



Hooray Securities Limited
好盈證券有限公司

SECURITIES CLIENT AGREEMENT

好盈證券有限公司

Hooray Securities Limited (CE No. AAD967)

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THIS AGREEMENT is made the date stated in the Account Opening Form.

BETWEEN :

- (1) Hooray Securities Limited ("Hooray Securities"), a licensed corporation (with CE no. AAD967) by the Securities and Futures Commission ("SFC") in Hong Kong to conduct Type 1 (Dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap. 571) and an Exchange Participant of the Stock Exchange of Hong Kong Limited ("SEHK") with its registered office at Room A & B2, 11/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong; and**
- (2) The party whose name, address, and details are set out in the Account Opening Form ("Client")**

SECTION I: GENERAL TERMS AND CONDITIONS

This Section I is applicable to each and every Account of whatever nature now or subsequently opened with Hooray Securities.

1. Application and Definitions

- 1.1 In this Section I, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Access Code" means together the Password and the User ID with respect to the Clients' use of Electronic Trading Service;

"Account" means any account of whatever nature now or subsequently opened in the name of the Client with Hooray Securities under this Agreement;

"Account Opening Form" means the client information to be completed and signed by the Client for the purpose of opening of an Account;

"Agreement" means this Securities Client Agreement comprising the Account Opening Form, these Terms and Conditions, additional Terms and Conditions and any declaration and/or confirmation in respect of Professional Investor (if applicable), in each case as the same may be amended or supplemented from time to time;

"Associate" means a company or body corporate which is a member of the same "group of companies" (as defined in Section 2 of the Companies Ordinance);

"Authorized Person" means the person(s) authorized by the Client under Clause 8 to give Instructions as notified to Hooray Securities from time to time in such manner as Hooray Securities requires;

"Business Day" means any day on which the relevant Exchange is open for trading other than Saturdays, Sundays, public holidays and such other days which are declared by the relevant Exchange to be non-business days;

"Charged Securities" has the meaning ascribed to it in Clause 4.1(a) of Section II of these Terms and Conditions;

"Clearing House" means HKSCC in relation to SEHK and, in relation to any other Exchange, the relevant clearing house providing similar services to such other Exchange;

"Companies Ordinance" means the Companies Ordinance (Cap. 622 of the laws of Hong Kong) as the same may be amended or supplemented from time to time;

"Compensation Fund" means the Investor Compensation Fund established under Section 236 of the Ordinance;

"Credit Facilities" means all or any of the credit facilities agreed to be made available or granted from time to time by Hooray Securities to the Client pursuant but subject to the limit and terms determined by Hooray Securities and notified to the Client from time to time, including but not limited to the Margin Facilities and the IPO Financing;

"Electronic Trading Service" means the electronic trading services provided by Hooray Securities in the form of trading through any electronic means under this Agreement including but not limited to any information contained in Hooray Securities' website and the software comprised in them;

"Exchange" means SEHK and/or any foreign stock exchange;

"FATCA" means the United States Foreign Account Tax Compliance Act;

"HKSCC" means Hong Kong Securities Clearing Company Limited;

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China;

"Instruction" means any instruction, direction, notice or other communication for or related to the purchasing and selling of or otherwise dealing in the Securities given by the Client or its Authorized Person in accordance with this Agreement;

"IPO Financing" has the meaning ascribed to it in Clause 23 of this Section I;

"Margin Securities Account" means any margin securities trading account now or hereafter opened in the name of the Client with Hooray Securities for the trading of Securities by Hooray Securities for or on behalf of the Client in respect of which Hooray Securities provides the Client with the Margin Facilities;

"Margin Facilities" means all or any of the credit facilities (exclusive of IPO Financing) agreed to be made available or granted from time to time by Hooray Securities to the Client on the Margin Securities Account pursuant and subject to the limit and terms determined by Hooray Securities and notified to the Client from time to time, including all amounts debited to the Margin Securities Account in accordance with the terms and conditions of this Agreement;

"Ordinance" means the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and any subsidiary legislation made thereunder as the same may be amended or supplemented from time to time;

"Password" means the Client's personal password used in conjunction with the User ID to gain access to the Electronic Trading Service and/or other services provided by Hooray Securities;

"Professional Investor" shall have the same meaning as that defined in Schedule 1 to the Ordinance, as amended from time to time;

"Securities" shall have the same meaning as that defined in Schedule 1 to the Ordinance, as amended from time to time;

"Securities Account Statement" means a written confirmation sent by mail or other electronic communications from time to time by Hooray Securities to the Client in relation to the execution of Instructions;

"SFC Code of Conduct" means the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by the SFC, as may be amended from time to time;

"Terms and Conditions" means the terms and conditions set out in Sections I to IV, as may be amended or supplemented from time to time;

"Transaction" means a transaction in Securities effected by Hooray Securities pursuant to or as a result of an Instruction or in accordance with the terms and conditions of this Agreement; and

"User ID" means the Client's personal identification used in conjunction with the Password to gain access to the Electronic Trading Service and/or other services provided by Hooray Securities.

1.2 For the purpose of interpretation of the provisions of these Terms and Conditions:

- (a) Words importing the singular shall include the plural and vice versa and words importing a gender shall include every other gender.
- (b) Where any provision contains the expression "and/or" then this shall mean the relevant provision may apply to either or both of the parties or matters that such expression shall connect.
- (c) References to "writing" includes letter, facsimile, e-mail and other electronic transmission.
- (d) References to Clauses and Sections are to clauses and sections of these Terms and Conditions, unless otherwise specified.
- (e) The headings in these Terms and Conditions are inserted for ease of reference only, save where referred to otherwise, and shall not form the terms of these Terms and Conditions.
- (f) The sub-headings in these Terms and Conditions are inserted for convenience only and shall be ignored in construing these Terms and Conditions.

2. Client Identification

2.1 Due to the reason of preventing money laundering, counter terrorist financing or other requirements operating within the relevant jurisdiction, Hooray Securities or its agents required to ascertain and record client identity details before Hooray Securities provides or continues to provide any services to the Client. The Client undertakes to provide Hooray Securities promptly with information or documentation relating to client identity as so requested.

2.2 Hooray Securities reserves the right (at its discretion) to request additional information or documentation relating to client identity in accordance with the applicable laws, rules and regulations including but not limited to the SFC Code of Conduct. Hooray Securities is required, upon the request of the Exchange, the SFC or other legal or regulatory or governmental authority (whether in Hong Kong or elsewhere), to disclose the name, beneficial identity and/or such other information concerning the Client as the relevant authority may require, and the Client agrees to provide such information as Hooray Securities may require in order for Hooray Securities to comply with such requirements.

- 2.3 The Client hereby acknowledges the existence of the Hong Kong Client Identity Rule Policy which is enforced by the SEHK and the SFC (“Regulators”). The Client agrees to be bound by the terms and conditions and continuations set out in the Client Identity Rule Policy. The Client acknowledges that if relevant information is not provided to the relevant Regulators within 2 Business Days, Hooray Securities must refuse the Client’s application or refuse to provide any services to the Client.
- 2.4 In consideration of Hooray Securities providing services to the Client, the Client warrants that in relation to any Transaction (whether for own account or as agent for and on behalf of another) involving securities listed or traded on SEHK or derivatives, including over the counter derivatives, written over such securities, regardless of where such trades are effected:
- (a) where the information is available to Hooray Securities, Hooray Securities is expressly authorized to release to a Regulator upon request client identity information including but not limited to the identity, address and contact details of the ultimate beneficiary of, or the person originating the Instruction for, such Transaction and/or the person that stands to gain the commercial or economic risks for, or bear the commercial or economic risks of, the Transaction (“Information”) without the Client’s further consent;
 - (b) the Client will supply immediately to Hooray Securities (or to the Regulator directly) the Information as requested by a Regulator;
 - (c) where the Client is acting as agent for and on behalf of another, the Client has in place arrangements which will ensure that the Client’s client will provide the Information to Hooray Securities (or to the Regulator directly) upon request;
 - (d) the Client will continue to provide, or ensure that the Client’s client provides, the Information as requested by a Regulator to Hooray Securities (or to the Regulator directly) notwithstanding termination of Hooray Securities’ services to the Client, in relation to any Transaction undertaken by the Client prior to such termination; and
 - (e) any right to confidentiality or any benefit of secrecy with respect to such Information under any applicable secrecy laws of the ultimate client of, or the person responsible for originating the Instruction for, such Transaction and/or the person that stands to gain the commercial or economic benefit for, or bear the commercial or economic risks of, the Transaction has been validly and irrevocably waived by them.

3. Professional Investors

- 3.1 A Client may be classified and treated as a Professional Investor under the Ordinance, for all of the services that Hooray Securities provides to the Client.
- 3.2 Where the Client is classified and treated as a Professional Investor (as defined under paragraph (j) of the definition of “professional investor” in Part 1 of Schedule 1 to the Ordinance), Hooray Securities shall carry out an annual confirmation exercise in respect of this classification and the Client agrees to deliver, immediately upon request, a form of confirmation to Hooray Securities to assist with this exercise.
- 3.3 A request may be made by the Client to withdraw at any time from being treated as a Professional Investor whether in respect of all products or markets or any part thereof.
- 3.4 The Client acknowledges that certain provisions are waived for persons classified as Professional Investors as set out in further detail in the SFC Code of Conduct.

4. The Account

The Client may access the Account through the Electronic Trading Service. Should the Client experience any problems in reaching Hooray Securities through the Electronic Trading Service, the Client may attempt to communicate with Hooray Securities by telephone and inform Hooray Securities of the difficulty the Client is experiencing.

5. Undertakings, Warranties and Representations

- 5.1 The Client acknowledges, represents, warrants and undertakes that:
- (a) the information set out in the Account Opening Form is complete, true and correct and Hooray Securities is entitled to fully rely on such information and representation for all purposes. The Client undertakes to inform Hooray Securities in writing of any changes thereto immediately after the relevant change(s) has/have occurred;
 - (b) all necessary consents or authorizations which may be required for this Agreement have been obtained and are in full force and effect; and
 - (c) the Client has the authority and legal capacity to enter into and perform the obligations under this Agreement and this Agreement constitutes the valid and legally binding obligations of the Client.
- 5.2 Hooray Securities is hereby authorized at any time to conduct credit enquiries on the Client and to contact anyone, including the Client’s bankers, brokers or any credit agency to verify the information provided.
- 5.3 The Client represents and warrants to Hooray Securities that the Client’s use of the Account will comply with all applicable laws, rules and regulations, with all applicable policies and practices of the SEHK and other stock exchanges and associations, and regulatory or

self-regulatory organizations and the policies and procedures (whether stated orally or in writing) applicable to the Account and this Agreement and any other agreement between Hooray Securities and the Client, as may be amended from time to time.

6. Applicable Rules and Regulations

- 6.1 All Transactions made as a result of any Instructions shall be subject to the relevant provisions of the constitution, laws, rules, regulations, by-laws, customs and usages of the relevant Exchange and HKSCC and the Clearing House at which the Transaction is conducted and to the applicable laws as amended from time to time. All actions taken by Hooray Securities in accordance with such constitution, laws, rules, regulations, by-laws, customs, usages and directions shall be binding on the Client.
- 6.2 In the event of any conflict between any provision in (i) this Agreement and (ii) any such constitution, rules, regulations, by-laws, customs and usages, and laws, the latter shall prevail. Such provision shall be deemed to be rescinded or modified in accordance with and to such extent required by any such constitution, rules, regulations, by-laws, customs and usages, and laws. However, in all other respects, this Agreement shall continue and remain in full force and effect until termination in accordance with these Terms and Conditions. In addition, Hooray Securities may take or omit to take any action which it considers fit in order to ensure compliance with the same including, without limitation, disregarding any unexecuted order or rescinding any executed transaction.

