTECTIONS**

3.1 The Guarantor acknowledges and agrees that, subject to Clause 4 of this Guarantee, this Guarantee is and at all times shall be a continuing security and shall extend to cover the ultimate balance due at any time from the Client to the Company under or in respect of the Client's Agreement and any of the transactions contemplated thereby.

3.2 The Guarantor acknowledges and agrees that none of its liabilities under this Guarantee shall be reduced, discharged or otherwise adversely affected by:

(a) any variation, extension, discharge, compromise, dealing with, exchange or renewal of any right or remedy which the Company may now or hereafter have from or against any of the Client and any other person in respect of any of the obligations and liabilities of any of the Client and any other person under and in respect of the Client's Agreement;

(b) any act or omission by the Company or any other person in taking up, perfecting or enforcing any security or guarantee from or against any of the Client and any other person;

(c) any termination, amendment, variation, novation or supplement of or to the Client's Agreement;

(d) any grant of time, indulgence, waiver or concession to any of the Client and any other person;

(e) any of the insolvency, liquidation, administration, winding-up, incapacity, limitation, disability, the discharge by operation of law, and any change in the constitution, name and style of any of the Client and any other person;

(f) any invalidity, illegality, unenforceability, irregularity or frustration of any actual or purported obligation of any of the Client and any other person;

(g) any claim or enforcement of payment from any of the Client and any other person; or

(h) any act or omission which would not have discharged or affected the liability of the Guarantor had it been a principal debtor instead of guarantor or indemnitor or by anything done or omitted by any person which but for this provision might operate to exonerate or discharge the Guarantor or otherwise reduce or extinguish its liability under this Guarantee.

3.3 **Primary Obligation**

(a) The obligations and liabilities expressed to be undertaken by the Guarantor under this Guarantee are those of primary obligor and not merely as a surety.

(b) The Company shall not be obliged before taking steps to enforce any of its rights and remedies under this Guarantee:

(i) to take action or obtain judgment in any court against any of the Client and any other person;

(ii) to make or file any claim in a bankruptcy, liquidation, administration or insolvency of any of the Client and any other person; or

(iii) to make demand, enforce or seek to enforce any claim, right or remedy against any of the Client and any other person.

3.4 **No Security**

(a) The Guarantor warrants to the Company that it has not taken or received, and agrees not to take, exercise or receive the benefit of any security or other right or benefit (whether by setoff, counterclaim, subrogation, indemnity, proof in liquidation or otherwise and whether from contribution or otherwise, all together "Rights" from or against any of the Client and any other person in respect of any liability of or payment by the Guarantor under the Guarantee or otherwise in connection with this Guarantee.

(b) if any of such Rights is taken, exercised or received by the Guarantor, the Guarantor declares that such Rights and all monies at any time received or held in respect of such Rights shall be held by the Guarantor on trust for the Company for application in or towards the discharge of the liabilities of the Guarantor to the Company under this Guarantee.

(c) The Guarantor agrees that all other Rights and all monies from time to time held on trust by the Guarantor for the Company under or pursuant to Clause 3.4(b) shall be transferred, assigned or, as the case may be, paid to the Company, promptly following the Company's demand.

3.5 This Guarantee shall be in addition to and shall not affect or be affected by or merge with any other judgment, security, right or remedy obtained or held by the Company from time to time for the discharge and performance of any of the liabilities and obligations of the Client to the Company.

4. **TERMINATION**

The Guarantor may by not less than three months' notice in writing to the Company specify a date (the "Termination Date") falling at least three months after the date of such notice after which no demand or claim may be made by the Company under this Guarantee. After the Termination Date, the Company shall not be entitled to make any demand or claim under

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this Guarantee.

5. **INTEREST**

- (a) The Guarantor agrees to pay interest to the Company at the Interest Rate on all sums demanded under this Guarantee from the date of the Company's demand under this Guarantee or, if earlier, the date on which the relevant damages, losses, costs or expenses arose in respect of which such demand has been made, in each case until, but excluding, the date of actual payment.
- (b) The Guarantor agrees to pay interest to the Company at the Interest Rate after as well as before judgment. All such interest shall accrue on a day to day basis and be calculated by the Company on the basis of a 365 day year and interest shall be compounded in accordance with the usual practice of the Company.

6. **SUSPENSE ACCOUNT**

- (a) The Company may place to the credit of a suspense account any monies received under or in connection with this Guarantee in order to preserve the rights of the Company to prove for the full amount of all of its claims against any of the Client and any other person.
- (b) The Company may, at any time, apply any of the monies referred to in Clause 6(a) in or towards satisfaction of any of the monies, obligations and liabilities the subject of this Guarantee as the Company, in its absolute discretion, may from time to time conclusively determine.

7. **APPROPRIATION**

The Guarantor shall not and may not direct the application by the Company of any sums received by the Company from the Guarantor under, or pursuant to, any of the terms of this Guarantee.

8. **NEW ACCOUNTS**

- (a) if this Guarantee ceases to be continuing for any reason whatsoever, then the Company may open a new account or accounts in the name of the Client.
- (b) If the Company does not open a new account or accounts pursuant to Clause 8(a), it shall nevertheless be treated as if it had done so at the time that this Guarantee ceases to be continuing (whether by determination, calling in or otherwise) in relation to the Client.
- (c) As from that time, all payments made to the Company by or on behalf of the Client shall be credited or be treated as having been credited to the new account or accounts and shall not operate to reduce the amount for which this Guarantee is available at that time nor shall the liability of the Guarantor under this Guarantee in any manner be reduced or affected by any subsequent transactions, receipts or payments into or out of any such accounts.

