

恒大期貨(香港)有限公司 Evergrande Futures (Hong Kong) Limited

香港灣仔告士打道 38 號中國恆大中心 20 樓 2004-06

Room 2004-06, 20/F, China Evergrande Centre, 38 Gloucester Road, Wan Chai, Hong Kong

Tel: 3550 6888 Fax: 3550 6999 www.gisf.hk

Dear Clients,

Re London Metal Exchange (LME) Products – Items of Attention

- 1 If a client initiates a position and subsequently does not close out the position the same day, the client must call the dealing department of Evergrande Futures (Hong Kong) Limited (“Evergrande Futures (Hong Kong)”) to complete the carry trade to close out the position completely. If the client is trading online, the client must call the dealing department on the same day the position is closed out (except for day trades). Otherwise, all positions shall be treated as new positions.
- 2 Intraday long position and short position of the same contract will be treated as closing-out positions.
- 3 Profits after closing-out can be withdrawn three months after the date of closing-out.
- 4 In the following situations, Evergrande Futures (Hong Kong) reserves the right, at any time, to close out all or any part of the positions without giving any notice to the Client:
 - a) for any margin calls (margin is less than maintenance margin), the Client fails to make sufficient deposit into his/her/its account to the level of initial margin, Evergrande Futures (Hong Kong) is entitled to execute forced closing-out of positions for the Client any time;
 - b) if margin is less than 40% of the initial margin, Evergrande Futures (Hong Kong) is entitled to execute forced closing-out of positions for the Client any time without notifying the Client;
 - c) if the Client does not have sufficient overnight margins, Evergrande Futures (Hong Kong) is entitled to execute forced closing-out of positions for the Client without notifying the client via the web half an hour before the market close (in accordance with the time of London Metal Exchange).
- 5 As physical delivery is allowed in LME products, Evergrande Futures (Hong Kong) will accept the Client to take physical delivery of the products only if the Client notifies Evergrande Futures (Hong Kong) five business days before the Prompt Date and pay to Evergrande Futures (Hong Kong) in full the amount of contract price and related expenses.
- 6 The Client should take physical delivery of the products as soon as possible upon notification by Evergrande Futures (Hong Kong). The Client shall also be responsible for any expenses related to settlement of the non-performed or unaccepted commodities.
- 7 In order to avoid any failure by the Client in performing or accepting settlement of related commodities futures, for the commodities futures contract of LME which settlement is by way of physical delivery:
 - a) it is the responsibilities of the Client to know clearly the exact Prompt Date of closing-out as specified in the contract in order to avoid settlement by physical delivery which is caused by a non offsetting long or a short position,
 - b) if the Client fails to close out position five business days prior to the Prompt Date, Evergrande Futures (Hong Kong) is entitled to execute forced closing-out of positions for the Client and notify to the Client details of transactions pertaining to the closing-out afterwards.

The above procedure merely serves to assist the Clients. In this respect, Evergrande Futures (Hong Kong) or any of its affiliates shall not bear any responsibilities.

The Client hereby signs this document to confirm and agree with Evergrande Futures (Hong Kong) of the following:

- 1 The Client shall entirely be responsible for his/her/its positions of commodity futures and any of his/her/its related acts and undertake to comply with the provisions as contained in the Client Agreement signed by and between the Client and Evergrande Futures (Hong Kong);
- 2 The Client shall indemnify and compensate Evergrande Futures (Hong Kong) for the cost and expenses incurred by Evergrande Futures (Hong Kong) for the acts which Evergrande Futures (Hong Kong) would seek against the Client in pursuance of this document.

Acknowledged and agreed by the Client

Signature

Name of client

Date