7. Electronic Trading Service

- 7.1 The Client agrees to abide by the provisions of this Agreement whenever the Client uses the Electronic Trading Service. Any additional services offered through the Electronic Trading Service in the future will only be used by the Client in accordance with the provisions of this Agreement and any additional provisions applicable thereto.
- 7.2 The Client understands that the Electronic Trading Service is a semi-automated facility, which enables the Client to send electronic instructions to purchase, sell and otherwise deal with Securities and receive information services.
- 7.3 The Client acknowledges that the Electronic Trading Service and the software comprised in it are proprietary to Hooray Securities and/or third party provider(s). The Client agrees and undertakes that the Client shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer or otherwise alter in any way, and shall not attempt to gain unauthorized access to, any part of the Electronic Trading Service and the software comprised in it. The Client agrees that Hooray Securities may, at Hooray Securities' absolute discretion, suspend or terminate the Client's Access Code and/or close the Account immediately without notice to the Client, and take action against the Client if the Client at any time breach this Agreement or any other agreement or undertaking, rules, regulations, orders and laws of Hong Kong or of the country concerned or if Hooray Securities at any time reasonably suspects that the Client has breached the same. The Client undertakes to notify Hooray Securities immediately if the Client becomes aware that any other person is doing any of the above.
- 7.4 The Client shall be the only authorized user of the Electronic Trading Service under the Account. The Client shall be responsible for the confidentiality and use of the Access Code and agrees to undertake:
- (a) not to disclose any Access Code to any third party;
 - (b) not to write down or record any Access Code in a way that could facilitate misuse or fraud; and
 - (c) to immediately report any loss, unauthorized disclosure or misuse of the Client's Access Code to Hooray Securities.
- The Client acknowledges and agrees that the Client shall be solely responsible for all Instructions entered through the Electronic Trading Service using its Access Code.
- 7.5 The Client further acknowledges and agrees that, as a condition of using the Electronic Trading Service to give Instructions, the Client shall immediately notify Hooray Securities if:
- (a) immediately after an Instruction in respect of the Account has been placed through the Electronic Trading Service, the Client has not received:
 - (i) an order reference number; and
 - (ii) an accurate acknowledgement of the Instruction or of its execution (whether by writing, electronic or verbal means);
 - (b) the Client has received acknowledgement (whether by writing, electronic or verbal means) of a Transaction which the Client did not instruct or if any similar conflict arises; or
 - (c) the Client becomes aware of any unauthorized use of the User ID or Password.
- 7.6 The Client agrees that if the Client fails to notify Hooray Securities forthwith when any of the situations described in Clause 7.5 occurs, neither Hooray Securities nor any of Hooray Securities' directors, employees, agents or representatives shall have any liability to the Client, or to any other person for any obligations, claims or other liabilities with respect to the handling, mishandling or loss of any Instruction unless such loss results from the fraud, gross negligence or willful default on the part of Hooray Securities.
- 7.7 Hooray Securities has no responsibility to inform the Client of any difficulties Hooray Securities or other third parties experience concerning use of the Electronic Trading Service or to take any action in connection with these difficulties. Hooray Securities also will have no duty or obligation to verify, correct, complete or update any information displayed in the Electronic Trading Service. The Client will make its own independent decision to access or use the Electronic Trading Service or to execute any Transaction.

- 7.8 The Client understands, acknowledges and agrees that:
- (a) the real-time quote service and other market information available on Electronic Trading Service is provided by a third party service provider appointed by Hooray Securities from time to time;
 - (b) neither Hooray Securities nor any of Hooray Securities' directors, employees, agents, representatives or third party service providers shall be responsible to the Client for any losses, costs, expenses, damages or claims which the Client may suffer as a result of or in connection with any respect of the real-time quote service including the Client's reliance on such service;
 - (c) the market data and information available through the Electronic Trading Service is provided to Hooray Securities by each participating Securities exchange(s) or association(s) or agent(s) (which disseminate such data and information) with assertion of a proprietary interest in such data and information;
 - (d) Hooray Securities will not be liable for any loss of profits or anticipated savings (in either case, whether direct or indirect) or any special, indirect, incidental or consequential damages which the Client may incur or experience because the Client entered into this Agreement or relied on the Electronic Trading Service, even if Hooray Securities knows of the possibility of those losses or damages;
 - (e) Hooray Securities (and any of Hooray Securities' Associate) are not and will not be, by virtue of providing the Electronic Trading Service, an advisor or fiduciary for the Client; and
 - (f) no party guarantees the timeliness, sequence, accuracy or completeness of market data or any other market information and neither Hooray Securities, Hooray Securities' directors, employees, agents or representatives nor any disseminating party shall be liable in any way for any loss or damage arising from or caused by any inaccuracy, error or delay in or omission from any such data, information or message, or the transmission or delivery of the same, non-performance or interruption of any such data, message or information whether or not due to any negligent act of Hooray Securities or any disseminating party, or shall be liable in any way for the correctness, quality, accuracy, security, completeness, reliability, performance, timeliness, pricing or continued availability of the Electronic Trading Service or for delays or omissions of the Electronic Trading Service, or for the failure of any connection or communication service to provide or maintain the Client's access to the Electronic Trading Service, or for any interruption or disruption of the Client's access or any erroneous communications between the Client and Hooray Securities, or to any force majeure event as described under Clause 47 of this Section I, or any other cause beyond Hooray Securities' control or the reasonable control of any disseminating party.

The Client shall use all such data, information and real-time quotes for the Client's personal use and reference only, and these must not be reproduced, duplicated, sub-listed or transmitted or used for commercial purposes, and the Client shall not furnish such data to any other person or entity for any reason.

- 7.9 By applying for and using the Electronic Trading Service, the Client represents and warrants that:
- (a) the Client is legally entitled to open and use the Electronic Trading Service; and
 - (b) no breach of any law, regulation or governmental or other requirement whether of the Client's jurisdiction of residence or domicile, or any other relevant jurisdiction will arise as a result of any use by the Client of the Electronic Trading Service.
- 7.10 The Client agrees to indemnify Hooray Securities on demand from all liabilities, losses, claims, damages, judgments, suits, actions, proceedings, costs (including legal fees) and expenses (collectively referred to as "Losses") Hooray Securities may suffer or incur as a result of the Client's use of the Electronic Trading Service, including any breach of this Clause 7 or breaches of security of the Electronic Trading Service (including any access or entry into any of Hooray Securities' other systems not covered by this Agreement), except to the extent such Losses are due to Hooray Securities' gross negligence or willful misconduct.

8. Authorized Person(s)

- 8.1 From time to time, the Client may appoint one or more Authorized Person(s) in relation to any matter regarding Hooray Securities' services and Hooray Securities' operations and to execute on the Client's behalf.
- 8.2 All appointments and revocations of appointment of Authorized Person(s) shall be delivered to Hooray Securities in writing and in such manner acceptable to Hooray Securities at its absolute discretion. Such appointment, revocation or amendment shall only be effective upon expiry of 7 Business Days upon receipt and/or sufficient time has elapsed to allow Hooray Securities to record the appointment, revocation or amendment on its operating system.
- 8.3 The Client shall ratify all acts and matters within the scope of the powers of the Authorized Person(s).
- 8.4 Hooray Securities shall be under no liability whatsoever in respect of any loss or damage which the Client may suffer or incur as a result of the acts or omissions of the Authorized Person(s). The Client shall be fully responsible for such acts or omissions of the Authorized Person(s) and agrees to keep Hooray Securities fully indemnified against all losses, costs, claims, damages or expenses which Hooray Securities may suffer or incur in connection with such acts or omissions of the Authorized Person(s) and in accepting this authority from the Client.
- 8.5 Nothing in this authority shall prejudice Hooray Securities' rights, powers and remedies and the Client's obligations and liabilities under this Agreement; and the Client shall be and continue to be fully bound by all terms and conditions contained in this Agreement.

8.6 In the event of the Client's death, the acts of the Authorized Person(s) shall be binding upon the Client's executor or administrator as the case may be and all other persons claiming from or under him/her until notice in writing of such death shall have been given to Hooray Securities.

9. Acting as the Client's agent

9.1 Hooray Securities will act as the Client's agent to effect Transactions on the Client's behalf unless Hooray Securities indicates (in the Securities Account Statement for the relevant Transaction or otherwise) that Hooray Securities is acting as principal.

9.2 Whenever Hooray Securities provides services to the Client under this Agreement, it will always be on the basis that only the Client is Hooray Securities' Client and so, if the Client acts on behalf of another person, whether or not that other person is identified to Hooray Securities, such person will not be Hooray Securities' Client and Hooray Securities does not and will not have or accept in any circumstances whatsoever any responsibility towards any person on whose behalf the Client may act and the Client hereby acknowledges and agrees that the Client shall be solely responsible for settling all liabilities resulting from Transactions affected pursuant to and in accordance with this Agreement in connection with or on behalf of any such person.

9.3 The Client agrees at Hooray Securities' request to take such actions as are necessary or in Hooray Securities' opinion desirable to ratify or confirm anything done by Hooray Securities (or on Hooray Securities' behalf) as the Client's agent or on the Client's behalf in the proper exercise of Hooray Securities' rights and powers in relation to the Account.

9.4 Without prejudice to the above, where the Client warrants that the Client is acting as agent for and on behalf of another:

- (a) in doing so the Client is expressly authorized by the Client's principal to instruct Hooray Securities in relation to the services to be provided in accordance with this Agreement;
- (b) the Client's principal will be jointly and severally liable with the Client to Hooray Securities in respect of all obligations to be performed by the Client pursuant to and in respect of such services; and
- (c) notwithstanding (b) above, the Client will nevertheless be jointly and severally liable to Hooray Securities with the Client's principal as if the Client were a principal in respect of all such obligations and liabilities.

10. Instructions

10.1 Hooray Securities shall be entitled to purchase and sell Securities for the Account upon receipt of Instructions given or that purported to be given by the Client or its Authorized Person but Hooray Securities may, at its discretion refuse to give effect to any Instructions and need not give reasons for such refusal.

10.2 Hooray Securities shall be entitled to accept and rely on any Instructions or communications, whether or not in writing, given or purported to be given by any Authorized Person whether given by telephone, through the internet or in writing or are given in accordance with the Access Code arrangements for access to and use of the Electronic Trading Service or which Hooray Securities believes to be genuine. The Client shall be responsible for and bound by all such Instructions or communications and Hooray Securities shall not be responsible for any loss, cost, claim, damage or expense incurred in respect of such Instructions or communications.

10.3 Hooray Securities may record all telephone conversations with the Client or any Authorized Person in order to verify the Instructions of the Client or any Authorized Person. The Client agrees to accept the contents of any such recording as final and conclusive evidence of the Instruction of the Client or the Authorized Person in case of dispute.