9. **DISCHARGE TO BE CONDITIONAL**

9.1 Any release, discharge or settlement between the Guarantor and the Company in relation to this Guarantee shall be conditional upon no right, security, disposition or payment to the Company by any of the Guarantors and any other person being void, set aside or ordered to be refunded pursuant to any enactment or law relating to breach of duty by any person, bankruptcy, liquidation, administration, protection from creditors generally or insolvency or for any other reason.

9.2 If any such right, security, disposition or payment is void or at any time so set aside or ordered to be refunded, the Company shall be entitled subsequently to enforce this Guarantee against the Guarantor as if such release, discharge or settlement had not occurred and any such security, disposition or payment had not been made.

10. **PAYMENTS AND TAXES**

All sums payable by the Guarantor under this Guarantee shall be paid to the Company in full without any set-off, condition or counterclaim.

11. **DEMANDS AND NOTIFICATION BINDING**

Any demand, notification or certificate given by the Company specifying amounts due and payable under or in connection with any of the provisions of this Guarantee shall, in the absence of manifest error, be conclusive and binding on the Guarantor.

12. **COSTS**

The Guarantor shall, on demand and on a full indemnity basis, pay to the Company the amount of all costs and expenses (including legal and out-of-pocket expenses and any tax on such costs and expenses) which the Company incurs in connection with:

- (a) the preparation, negotiation, execution and delivery of this Guarantee;
- (b) any actual or proposed amendment, variation, supplement, waiver or consent under or in connection with this Guarantee;
- (c) any discharge or release of this Guarantee; and
- (d) the preservation or exercise (or attempted preservation or exercise), and the enforcement (or attempted enforcement) of, any rights under or in connection with, this Guarantee.

13. **SET-OFF**

13.1 The Company may, without notice to the Guarantor, apply any credit balance which is at any time held by any office or branch of the Company for the account of the Guarantor in or towards satisfaction of any sum then due and payable from the Guarantor under this Guarantee.

13.2 For the purposes of exercising any rights under this Clause, or any rights under the general law, the Company may convert or translate all or any part of such a credit balance into another currency applying a rate which in the Company's opinion fairly reflects the relative prevailing rates of exchange.

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13.3 The Company is not obliged to exercise any of its rights under this Clause, which shall be without prejudice and in addition to any rights under the general law.

13.4 In this Clause "rights under the general law" means any rights of setoff, combination or consolidation of accounts, lien or similar rights which the Company has under any applicable law.

14. **COMMUNICATIONS**

14.1 Any demand or notice under this Guarantee shall be in writing signed by an officer or agent of the Company and (without prejudice to any other effective means of serving it) may be served on the Guarantor personally or by post and either by delivering it to the address specified above or otherwise notified to the Company by the Guarantor or by despatching it addressed to the Guarantor at the address specified above or otherwise notified to the Company by the Guarantor. Any such demand or notice delivered personally shall be deemed to have been received immediately upon delivery. Any such demand or notice sent by post shall be deemed to have been received on the day following the day on which it was posted, even if returned undelivered.

15. **TRANSFERS**

15.1 This Guarantee is freely assignable or transferable by the Company.

15.2 The Guarantor may not transfer any of its obligations under this Guarantee or enter into any transaction, which would result in any of those rights or obligations passing to another person.

15.3 The Company may disclose to any person related to the Company and/or any person to whom it is proposing to transfer or assign or has transferred or assigned any of its rights under this Guarantee, any information about the Guarantor.

16. **MISCELLANEOUS**

16.1 No delay or omission on the part of the Company in exercising any right or remedy under this Guarantee shall impair that right or remedy or operate as or be taken to be a waiver of it; nor shall any single partial or defective exercise of any such right or remedy preclude any other or further exercise under this Guarantee of that or any other right or remedy.

16.2 The Company's rights under this Guarantee are cumulative and not exclusive of any rights provided by law and may be exercised from time to time and as often as the Company deems expedient.

16.3 Any waiver by the Company of any terms of this Guarantee, or any consent or approval given by the Company under it, shall only be effective if given in writing and then only for the purposes and upon the terms and conditions, if any, on which it is given.

16.4 If at any time any one or more of the provisions of this Guarantee is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity and enforceability of the remaining provisions of this Guarantee nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall be in any way affected or impaired as a result.

16.5 Where this Guarantee is signed by more than one guarantor, the Guarantor's liabilities hereunder shall be joint and several borne by each guarantor and every agreement and undertaking on the part of Guarantor shall be construed accordingly and all references to the Guarantor in this Guarantee shall, where the context requires or admits be construed as references to all or any of the guarantors and the Company shall be at liberty to release or discharge any of guarantors from the liabilities of this Guarantee or to accept any composition from or make any other arrangements with any of guarantors without releasing or discharging the other or others of the guarantors or otherwise prejudicing or affecting the rights and remedies of the Company against the other or others of the guarantors and no one of guarantors shall be nor shall this Guarantee be released or discharged by death or the death of any other of guarantor.

17. **LAW AND JURISDICTION**

This Guarantee is governed by and shall be construed in accordance with Hong Kong law.

SIGNED AND DELIVERED)
)
AS A DEED by the said)
)
)
in the presence of:)

X _____ X
Guarantor's Signature

SIGNED AND DELIVERED)
)
AS A DEED by the said)
)
)
in the presence of:)

* [Delete as appropriate]