10.4 Once given, an Instruction may not be amended, cancelled or withdrawn, unless, at Hooray Securities' discretion, Hooray Securities agrees and confirms (by electronic means or in writing) that any specific Instruction be amended, cancelled or withdrawn. All Instructions (as understood and acted on by Hooray Securities in good faith), shall be irrevocable and binding on the Client whether given by the Client or by any other person. Hooray Securities shall have no obligations or duty to verify authenticity of any Instruction or the identity or authority of any person giving any Instruction, other than to verify the Access Code used to gain access to the Electronic Trading Service in the case of Instructions given through the Electronic Trading Service.

10.5 Hooray Securities may at Hooray Securities' discretion aggregate the Client's orders on the Client's behalf with similar orders for Hooray Securities' other clients or with Hooray Securities' own orders. However, priority will be given to satisfying Client's orders in any subsequent allocation, if all orders cannot be filled.

10.6 The Client agrees that Hooray Securities may (but shall not be obliged to) monitor electronically or record all or any Instructions. Any relevant electronic record or recording (or a transcript thereof) shall be conclusive evidence as between Hooray Securities and the Client of the contents and nature of such Instructions.

10.7 Hooray Securities shall not be responsible for 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 Hooray Securities' reasonable control.

11. Deposits to the Account

11.1 In respect of all deposits of funds into the Account, the Client shall:

- (a) arrange for the deposit of funds to Hooray Securities at its advised bank accounts;
- (b) deliver, mail or fax to Hooray Securities a copy of the relevant bank deposit receipt or advice stating clearly the Client's name and Account number; and
- (c) third-party deposit will not be accepted. Any exception is subject to prior management approval.

The Client acknowledges that the Account shall not be credited with funds until the funding received by Hooray Securities has been cleared.

11.2 In respect of deposits or transfers of Securities into the Account, the Client shall:

- (a) complete the Securities Settlement Instruction Form;
- (b) arrange for the delivery or transfer to Hooray Securities of the Securities described on the Securities Settlement Instruction Form.

The Client acknowledges that:

- (a) the Securities shall not be credited to the Account until Hooray Securities has received the Securities;
- (b) where Securities are to be transferred to Hooray Securities, the Client shall be responsible for processing the transfer from the transferring party to Hooray Securities;
- (c) all transfers, handling and custodian fees and charges incurred in relation to the deposit or transfer of Securities into the Account, for which the Client hereby undertakes to be responsible and which Hooray Securities is authorized to deduct from the Account.

12. Withdrawals from the Account

12.1 For all withdrawals of funds from the Account, the Client may make a verbal request, which the Client understands will be recorded under Hooray Securities' telephone recording system, or in writing, signed and sent to Hooray Securities. Hooray Securities shall only comply with such withdrawal instruction if there are sufficient available funds in the Account, less all amounts which Hooray Securities is entitled to deduct therefrom under any provision of this Agreement. Hooray Securities shall either issue a cheque payable to the Client or transfer the funds to the Client's bank account specified by the Client on the Account Opening Form or in such manner as may be agreed from time to time. The Client shall be responsible for any bank charges incurred. The Client acknowledges the risk associated with verbal Instructions given under this Clause and the indemnity under Clause 33 of this Section I.

12.2 Third-party withdrawal will not be accepted. Any exception is subject to prior management approval.

12.3 For all withdrawals or transfers of Securities from the Account, the Client shall complete the Securities Settlement Instruction Form or Physical Scrip Withdrawal Form. Upon receipt of such form, Hooray Securities shall arrange for the delivery to the Client or the transfer to another participant of HKSCC (as the Client shall request) of the Securities described on that form. The Client shall be solely responsible for instructing any relevant participant of HKSCC to receive Securities transferred from Hooray Securities and all handling and transfer fees and charges incurred shall be the Client's responsibility and Hooray Securities is authorized to deduct them from the Account.

13. Documentation

13.1 In respect of each Transaction for Securities entered into by Hooray Securities on the Client's behalf, Hooray Securities will send the Client by mail or by other electronic communication a Securities Account Statement specifying all relevant information required under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Cap. 571Q) under the Ordinance.

13.2 Every Transaction indicated or referred to in any notice, statement, confirmation or other electronic communication and every statement of account shall be deemed and treated as authorized and correct and as ratified and confirmed by the Client unless Hooray Securities shall receive from the Client written notice to the contrary within 7 Business Days after the date after such notice, statement, confirmation or other communication is deemed to have been received by the Client. The Client agrees to settle the Account with Hooray Securities on the terms set out in the Securities Account Statement from time to time. The Client further acknowledges not to treat Hooray Securities' confirmation telephone call as final notification or confirmation.

13.3 Where the Client is a Professional Investor, it agrees that Hooray Securities shall not be required to provide contract notes, statements of account and receipts to the Client pursuant to the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Cap. 571Q) and such agreement shall be valid from the date the Account is opened, but not if the Client specifically withdraws its agreement which it may do by giving notice to Hooray Securities.

14. Constraints on Transactions

The Client recognises that in addition to delays due to internet related factors, including those referred to in Clause 10.7 of this Section I, due to rapid market price changes and other market factors, there can sometimes be delays in dealing at particular quoted prices or "at best" or "at market". The Client accepts these constraints and agrees to accept and be bound by Transactions which take place pursuant

to this Agreement and agrees that Hooray Securities shall not be under any liability for any loss incurred as a result of such Transactions unless due to the willful default of any of Hooray Securities' employees or agents.

15. Duration of Orders and Requests

Unless the Client gives specific Instructions to Hooray Securities to the contrary, the Client acknowledges that all Instructions are good for the relevant Business Day only and that they will lapse at the end of the relevant official trading day of the Exchange in respect of which they are given.

16. Right of Disposal

16.1 Hooray Securities may without notice to the Client, in such manner as Hooray Securities sees fit, sell or realise any or all Securities or other property held in the Account, cancel any open orders for the purchase or sale of Securities or other property or realise any collateral deposited with Hooray Securities at any time if upon the occurrence of any of the following:

- (a) failure by the Client to deliver scrip or to pay for Securities purchased;
- (b) failure by the Client to pay Hooray Securities any amounts due or owing, on demand or to comply with any other of the Client's obligations under this Agreement;
- (c) failure to pay any Debts under Clause 29 within 2 Business Days of demand;
- (d) breach by the Client of any by-law, rule or regulation of the Exchange or any other stock exchange on which Hooray Securities conducts dealings on the Client's behalf at that time;
- (e) bankruptcy or winding-up petition is presented against the Client or a receiver appointed over the Client's property or business or the Client makes any arrangement or composition with the Client's creditors generally; or
- (f) any consent, authorization or board resolution required of the Client to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect.

16.2 Unless otherwise agreed, when Hooray Securities has executed a purchase or sell Transaction on the Client's behalf, the Client agrees that the Client will by the due settlement date pay Hooray Securities or credit to the Account for purchased Securities, or make good delivery of sold Securities to Hooray Securities, as the case may be. Unless otherwise agreed, should the Client fail to make such payment or delivery of Securities by the due date as mentioned above, Hooray Securities may in its absolute discretion and for the purpose of satisfying the Client's obligations to Hooray Securities: -

- (a) in the case of a purchase Transaction, transfer or sell such purchased Securities; and
- (b) in the case of a sale Transaction, borrow and/or purchase Securities in order to settle the Transaction.

16.3 The Client acknowledges and agrees that the Client will be responsible to Hooray Securities for any losses, costs, fees and expenses resulting from the Client's settlement failure.

16.4 If Hooray Securities exercises the above rights in this Clause 16, any sell proceeds may be applied:

- (a) first, in payment of all Hooray Securities' costs and expenses in connection therewith;
- (b) second, in settlement of any liabilities the Client may have to Hooray Securities; and
- (c) third, the balance (if any) shall be returned to the Client.

If such proceeds are insufficient to meet such liabilities, the Client shall on demand (notwithstanding that the payment date or other date originally stipulated for settlement may not then have arrived) pay Hooray Securities and indemnify and hold Hooray Securities harmless against any shortfall arising therefrom or in the Account together with interest thereon and all professional costs and expenses (including legal and other professional advisers fees) incurred by Hooray Securities in connection therewith.

17. Commissions and Charges

17.1 On all Transactions, the Client agrees to pay Hooray Securities' commissions at such rate or rates as Hooray Securities may from time to time notify the Client, orally or in writing, as being the rate or rates applicable to the Account, as well as applicable levies imposed by the Exchange, Clearing House, Financial Reporting Council or the SFC and all applicable stamp duties, charges, transfer fees, interest and other expenses in respect of the Account or any Transaction. Hooray Securities is authorized to deduct such commissions, charges, levies and duties from the Account. The Client will reimburse Hooray Securities on demand in respect of any deficiency arising therefrom, such commission brokerage, levies, taxes and all other charges and all fees and expenses of any brokers, agents and nominees engaged by Hooray Securities in connection with any Transactions conducted on behalf of and services rendered to the Client.

17.2 Information on rates of commission, brokerage, fees and charges can be obtained in hard copy at Hooray Securities' office and available at its website www.hooraysec.com.hk. The Client acknowledges that it has been supplied with a copy of the current Schedule of Services Charges.

17.3 The Client hereby expressly agrees that Hooray Securities, any of Hooray Securities' nominees, any of Hooray Securities' agents and/or any third party may receive and retain for Hooray Securities' benefit, their own benefit and/or any person's benefit and/or pay out to any party all or part of the commission, rebate or other fees arising out of Hooray Securities or them acting for the Client in effecting any Transaction or otherwise howsoever dealing with the Securities pursuant to the terms of this Agreement.

18. Payments

- 18.1 All payments by the Client for settlement of Transactions or otherwise in connection with this Agreement shall be made in cleared funds in the currency specified by Hooray Securities.
- 18.2 The Client acknowledges that Hooray Securities 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.
- 18.3 The Client acknowledges and understands it is the Client's primary responsibility to ensure that Hooray Securities has been notified of the payment made and that payment must be received (for value) by Hooray Securities by such date as Hooray Securities is notified of the payment through either the receipt of deposit slip, fund transfer remittance receipt etc.
- 18.4 Notwithstanding anything to the contrary herein contained:
- (a) Any payment made by, or on behalf of Hooray Securities (the "Payor") to, or for the benefit of, the Client (the "Payee") shall be made subject to any withholding or deduction imposed on such payment pursuant to or on account of FATCA or any other arrangements with foreign governments or regulators and no additional payment shall be required, nor any payment increased, on account of any such withholding or deduction. The Payor shall not be required to indemnify the Payee on account of any loss, liability or cost imposed as a result of, or otherwise arising from, such withholding or deduction;
 - (b) If the Payor is required to make any deduction or withholding pursuant to or on account of FATCA or any other arrangements with foreign governments or regulators in respect of any payment, and the Payor does not so deduct or withhold and a liability resulting from such failure to withhold or deduct is assessed directly against the Payor, then the Payee hereby agrees to indemnify the Payor therefor (notwithstanding any limitation on indemnification otherwise included in this Agreement) and to promptly pay to the Payor the amount of such liability. The Payee's indemnification obligation hereunder shall include any related liability for interest and, if the Payee has failed to provide the Payor, in a timely fashion, with sufficient information necessary for the Payor to determine whether and/or to what extent it is required to make any deduction or withholding pursuant to or on account of FATCA or any other arrangements with foreign governments or regulators, shall include any related liability for penalties; and
 - (c) The Payee hereby consents to the disclosure of information on the Payee by the Payor to local and foreign regulatory and/or tax authorities including those in the United States.

19. Dealings by Hooray Securities

- 19.1 Nothing herein contained shall restrict and prevent Hooray Securities or Hooray Securities' Associates from acting in any capacity for Hooray Securities or on behalf of any other person:
- (a) from purchasing, holding or dealing in any Securities for Hooray Securities or Hooray Securities' Associates account or for the account of Hooray Securities' other clients notwithstanding that similar Securities may be comprised in the Account;
 - (b) from purchasing for the Account Securities held by Hooray Securities or Hooray Securities' Associates for Hooray Securities or Hooray Securities' Associates account or for the account of Hooray Securities' other clients; or
 - (c) from purchasing for Hooray Securities' or Hooray Securities' Associates account or for the account of Hooray Securities' other clients Securities forming part of the Account.
- Neither Hooray Securities nor Hooray Securities' Associates shall be liable to account to the Client for any emoluments, commission, profits or any other benefits whatsoever resulting from Hooray Securities or Hooray Securities' Associates doing any of the aforementioned things.
- 19.2 Without prejudice to the foregoing, Hooray Securities and any of its Associates, directors, officers, employees or agents may trade on its/their own account(s) from time to time on any Exchange or in any markets.

20. Dealing with the Account

- 20.1 The Client agrees not to charge, pledge, allow to subsist any charge or pledge over, sell, grant an option over, or otherwise deal in any way with, or purport to sell, grant an option over or deal with, any Securities or cash forming part of the Account.
- 20.2 Hooray Securities may effect all Transactions directly on any Exchange where Hooray Securities is authorized to transact business and Hooray Securities may, at its option, deal on any Exchange indirectly through any other brokers or agents (including any broker or agent which is related to or an Associate of Hooray Securities) without any responsibility for any non-performance of such broker's or agent's failure to perform its duties and obligations or negligence, fraud, default or misconduct or act or omission.
- 20.3 The Client hereby represents and warrants to Hooray Securities that the Client has good and unencumbered title to all Securities which the Client instructs Hooray Securities to sell for the Account and undertakes to deliver scrip for such Securities in time for Hooray Securities to comply with the relevant rules of the relevant Exchange applicable thereto.

21. Short Selling

- 21.1 The Client confirms and undertakes that all of the Client's sell orders will be long sells and the Client undertakes to notify Hooray Securities when placing a "covered" sell order. The Client acknowledges that naked short selling is strictly prohibited under the Ordinance.
- 21.2 In respect of all orders designated as "short" (where such orders are permitted by applicable laws and regulations in the relevant jurisdictions), the Client warrants and represents that it has made adequate arrangements to obtain all equities necessary to cover the resulting short position by or before the applicable settlement time and will advise Hooray Securities of such arrangements at the time the order is processed by such entity, or that it will advise Hooray Securities that it has not made such arrangements and would like Hooray Securities to make such arrangements itself.

22. Client's Responsibility for Disclosure of Interests

The Client acknowledges and agrees that Hooray Securities shall not be responsible for advising or howsoever alerting the Client of any disclosure obligations howsoever arising or which may arise from any Instruction of the Client or as a result of any Transaction effected by Hooray Securities or from any holding of Securities or otherwise by or on behalf of the Client. Such obligations of disclosure are personal obligations of the Client and the sole responsibility of the Client to comply and acquaint himself/herself with. Hooray Securities shall not be obliged to give notice of holdings by or on behalf of the Client in any form or by any time limit save for any notice or statement to be issued by Hooray Securities as expressly set out in this Agreement. Hooray Securities shall not be liable for any losses suffered by the Client arising from any failure or delay by the Client or any other person to disclose interests in accordance with any such obligation nor any delay or default in notification to the Client as to the carrying into effect of any Instructions and the Client shall indemnify Hooray Securities for any losses arising from any such failure, delay or default which may be suffered or incurred by Hooray Securities.

23. New Issue Application

- 23.1 Whenever the Client requests and authorizes Hooray Securities (or Hooray Securities' nominee) to apply for Securities ("Application") in respect of a new listing and/or issue of Securities on the SEHK ("New Issue") on the Client's behalf and/or requests for financing from Hooray Securities ("IPO Financing") in respect of the Application, the Client represents and warrants and undertakes ("Undertakings") to Hooray Securities that:
- (a) the Client is eligible and has duly authorized Hooray Securities and Hooray Securities has the due authority to apply for the New Issue on behalf of the Client;
 - (b) (if the Application is made for the Client's own Account) no other application is being or will be made for the Client's Account by the Client or by anyone applying as the Client's agent or by any other person in respect of each New Issue;
 - (c) (if the Application is made by the Client as agent for the account of another person) no other application is being made by the Client as agent for or for the account of that person or by that person or by any other person as agent for that person in respect of each New Issue;
 - (d) the Client is fully entitled to make such Application and hold the Securities applied for and no breach of any law, regulation or other requirement in any part of the world will arise or result from the making or approval of any such Application;
 - (e) the Client will have, at the time of the Application and request for IPO Financing, read, understood, agreed and complied with all the terms and conditions governing the New Issue, including but not limited to those set out in the relevant prospectus(es)/offering document(s) and the application form(s) in respect of the New Issue;
 - (f) the Client gives to Hooray Securities all the undertakings, representations and warranties which an applicant under the New Issue is required to give; and
 - (g) the Client is NOT a director (executive or non-executive) /senior executive officer / associate of Hooray Securities or its subsidiary.
- 23.2 The Client acknowledges that, if an Application is made by an unlisted company that does not carry on any business other than dealing in shares and in respect of which the Client exercises control, such an Application shall be deemed one made for the Client's benefit.
- 23.3 The Client declares that the Client's Application through Hooray Securities will be the only application made and the only application intended by the Client to be made, for the Client's Account or for the persons for whose account the Client is applying. The Client understands that the foregoing declaration/representation will be relied upon by Hooray Securities in making the Application, and by the issuer in deciding whether to make allotment to such Application.
- 23.4 The Client hereby further acknowledges to Hooray Securities that:
- (a) the Application will be made by Hooray Securities, or other party / parties designated by Hooray Securities, as nominee on behalf of the Client subject to terms and conditions of the prospectus(es)/offering document(s) of the New Issue. Securities successfully applied for and allotted will be:
 - (i) registered in name of Hooray Securities or its nominee; and
 - (ii) pledged to Hooray Securities as security for the relevant Account through which an IPO Financing is applied for until the amounts due to Hooray Securities plus accrued interest, charges and costs, if any, are fully settled; and
 - (b) the Undertakings are intended to be and will be relied upon by Hooray Securities, from time to time and at any time, in deciding whether or not to make, as agent for the Client, any Application for the relevant Securities in the New Issue; and

- (c) the Undertakings are intended to be and will be relied upon by the issuer of the New Issue in deciding whether or not to make any allotment of Securities in response to the Application made by Hooray Securities as agent for the Client.

- 23.5 Each of the above undertaking, representation and warranty is true and complete and is repeated at the time of making an Application and request for IPO Financing in respect of each New Issue and shall remain true and complete throughout the Application and IPO Financing period.
- 23.6 Hooray Securities is authorized to enter into and give such undertakings, representations and warranties to, without limitation, the issuer of the Securities, sponsors, underwriters, placing agents, intermediaries, the Exchange and any regulatory body in reliance upon undertakings, representations and warranties given by the Client to Hooray Securities.
- 23.7 Hooray Securities is authorized to debit the relevant Account through which an IPO Financing is applied for at such time determined by Hooray Securities for the approved Application amount and relevant charges for such IPO Financing as may be notified to the Client by Hooray Securities and confirmed in oral or writing. Interest on amounts standing to the debit of the Account pursuant to the IPO Financing is chargeable by Hooray Securities and accrues at such interest rate specified by Hooray Securities in its sole discretion until the earlier of due payment in full of all such outstanding sums or allotment. The Client agrees to repay Hooray Securities all amounts owed by the Client to Hooray Securities, interest accrued thereon, charges and costs on demand.
- 23.8 Refund on an unsuccessful Application (or part thereof) will be applied firstly towards the repayment of the IPO Financing plus accrued interest, charges and costs, if any, on refund day of the relevant New Issue.
- 23.9 If and when Hooray Securities deems it necessary in its absolute discretion, Hooray Securities is hereby given the right of set-off (incorporating the power of sale) to be exercised by Hooray Securities at any time as Hooray Securities sees fit without notice to the Client. In particular, upon the failure to repay Hooray Securities on demand, the Client hereby authorizes Hooray Securities to dispose of the Securities allotted as Hooray Securities sees fit.
- 23.10 In the event of any deficiency after the sale of Securities whatsoever and howsoever arising, the Client agrees to make good and pay on demand to Hooray Securities such deficiency on a full indemnity basis. The Client will fully indemnify Hooray Securities and keep Hooray Securities fully indemnified, on a continuing basis, against any loss, damage, claim, liability, cost of expense arising out of or in connection with any breach by the Client of any of the Undertakings or any other provision herein.
- 23.11 Hooray Securities shall not be liable to the Client for any loss, expense, claim or liability whatsoever and howsoever arising in connection with any Application or IPO Financing (including any refusal to accept any Application or grant such IPO Financing).
- 23.12 Notwithstanding anything contained herein to the contrary and without prejudice to any other rights and powers of Hooray Securities herein contained or otherwise conferred by the laws of Hong Kong, the Client agrees and acknowledges that the provision of the IPO Financing is at Hooray Securities' sole discretion and subject to such terms and conditions as may be specified by Hooray Securities. Hooray Securities retains the right, without notice to the Client, to withdraw, stop or cancel any part or the whole of the IPO Financing at any time up to the moment when the Application is made. In the event of Hooray Securities exercising the aforesaid right, the IPO Financing (or any part thereof) shall automatically be withdrawn, stopped or cancelled, and the IPO Financing (or any part thereof) shall not thereafter be available to the Client.

24. Telephone Recording

Hooray Securities may record communications with the Client or any Authorized Person(s) and any such telephone recording will be property of Hooray Securities and constitute conclusive evidence of such communications.

25. Safekeeping of Securities

- 25.1 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 Hooray Securities, be credited to the Client's Account in accordance with the Securities and Futures (Client Securities) Rules (Cap. 571H). Where Securities form part of a larger holding of identical Securities held for Hooray Securities' 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.
- 25.2 Any Securities which are held by Hooray Securities for safekeeping may, at Hooray Securities' discretion:
- (a) (in the case of registrable Securities) be registered in the Client's name or in the name of Hooray Securities' nominee; or
 - (b) be deposited in a safe custody in a designated account with Hooray Securities' bankers or with any other institution which provides facilities for the safe custody of documents. In the case of Securities in Hong Kong, such institution shall be acceptable to the SFC as a provider of safe custody services.
- 25.3 In the case of a purchase Transaction, if the selling broker fails to deliver on the settlement date and Hooray Securities has to purchase Securities to settle the Transaction, Hooray Securities shall not be responsible to the Client for the costs of such purchase.

- 25.4 Hooray Securities and Hooray Securities' nominee may hold any Securities on behalf of the Client and are not bound to redeliver to the Client the identical Securities received from or purchased for the Client but may redeliver to the Client, at the office at which the Account is kept, Securities of like quantity, type and description.
- 25.5 (Applicable to cash securities trading account only) Hooray Securities does not have the Client's written authority under Section 7 of the Securities and Futures (Client Securities) Rules (Cap. 571H) under the Ordinance to:
- (a) deposit any of the Client's Securities with a banking institution as collateral for an advance or loan made to Hooray Securities, or with the Clearing House as collateral for the discharge of Hooray Securities' obligations under the clearing system; and
 - (b) borrow or lend any of the Client's Securities (unless prior written agreement has been entered between Hooray Securities and the Client); and
 - (c) otherwise part with possession (except to the Client or on the Client's instructions) of any of the Client's Securities for any purpose.
- 25.6 Hooray Securities may at any time require the Client to collect the Securities and documents of title thereto by 30 days' notice in writing. If the Client fails to collect the Securities and documents of title thereto from Hooray Securities within such period, Hooray Securities may, at Hooray Securities' discretion, sell all or any part of the Securities at such price and on such terms as Hooray Securities will determine whether by public auction, private treaty or tender without incurring any liability to the Client for any losses which may thereby arise. Hooray Securities' liability for such Securities shall be fully discharged upon payment to the Client from the proceeds of sale net of all expenses incurred in connection with the sell and other liabilities of the Client to Hooray Securities whether pursuant to this Agreement or otherwise to any of the Client's Account(s) with Hooray Securities.
- 25.7 Where the Client has appointed a person as the Client's agent to collect on the Client's behalf Securities and documents of title thereto from Hooray Securities delivery of Securities and documents of title thereto by Hooray Securities into the possession of such agent shall discharge in full Hooray Securities' responsibilities regarding such Securities. An acknowledgement of receipt signed by the Client's agent shall, in the absence of manifest error, constitute conclusive evidence against the Client that the Securities listed or referred to in the acknowledgement have been delivered into the possession of the Client notwithstanding that such agents may at the same time be Hooray Securities' employees or agents.
- 25.8 In relation to benefits accrued or losses incurred in respect of Securities in a pooled account, Hooray Securities shall credit or debit the Account with the proportion of such benefit or loss equal to the proportion of the total number or amount of Securities which shall comprise. Securities held on the Client's behalf. Where a fractional interest arises in respect of any security held in a pooled account, the Client hereby agrees that the benefit of and such entitlement to such fractional part interest shall accrue absolutely to Hooray Securities instead of the Client.
- 26. Interest on Overdue Amounts**
- The Client agrees to pay interest on all overdue amounts owing by the Client to Hooray Securities, after as well as before any judgment, at such rate and on such basis as Hooray Securities may from time to time notify the Client. Such interest shall accrue on a daily basis and be payable on the last day of each calendar month or upon demand by Hooray Securities.
- 27. Interest on Credit Balance**
- The Client agrees that no interest shall accrue for the Client's benefit on sums retained by Hooray Securities on the Client's behalf when the same are paid into the trust account. The rate(s) and other terms applicable to any monies held in such trust account on the Client's behalf shall be determined by Hooray Securities at Hooray Securities' discretion and shall be notified by Hooray Securities to the Client from time to time.
- 28. Monies in the Account**
- 28.1 Hooray Securities is authorized by the Client to deposit any cash balances in the Account with any financial institutions as Hooray Securities shall think fit and the Client hereby agrees that Hooray Securities shall be entitled to retain any interest amount on such deposit for its own benefit.
- 28.2 Subject to applicable laws and regulations, unless otherwise instructed by the Client, Hooray Securities shall pay within the time frame as stipulated in the Ordinance money received from or received on behalf of the Client into one or more designated trust accounts. Such trust accounts shall be maintained as required under the Securities and Futures (Client Money) Rules (Cap. 571I).
- 28.3 The Client agrees that any amounts received by Hooray Securities whether in the form of dividends, unpresented cheques, remittances or any other form whatsoever, where the owner or owners of such amounts cannot be identified or traced by Hooray Securities using reasonable efforts, will become Hooray Securities' property after a period of 6 years from the receipt of such amounts by Hooray Securities. The Client further agrees that once such amounts have become Hooray Securities' property in accordance with the Terms and Conditions, the Client shall have no claim whatsoever against Hooray Securities in respect of such amounts or any part thereof and the Client hereby waives any rights or claims whatsoever which the Client may have or acquire over such amounts or any part thereof.

29. Set-Off

Notwithstanding anything else in this Agreement, Hooray Securities shall be entitled to set off against any amount payable to the Client by Hooray Securities pursuant to this Agreement or on any other account whatsoever, any amounts owing by the Client to Hooray Securities ("Debts") whether pursuant to this Agreement or on any other account whatsoever (whether or not such amounts are due and payable and irrespective of the currency in which such amounts are denominated) and shall also be entitled to use any monies held in the Account in the discharge of such Debts.

30. Lien and Consolidation

30.1 Without prejudice and in addition to any general lien, right of set-off or similar right to which Hooray Securities may be entitled by law, any and all Securities, the dividends and other rights attached thereto and/or all other monies, funds, assets or properties belonging to the Client or in which the Client may have an interest, held or carried in the Account or any other accounts with Hooray Securities or which may be in the possession of Hooray Securities, whether for safe-keeping or otherwise, shall be subject to a general lien in Hooray Securities' favour, for the performance and discharge of the Client's indebtedness and obligations to Hooray Securities arising in respect of Hooray Securities' dealing in Securities for the Client.

30.2 Hooray Securities may, subject to applicable rules and regulations, sell such Securities or other properties, take all necessary actions in connection with such sell and utilise the proceeds to set-off and discharge all the Client's obligations to Hooray Securities regardless of whether any other person is interested therein or Hooray Securities has made advances in connection with such property.

30.3 Hooray Securities may, subject to applicable rules and regulations, at any time and without notice to the Client, notwithstanding any settlement of the Account or other matter whatsoever, combine or consolidate all or any accounts of the Client with Hooray Securities and set-off or transfer any sum standing to the credit of any one or more of such accounts in or towards satisfaction of any of the Client's indebtedness, obligations or liabilities to Hooray Securities on any other account 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.

31. Currency Exposure

For dealing in Securities and for cash settlement in currencies other than the Client's base currency, the Client acknowledges there may be profits or losses arising as a result of a fluctuation in exchange rates, which shall be entirely for the Client's account and risk.

32. Disclosure

32.1 Hooray Securities will keep information relating to the Client's Account confidential, but may disclose any of such information to the extent required by any applicable legal or regulatory requirement or if requested by any Exchange, the SFC or other regulatory or governmental authority (whether in Hong Kong or elsewhere), and may provide to such persons as are entitled, details of the Account and dealings in relation to the Account and the identity of any other person(s) beneficially interested therein including the name of the ultimate beneficiary/beneficiaries of the Account. The Client confirms that Hooray Securities will not be liable in any way to the Client (whether or not Hooray Securities is legally obliged to respond to such a request) for providing such information.

32.2 Nothing herein shall require Hooray Securities to disclose to the Client any fact or matter which comes to Hooray Securities' notice in the course of acting in any capacity for any other person.

32.3 The Client understands that Hooray Securities is subject to the Personal Data (Privacy) Ordinance of Hong Kong, which regulates the use of personal data concerning individuals. Further information on Hooray Securities' policies and practices relating to personal data is set out in Hooray Securities' Policy on Personal Data in force from time to time, the current version of which is set out in Section IV of these Terms and Conditions, and which the Client agrees will apply to himself/herself.

33. Liability and Indemnity

33.1 Neither Hooray Securities' nor any of Hooray Securities' officers, employees or agents shall be liable to the Client for any losses suffered by the Client arising out of or in connection with any act or omission in relation to the Account unless such loss results from the fraud, gross negligence or willful default of Hooray Securities or any of Hooray Securities' officers, employees or agents. The Client agrees to indemnify on demand Hooray Securities and Hooray Securities' officers, employees and agents against all losses arising out of or in connection with the lawful performance of Hooray Securities' or their duties or discretion in relation to the Account or arising out of or in connection with any such act or omission, except to the extent such losses are due to Hooray Securities' gross negligence or willful misconduct. For the avoidance of doubt, the Client agrees to indemnify Hooray Securities against all losses arising out of Hooray Securities' compliance with the Client's Instructions whether verbal or written.

33.2 If in relation to any Securities deposited with Hooray Securities which are not registered in the Client's name, any losses are suffered by Hooray Securities therefrom, the Client agrees to indemnify on demand Hooray Securities against any such losses and Hooray Securities is hereby authorized to deduct such losses from the Account.

34. Termination

- 34.1 Hooray Securities reserves the right to terminate this Agreement or to suspend or terminate all or any of the services rendered by Hooray Securities to the Client at any time without giving notice and reason.
- 34.2 The Client may end this Agreement by giving Hooray Securities written notice at any time. Such notice shall not affect any Transaction entered into by Hooray Securities prior to Hooray Securities' receipt of such notice.
- 34.3 Upon the happening of any of the termination events set out in Clause 34.4, Hooray Securities may, in its absolute discretion and without prejudice to any of its other rights, take one or more of the following actions with or without prior notice to the Client:
- (a) cancel any or all outstanding orders or any other commitments made on behalf of the Client;
 - (b) close any or all contracts between the Client and Hooray Securities, cover any short position with the Client through the purchase and/or borrowing of Securities on any Exchange or liquidate any long position with Hooray Securities through the sell and/or transferring of Securities on any Exchange;
 - (c) sell any or all Securities held or carried for or on behalf of the Client (including the Charged Securities) at such price as Hooray Securities may consider appropriate;
 - (d) combine or consolidate all or any of the accounts with Hooray Securities; or
 - (e) terminate this Agreement.
- 34.4 Termination events:
- (a) if the Client defaults in paying to Hooray Securities any margins or other sums and moneys due and payable under this Agreement in the currency and manner specified; or
 - (b) if the Client fails to observe or comply with any of the terms and conditions of this Agreement or any other agreement with Hooray Securities; or
 - (c) if the Client dies or become bankrupts; or
 - (d) a petition for bankruptcy, winding-up or similar relief is filed against the Client either by the Client or any other party; or
 - (e) upon the application for or appointment of a liquidator, receiver, trustee or similar official over all or, in the opinion of Hooray Securities, a material part of the Client's undertaking, property or assets; or
 - (f) if any expropriation, attachment, sequestration, or a distress, execution or other process is levied or enforced against, all or part of the Client's undertaking, property or assets; or
 - (g) if the Client is unable or admit inability to pay the Client's debts of whatever nature as they fall due; or
 - (h) if any other event occurs as a result of which Hooray Securities in good faith consider that the Client will not be able or is unwilling to meet any of the Client's obligations under this Agreement;
 - (i) any legal or regulatory requirement prohibits or renders it illegal for Hooray Securities to provide services to the Client;
 - (j) there has been a material adverse change in the circumstances relating to the Client, including its business or financial condition, legal status or capacity;
 - (k) the services Hooray Securities provides to the Client are being used or is suspected of being used for unlawful or dishonest activities such as illegal gambling, money laundering and terrorist financing;
 - (l) any representation undertaking or warranty made in respect of this Agreement including any certificate, statement or other document delivered to Hooray Securities being or becoming incorrect in any respect;
 - (m) any consents, authorizations, approvals, licenses or board resolutions required by the Client either to enter into and operate under this Agreement being wholly or partly amended, modified, revoked, withdrawn, suspended, terminated or otherwise failing to remain in full force and effect;
 - (n) the occurrence of any event, which, in the sole opinion of Hooray Securities, might jeopardize any of its rights under this Agreement.
- 34.5 Upon termination of this Agreement howsoever arising, all amounts due or owing by the Client to Hooray Securities hereunder shall become immediately due and payable. Hooray Securities shall immediately cease to have any obligations to provide any services or grant the Credit Facilities to the Client or to purchase or sell Securities on behalf of the Client.
- 34.6 Unless the Client shall have fully discharged all of the Client's liabilities and obligations to Hooray Securities, as soon as and in so far as is practicable upon termination of this Agreement, Hooray Securities shall sell, realise, redeem, liquidate or otherwise dispose of all or part of the Securities held or carried for or on behalf of the Client (including the Charged Securities) for such consideration and in such manner as Hooray Securities shall in its absolute discretion consider necessary to satisfy all indebtedness of the Client to Hooray Securities, at the Client's sole risk and cost but without incurring any liability whatsoever for any loss howsoever arising. Any cash proceeds of such sell upon receipt by Hooray Securities shall be credited to the Account, and thereafter the net credit balance on the Account (if any) shall be returned to the Client, after first deducting or providing for all costs, charges, fees and expenses (including legal expenses) incurred by Hooray Securities in such sell or realisation and all other moneys and sums due or owing (including all amounts outstanding under the Credit Facilities) and other liabilities accrued or accruing due to Hooray Securities and outstanding (whether actual or contingent, present or future or otherwise). All Securities not realised or disposed of together with any documents of title thereof in Hooray Securities' possession shall be delivered to the Client at the Client's sole expense.
- 34.7 If the proceeds of such sell are insufficient for such purpose, notwithstanding that the time originally stipulated for settlement may not then have arrived, the Client shall promptly upon demand pay to Hooray Securities and indemnify and hold Hooray Securities harmless

against any deficiency arising therefrom, together with interest thereon and all professional costs and expenses incurred by Hooray Securities in connection therewith and properly deductible by Hooray Securities from any funds of the Client in Hooray Securities' possession.

34.8 The Client shall be liable for the payment upon demand of any debt, balance or other obligations owing on any of the Account and shall be liable for any deficiency remaining in the Account in the event of the liquidation thereof, in whole or in part, by Hooray Securities or by the Client, together with interest thereon and all costs and expenses including legal expenses incurred by Hooray Securities in connection with such liquidation.

34.9 When this Agreement ends, Hooray Securities may charge the Client for:

- (a) periodic charges which have accrued and are due;
- (b) any additional expenses Hooray Securities or its agents necessarily incur on termination of this Agreement; and/or
- (c) any losses necessarily realised by Hooray Securities in settling or concluding outstanding obligations.

34.10 Termination of this Agreement is without prejudice to the accrued rights and liabilities of the parties.

35. Market misconduct

The Client undertakes to Hooray Securities that neither the Client (nor any of his/her Authorized Persons) will engage in, and that the Client has proper safeguards in place to prevent the Client's Authorized Person(s) from engaging in any activity which may constitute market misconduct under the Ordinance, and the Client further agrees to inform Hooray Securities immediately if the Client becomes aware of any activity by any person (including the Client's authorized signatories) that may result in the Client being involved in market misconduct.

36. Joint Account

If the Account is opened in two or more names or a partnership, the Client or each of the partners (as the case may be) represents and warrants that:

- (a) the Clients' liabilities hereunder shall be joint and several and each of the Clients shall have authority to exercise all the Clients' rights, powers and discretion hereunder and generally to deal with Hooray Securities as if each of the Clients alone were the sole Account holder, without notice to the other;
- (b) Hooray Securities may follow the Instructions of either/any of the Clients concerning the Account and make deliveries of Securities or payments of monies hereunder in accordance with the directions of either/any of the Clients. Hooray Securities shall be under no obligation to inquire into or to see to the application or disposition of such Securities or monies;
- (c) the Clients enter into this Agreement as joint tenants with right of survivorship and not as tenants-in-common. Upon the death of either/any of the Clients, the Clients' entire interest in the Account shall be vested in the survivor (who shall have full authority to give Instructions) but without releasing any liabilities of the deceased, which shall be enforceable against the Client's estate; and
- (d) upon the death of either/any of the Clients, the estate of the deceased and any survivor shall be liable, jointly and severally, to Hooray Securities for any debt or loss in the Account arising from completion of Transactions instructed prior to Hooray Securities' receipt of a written notice of such death.

37. Corporate Account

37.1 If the Account is opened by a body corporate, the Client certifies, represents and warrants that:

- (a) it is duly incorporated and validly existing under the laws of its place of incorporation and has full power to execute and perform its obligations under this Agreement and to incur any indebtedness hereunder; and
- (b) the certified copy resolutions approving the opening of the Account(s) were duly passed at a meeting of its directors duly convened and held in accordance with its constitutional documents and were entered in its minute book and are in full force and effect.

38. Individual Account

If the Account is opened by an individual, the Client represents and warrants that the Client is legally capable of validly entering into and performing this Agreement and that the Client has attained the age of 18 years and is of sound mind and legal competence and is not bankrupt.

39. Investor Compensation Fund

39.1 If Hooray Securities fails to meet obligations to the Client pursuant to this Agreement, the Client shall have a right to claim under the Compensation Fund established under the Ordinance, subject to the terms of the Compensation Fund from time to time.

39.2 The liability of the Compensation Fund as mentioned in Clause 39.1 will be restricted to valid claims as provided for in the Ordinance and the relevant subsidiary legislation, being qualifying clients (as defined in the Securities and Futures (Investor Compensation-Claims) Rules (Cap. 571T) and will be subject to the monetary limits specified in the Securities and Futures (Investor Compensation -

Compensation Limits) Rules (Cap. 571AC) and accordingly there can be no assurance that any pecuniary loss sustained by reason of such a default will necessarily be recouped from the Compensation Fund in full, in part or at all.

40. Complaints

If the Client has a complaint in respect of Hooray Securities' services, the Client should in the first instance write to the Complaint Officer at Hooray Securities' office address. This is without prejudice to the Client's right to complain to any relevant regulatory authority or other relevant body. If the Client wants to exercise this right, please let Hooray Securities know and Hooray Securities will send the relevant details to the Client.

41. Amendment

To the extent permitted by the law, Hooray Securities may from time to time amend any of the Terms and Conditions of this Agreement by notifying the Client in accordance with Clause 42 of this Section I. The Client acknowledges and agrees that if the Client does not accept any amendments as notified by Hooray Securities from time to time, the Client shall have the right to terminate this Agreement in accordance with Clause 34 of this Section I by notifying Hooray Securities in writing within 7 Business Days from the date of the Client's deemed receipt of the notice in accordance with Clause 42 of this Section I.

42. Notices and Communications

42.1 The Client agrees that all notices and other communications and documents required or permitted to be given in relation to the Account may be sent by personal delivery, by post, facsimile, e-mail or other electronic communications (including posting on Hooray Securities' website), or by prepaid post to the address, and marked for the attention of the person and otherwise in accordance with the details indicated in the Account Opening Form. All communications and documents so sent shall be deemed to have been received by the Client within 1 Business Day in the case of posting, upon delivery if personally delivered and upon a successful transmission message being obtained, if sent by facsimile, e-mail or other electronic transmission.

42.2 Where any written Instruction or any other written communication from the Client is given by e-mail or facsimile, the Client hereby irrevocably authorises Hooray Securities to accept such e-mail or facsimile message from the Client as the original Instruction or communication from the Client and the Client shall fully indemnify Hooray Securities on demand against all losses, damages, interest, costs, expenses, actions, demands, claims, proceedings whatsoever which Hooray Securities may incur, suffer or sustain as a result of or arising from Hooray Securities' acceptance, reliance on or acting upon those Instructions or communication.

43. Survivorship

The Terms and Conditions herein shall survive any changes or succession in the Client's/ Hooray Securities' business, including the Client's/ Hooray Securities' bankruptcy or death and shall be binding on the Client's/ Hooray Securities' successor(s), heirs, executors, administrators and personal representative(s).

44. No Waiver

Hooray Securities' failure to insist at any time upon strict compliance with any provision in this Agreement or any continued course of conduct on the Client's part shall not constitute or be considered a waiver generally or specifically of any of Hooray Securities' rights or privileges, unless such waiver is granted by Hooray Securities in writing.

45. Severability

If any provision of this Agreement shall be held to be invalid or unenforceable by any court or legal or regulatory body, such invalidity or unenforceability shall attach only to such provision. The validity of the remaining provisions shall not be affected and this Agreement shall take effect and be construed as if such invalid or unenforceable provisions were not contained herein.

46. Assignment

This Agreement shall not be assigned by the Client. Hooray Securities may, without the Client's consent, assign or transfer any or all of its rights, title or interest under this Agreement and in the Account to any person, firm or corporation which may carry on business in succession to Hooray Securities or to any of Hooray Securities' Associates.

47. Force Majeure

The Client agrees that Hooray Securities and Hooray Securities' directors, officers, employees and agents shall not be liable for any delay or failure to perform any of Hooray Securities' obligations hereunder or for any losses caused directly or indirectly by any condition or circumstances over which Hooray Securities, Hooray Securities' 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, unauthorized access, theft, war (whether declared or not), severe weather, earthquakes and strikes.

48. Suitability

If Hooray Securities solicits the sale of or recommend any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document Hooray Securities may ask the Client to sign and no statement Hooray Securities may ask the Client to make derogates from this Clause. For the purpose this Clause, "financial product" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. Regarding "leveraged foreign exchange contracts", it is only applicable to those traded by persons licensed for Type 3 regulated activity.

49. Material Changes

The Client will notify Hooray Securities of material changes in respect of the Client's information provided or personal circumstances or business, which may affect the services Hooray Securities provides to the Client, in accordance with Clause 42 of this Section I. Hooray Securities will notify the Client in respect of material changes of the company's information such as the full name, address, licensing status and the CE number with the SFC, nature of services to be provided or available to the Client and significant revision of fees and charges.

50. Residence Status

Client or its Authorized Person agree to notify Hooray Securities in the event that the United States residency status changes.

51. Governing Law and Jurisdiction

51.1 This Agreement and all Instructions given shall be deemed to have been made in Hong Kong and shall be governed by and shall be enforced in accordance with the laws of Hong Kong.

51.2 The parties irrevocably agree that the courts of Hong Kong are to have exclusive jurisdiction, and that no other court is to have jurisdiction to:

- (a) determine any claim, dispute or difference arising out of or in connection with this Agreement ("Proceedings"); and
- (b) grant interim remedies, or other provisional or protective relief.

The parties irrevocably submit to the exclusive jurisdiction of such courts and waive any objection on the ground of venue or that the proceedings have been brought in an inconvenient forum. Accordingly, any Proceedings may be brought against a party or its assets in such courts.

52. Time is of the essence

Time shall be of essence of the performance of the Client's obligations under this Agreement.

53. Language

In the event that there is inconsistency or conflict between the English version and the Chinese version of this Agreement, the English version shall prevail.

54. Contracts (Rights of Third Parties) Ordinance

The parties to this Agreement do not intend any of the terms of this Agreement to be enforceable pursuant to the Contracts (Rights of Third Parties) Ordinance by any person or entity who is not a party to this Agreement.

SECTION II: ADDITIONAL TERMS AND CONDITIONS FOR MARGIN SECURITIES ACCOUNT

The provisions contained in this Section II shall, in conjunction with other Sections of these Terms and Conditions, apply to Margin Securities Account. In the event of any inconsistency between this Section II and other Sections of these Terms and Conditions, this Section II shall prevail insofar as the inconsistency relates to Margin Securities Account.

1. Application and Definitions

- 1.1 Unless otherwise defined, terms and references defined or construed in Section I of these Terms and Conditions shall have the same meaning and construction when used in this Section II. In addition, in this Section II, the following terms shall have the following meaning unless the context otherwise requires.

"Charge" means the charge over the Collateral constituted by Clause 4.1 of this Section II and "Charged" shall have the same meaning accordingly;

"Collateral" means such assets of the Client charged to Hooray Securities as continuing security for the Margin Facilities granted by Hooray Securities and for performance of all obligations of the Client to Hooray Securities from time to time pursuant to this Agreement, as more particularly described in Clause 4.1 of this Section II;

"Facility Limit" means the maximum aggregate principal amount to be made available by Hooray Securities to the Client under the Margin Facilities as may be determined by Hooray Securities from time to time;

"Marginable Value" means the market value of Collateral multiplied by the prescribed margin of finance of respective Securities, which will be notified to the Client from time to time and subject to change at Hooray Securities' sole discretion without notice to the Client.

2. Amount of the Margin Facilities

- 2.1 Subject to Clause 3.2 of this Section II and the terms and conditions of this Agreement, Hooray Securities hereby agrees to grant to the Client on the Margin Securities Account the Margin Facilities up to the Facility Limit determined by Hooray Securities and notified to the Client from time to time.
- 2.2 Hooray Securities reserves the right, at its absolute discretion at any time by notice to the Client, to modify the Facility Limit, to cancel or terminate the Margin Facilities and to demand immediate payment of all moneys and sums, whether principal, interest or otherwise, then due or owing from the Client. Further, Hooray Securities may at any time refuse to grant or make available to the Client any of the Margin Facilities notwithstanding that the Facility Limit applicable for the time being has not been exceeded and without the need to give reasons therefor.
- 2.3 The purpose of the Margin Facilities is to finance the purchase of Securities which the Client instructs and authorizes Hooray Securities to purchase as agent for or on account of the Client upon and subject to the conditions of this Agreement.
- 2.4 The Client hereby irrevocably ratifies and confirms any and all acts or omissions of Hooray Securities in the performance of its duties under or pursuant to this Agreement.

3. Grant, Condition and Amount of the Margin Facilities

- 3.1 Each advance under the Margin Facilities shall be made by Hooray Securities to the Client upon the making of any purchase of Securities as of the settlement date customarily set by the Exchange upon which the Securities are traded.
- 3.2 Without prejudice to the provisions of Clause 2.1 of this Section II and within the limit as from time to time notified to the Client by Hooray Securities, the maximum aggregate amount outstanding at any time under the Margin Facilities shall not be more than the aggregate Marginable Value of the Collateral.

4. Collateral

- 4.1 In consideration of Hooray Securities granting or continuing to make available the Margin Facilities to the Client, the Client, as beneficial owner hereby charges, assigns and releases to Hooray Securities the following assets of the Client (as Collateral) as continuing security for the punctual payment to Hooray Securities on the respective due dates of all amounts outstanding under the Margin Facilities and all other moneys and sums due or owing from the Client to Hooray Securities from time to time pursuant to this Agreement and for the performance of all the obligations of the Client to Hooray Securities from time to time pursuant to this Agreement:-

- (a) all the Client's rights, title and interest in and to the Securities which shall at any time hereafter and from time to time be purchased or held by Hooray Securities or its nominee for or on account of the Client pursuant to this Agreement and any Securities deposited with Hooray Securities whether pursuant to Clause 5.1 of this Section II or otherwise, together with all dividends or interest paid or payable after the date hereof on or in respect of any of such Securities and all accretions thereto by way of bonus, distributions, options, rights or otherwise howsoever accruing or offered at any time hereafter (together the

"Charged Securities"); and

- (b) all and any funds standing to the credit of the Margin Securities Account and all funds held by Hooray Securities for or on account of the Client from time to time.
- 4.2 Hooray Securities is hereby irrevocably authorized to hold the Charged Securities in its own name or in the name of its nominee or be deposited in a safe custody in a designated account with its bankers or with any other institution which provides facilities for the safe custody of documents. In the case of Securities in Hong Kong, such institution shall be acceptable to the SFC as a provider of safe custody services and the Client hereby irrevocably authorizes Hooray Securities to do and execute any and all acts or things and documents necessary to transfer, complete and/or vest title to all of the Charged Securities to it or its nominee and to do all such things and execute all such documents as it may reasonably require in order to perfect the security given hereunder.
- 4.3 The security given by the Client hereunder shall be in addition to and may be enforced by Hooray Securities without prejudice to any other guarantee, pledge, lien, indemnity, assurance, mortgage, charge, debenture or collateral security or other power, right or remedy now or at any time hereafter held or available to Hooray Securities in respect of the Margin Facilities or the obligations of the Client hereunder and shall be a continuing security notwithstanding the death, bankruptcy, liquidation, winding-up, insolvency, incapacity or any change in the constitution of the Client or any intermediate or partial payment or settlement of account or satisfaction of the whole or any part of the amounts outstanding under the Margin Facilities or any obligations of the Client under this Agreement.
- 4.4 The Client hereby irrevocably undertakes to Hooray Securities that all the Client's rights, title and interest in and to the Collateral will at all relevant times constitute the legal and unencumbered property of the Client free from any trust, lien, charge, mortgage, pledge or other encumbrance (save as created or required hereunder). The Client shall provide Hooray Securities with signed transfers or other instruments necessary for Hooray Securities to exercise its rights under this Agreement.
- 4.5 All dividends, interests, income, payments or other distributions received by Hooray Securities in respect of the Charged Securities will be credited to the Margin Securities Account on receipt by Hooray Securities.
- 4.6 (a) The Client hereby represents and warrants to Hooray Securities that during the continuance of the Charge:
- (i) the Client has and will maintain unencumbered and absolute title to the Charged Securities (subject only to the Charge);
 - (ii) the Charge constitutes and will continue to constitute the valid and legally binding obligations of the Client enforceable in accordance with its terms.
- (b) The Client hereby undertakes and agrees that during the continuance of the Charge, the Client shall:
- (i) not mortgage, charge, pledge or otherwise encumber or assign, transfer or otherwise deal with or grant or suffer to arise any third party rights over or against the whole or any part of the Collateral or purport so to do ranking in priority to or pari passu with the Charge, except in Hooray Securities' favour;
 - (ii) deposit with Hooray Securities or to its order, at such place as Hooray Securities may from time to time direct, all certificates, instruments and evidence of title to the Charged Securities, together, where appropriate, with all such necessary forms of transfer or other instructions, duly executed in favour of Hooray Securities, as Hooray Securities may from time to time require;
 - (iii) at any time and from time to time, execute and deliver such further assignments, charges, authorities and other documents as Hooray Securities may from time to time require for perfecting its title to or for vesting or enabling Hooray Securities to vest the full benefit of the Collateral in its favour, which assignments, charges, authorities and other documents shall be prepared by Hooray Securities or on its behalf, at the cost of the Client, and shall contain such provisions for Hooray Securities' benefit as Hooray Securities may reasonably require, for which purposes the Client hereby irrevocably appoints Hooray Securities as the Client's lawful attorney; and
 - (iv) obtain and maintain in full force and effect all governmental and other approvals, authorities, licenses and consents required in connection with the Charge and to do or cause to be done all other acts and things necessary or desirable for the performance of all the obligations of the Client pursuant to this Agreement.
- 4.7 So long as there exist any indebtedness to Hooray Securities on the part of the Client, Hooray Securities shall be entitled at any time to refuse any withdrawal of any or all of the Collateral. The Client shall obtain a prior consent of Hooray Securities entitling him to withdraw any Collateral in part or in whole from the Client's Account. The amounts (less brokerage commission and other relevant transaction charges) received by Hooray Securities for or on account of the Client from the sale of securities shall firstly be paid to the credit of the Margin Securities Account towards the repayment of any amount outstanding under the Margin Facility.

5. Margin Position

- 5.1 The Client shall maintain at all times the level of margin position ("Margin Position"), which for the purposes of this Agreement shall mean the aggregate Marginable Value of the Collateral, being equal to or more than the aggregate amount outstanding under the Margin Facilities. Without prejudice to the other rights of Hooray Securities and the obligations of the Client under this Agreement, if at any time, the Margin Position shall be less than such amount outstanding and notified by Hooray Securities to the Client from time to time, the Client shall forthwith upon demand from Hooray Securities transfer or otherwise deposit with Hooray Securities additional Securities to be Charged in favor of Hooray Securities pursuant to the terms of this Agreement to form part of the Charged Securities or, alternatively, deposit cash in the Margin Securities Account to satisfy such requirement of Hooray Securities or to reduce the aggregate amount

outstanding under the Margin Facilities to a level satisfactory to Hooray Securities within the time specified by Hooray Securities (referred to as a “Margin Call”).

- 5.2 (a) Without prejudice to Clause 34 of Section I of these Terms and Conditions, unless the Margin Call is fully satisfied within the time specified, Hooray Securities shall have no obligation to effect or respond to the Client’s instruction for the purchase or sell of Securities. Hooray Securities may without demand, notice, legal process or other action at any time thereafter terminate the Margin Facilities and sell, realise, redeem or liquidate, as appropriate, such of the Charged Securities or any part thereof as Hooray Securities in its absolute discretion thinks fit, free from all trusts, claims, rights of redemption and equities of the Client; and
- (b) any proceeds resulting from such sell, realisation, redemption or liquidation shall be deposited in the Margin Securities Account and be set off in reduction of the aggregate amount outstanding under the Margin Facilities until the Margin Position shall be maintained equal to or more than the amount outstanding under Margin Facilities. Hooray Securities shall have no responsibility, liability or obligation to ensure that only the exact amount of the Charged Securities needed to achieve such Margin Position shall be sold or otherwise realised. The Client shall not have any right or claim against Hooray Securities in respect of any loss arising out of any such sell or realisation, howsoever such loss may have been caused, and whether or not a better price could or might have been obtained on such sell or realisation of the Charged Securities or any part thereof by either deferring or advancing the date of such sell or realisation or otherwise.
- 5.3 For the purpose of a Margin Call, Hooray Securities shall use its best endeavor to contact the Client promptly by phone and/or by sending to the Client a Margin Call notice by post, fax, SMS, email or otherwise with the contact information provided. The Client agrees that he shall be deemed to have been properly notified of the Margin Call even if Hooray Securities fails to contact him by phone or the Client fails to receive the written notice.
- 5.4 Hooray Securities’ rights in Clause 5.2 above are without prejudice to, and are in addition to, any other actions or proceedings that Hooray Securities may take against the Client.
- 5.5 For the purposes of this Clause and Clause 3.2 of this Section II, that part of the market value of the Collateral attributable to the Charged Securities shall be conclusively determined by Hooray Securities to be the lower of (i) the closing prices of the Charged Securities on the relevant Exchanges on the day prior to the date on which each such valuation is made (or if the Exchanges are not open on that day, then the last day prior to such date on which they were open) or the selling prices of the Charged Securities on the relevant Exchanges at the relevant time on the date of valuation, or (ii) such prices of the Charges Securities as determined by Hooray Securities in its absolute discretion to be the relevant market value of the Charged Securities.
- 5.6 Whenever and for so long as the Margin Position shall fall below the amount outstanding under Margin Facilities and notwithstanding and without prejudice to the other provisions of this Agreement, Hooray Securities shall have no obligations whatsoever hereunder to grant the Margin Facilities to the Client or to execute the Client’s Instructions to purchase or sell any Securities pursuant to the terms of this Agreement.

6. Interest

The Client agrees to pay interest on the aggregate amount outstanding under the Margin Facilities at such rates and on such basis as decided and demanded by Hooray Securities from time to time. Such interest shall accrue in arrears on a daily basis and be debited to the Margin Securities Account on the last day of each calendar month or upon demand by Hooray Securities. Such interest charges may be deducted by Hooray Securities from the Margin Securities Account or any other account of the Client with Hooray Securities.

7. Standing Authority (Client Securities)

- 7.1 The Client hereby authorizes Hooray Securities, under section 7(2) of the Securities and Futures (Client Securities) Rules (Cap. 571H) under the Ordinance, to: -
- (a) apply any of the Charged Securities pursuant to a securities borrowing and lending agreement;
- (b) deposit any of the Charged Securities with an authorized financial institution as collateral for financial accommodation provided to Hooray Securities;
- (c) deposit any of the Charged Securities with (i) a recognized clearing house; or (ii) another intermediary licensed or registered for dealing in securities as collateral for the discharge and satisfaction of Hooray Securities’ settlement obligations and liabilities.
- 7.2 Hooray Securities may do any of the above acts under this Clause 7 without giving notice to the Client.
- 7.3 The Client acknowledges that any consideration payable by or to the Client for the borrowing, lending or deposit of such Charged Securities under this standing authority is to be set by separate treaty.
- 7.4 In consideration of Hooray Securities agreeing to act in accordance with this Clause 7, the Client undertakes to keep Hooray Securities indemnified at all times against and to hold Hooray Securities harmless from all actions, proceedings, claims, damages, costs and expenses which may be brought against Hooray Securities or suffered or incurred by Hooray Securities and which shall have arisen either directly or indirectly from Hooray Securities so acting.

- 7.5 The standing authority given by the Client under this Clause 7 is revocable by giving a written notice to Hooray Securities in not less than 5 business days prior provided that the Client has fully settled the Client's indebtedness to Hooray Securities.
- 7.6 Such authorization which is not revoked prior to its expiry may be renewed or shall be deemed to have been renewed for further 12 months upon the same terms and conditions as specified above in accordance with the relevant rules under the SFO. Hooray Securities shall give written confirmation on such automatic renewal to the Client within 1 week after the date of expiry.

SECTION III: RISK DISCLOSURE STATEMENTS

Unless otherwise defined, terms and references defined or construed in Section I of these Terms and Conditions shall have the same meaning and construction when used in this Section III.

The Client understands, acknowledges and accepts that:-

1. Risk of Securities Trading

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up and down, and may become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.

2. Risk of Leaving Securities with Hooray Securities

There may be risks in leaving securities in Hooray Securities' safekeeping. For example, if Hooray Securities is holding the Client's securities and Hooray Securities becomes insolvent, the Client may experience significant delay in recovering the securities. This is a risk that the Client is prepared to accept.

3. Risk of Providing an Authority to Hold Mail or to Direct Mail to Third Parties

If the Client provides Hooray Securities 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 account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

4. Risk of Client Assets Received or Held Outside Hong Kong

Client's assets received or held by Hooray Securities outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Ordinance and the rules made thereunder. Consequently, such assets may not enjoy the same protection as that conferred on the Client's assets received or held in Hong Kong.

5. Risk of Trading Growth Enterprise Market ("GEM") Stocks

GEM stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid.

The Client should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Current information on GEM stocks may only be found on the internet website operated by the SEHK. GEM companies are usually not required to issue paid announcements in gazetted newspapers.

The Client should seek independent professional advice if the Client is uncertain of or has not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

6. Risk of Trading Nasdaq-Amex Securities at the SEHK

The securities under the NASDAQ-Amex Pilot Program ("PP") are aimed at sophisticated investors. The Client should consult the Client's dealer 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 the GEM of the SEHK.

7. Risk of Trading Equity-Linked Instrument

The risk of loss in an equity-linked instrument may be substantial in certain circumstances. The Client should not deal in them unless the Client understands the nature of the transactions the Client is entering into and the extent of the Client's exposure to risk. The Client should carefully consider whether the transactions are suitable for the Client in the light of the Client's circumstances and financial position.

The interest which may become payable on an equity-linked instrument is generally higher than the interest on an ordinary time deposit. However, this carries with equity risk. The Client accepts a legal obligation to take the underlying instrument at the pre-agreed conversion price instead of receiving the principal of the equity-linked instrument, if the price of the underlying instrument falls below the conversion price. The Client shall therefore receive an instrument that has fallen in value. The Client shall lose the entire principal or deposit if the underlying instrument becomes worthless.

Equity-linked instrument may be "non-transferable" and it may be impossible for the Client to close out or liquidate them.

Any recommendation or information given by Hooray Securities to the Client is for the Client's reference only. Reliance on such recommendation or information is at the Client's own risk. Hooray Securities makes no representations regarding the performance of the Client's investment or regarding any recommendation or information given by Hooray Securities to the Client. The Client confirms to Hooray Securities that the Client has sufficient knowledge and experience to be able to evaluate the merits and risks of entering into each equity-linked instrument, is acting in reliance solely upon the Client's own judgment or upon professional advice obtained independently of Hooray Securities as to those merits and risks (including, where relevant, the tax and accounting treatment of each equity-linked instrument) and are not relying upon Hooray Securities' views or advice.

8. Risk of Margin Trading

The risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of the Client's cash and any other assets deposited as collateral with Hooray Securities. Market conditions may make it impossible to execute contingent orders such as "stop-loss" or "stop-limit" orders. The Client may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payment 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 Client's account and interest charged on the Client's account. 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.

9. Risk of Providing an Authority to Repledge the Client's Securities Collateral etc.

There is risk if the Client provides Hooray Securities with an authority that allows Hooray Securities to apply 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 Hooray Securities in Hong Kong, the above arrangement is allowed only if the Client consents 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 written consent) if Hooray Securities issues to 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 Client's then existing authority.

The Client is not required by any law to sign these authorities. But an authority may be required by Hooray Securities, for example, to facilitate margin lending to the Client or to allow the Client's securities or securities collateral to be lent to or deposited as collateral with third parties. Hooray Securities 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 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's securities or securities collateral. Although Hooray Securities 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 the Client's securities or securities collateral.

A cash securities account not involving securities borrowing and lending is available from Hooray Securities. 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 does not need to sign the above authorities and may ask to open this type of cash securities account.

10. Risk of Trading and Transmission of Data through Electronic Means

All electronic channel and internet is, due to unpredictable traffic congestion and other reasons, an inherently unreliable medium of communication and such unreliability is beyond Hooray Securities' control. The Client acknowledges that, as a result of such unreliability, there are security risks and risks of failure or delay in the transmission and receipt of instructions and other information and that may result in an influence on integrity and privacy of data, failure or delay in the execution of instructions and/or the execution of instructions at prices different from those prevailing at the time the instructions were given.

The Client further acknowledges and agrees that there are risks of interception of instructions as well as of misunderstanding or errors in any communications and such risks shall be absolutely borne by the Client.

The Client acknowledges and agrees that it is not usually possible to cancel an instruction after it has been given. The Client understands and agrees to bear all risks involved in trade and transaction entered through electronic means.

11. Risk of Trading Facilities

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 participant firms. Such limits may vary. The Client should ask Hooray Securities for details in this respect.

12. Risk of Electronic Trading

Trading on an electronic trading system may differ from trading on other electronic trading system. 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. The result of any system failure may be that the Client's order is either not executed according to the Client's instructions or is not executed at all.

13. Risk of Receiving Statement of Accounts through Electronic Channel ("eStatement")

The Client is advised to:

- (a) inform Hooray Securities as soon as practicable upon a change in the designated email address;
- (b) promptly review the eStatement upon receiving the email from Hooray Securities to ensure that any errors are detected and reported to Hooray Securities as soon as practicable; and
- (c) save an electronic copy in the Client's own computer storage or print a hard copy of the eStatements for future reference.

14. Risks Associated with Structured Products

- (a) Issuer default risk:

In the event that a structured product issuer becomes insolvent and defaults on their listed securities, the Client will be considered as unsecured creditor and will have no preferential claims to any assets held by the issuer. The Client should therefore pay close attention to the financial strength and credit worthiness of structured product issuers.

- (b) Uncollateralised product risk:

Uncollateralised structured products are not asset-backed. In the event of issuer bankruptcy, Clients can lose their entire investment. The Client should read the listing documents to determine if a product is uncollateralised.

- (c) Gearing risk:

Structured products such as derivative warrants and callable bull/bear contracts (CBBCs) are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. The Client should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.

- (d) Expiry considerations:

Structured products have an expiry date after which the issue may become worthless. The Client should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

- (e) Extraordinary price movements:

The price of a structured product 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.

- (f) Foreign exchange risk:

Clients trading structured products 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, also affecting the structured product price.

- (g) Liquidity risk:

SEHK requires all structured product 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 fulfil its role, the Client may not be able to purchase or sell the product until a new liquidity provider has been assigned.

15. Risk involving in trading Derivative Warrants

Derivative warrant trading involves high risks and is not suitable for every investor. The Client should understand and consider the following risks before trading in derivative warrants:

(a) Issuer Risk

Derivative warrant holders are unsecured creditors of an issuer and have no preferential claim to any assets the issuer may hold. Therefore, the Client is exposed to credit risk in respect of the issuer.

(b) Gearing Risk

Although derivative warrants may cost a fraction of the price of the underlying assets, a derivative warrant may change in value more or less rapidly than the underlying asset. In the worst case, the value of the derivative warrants may fall to zero and holders may lose their entire purchase price.

(c) Limited Life

Unlike stocks, derivative warrants have an expiry date and therefore a limited lifespan. Unless the derivative warrants are in-the-money, they become worthless at expiration.

(d) Time Decay

One should be aware that other factors being equal the value of derivative warrants will decrease over time. Therefore, derivative warrants should never be viewed as products that are bought and held as long term investments.

(e) Volatility

Other factors being equal, an increase in the volatility of the underlying asset should lead to a higher warrant price, and subsequently a decrease in volatility should lead to a lower derivative warrant price.

(f) Market Forces

In addition to the basic factors that determine the theoretical price of a derivative warrant, derivative warrant prices are also affected by all other prevailing market forces including the demand for and supply of the derivative warrants. Supply and demand forces may be greatest when a derivative warrant issue is almost sold out and when issuers make further issues of an existing derivative warrant issue.

16. Risk involving in trading Callable Bull/Bear Contracts (“CBBC”)

(a) Mandatory call

CBBC are a type of leverage investment. They may involve a higher degree of risk and are not suitable for all types of investors. Clients should consider their risk appetite prior to buying CBBC. In any case, one should not trade in CBBC unless he/she understands the nature of the product and is prepared to lose the total amount invested, since a CBBC will be called by the issuer when the price of the underlying assets hits the Call Price, and that CBBC will expire early. The payoff for Category N CBBC will be zero when they expire early. When Category R CBBC expire early, the holder may receive a small residual value payment, but there may be no residual value payment in some situations. Dealers may charge their clients a service fee for the collection of the residual value payment from the respective issuers.

In general, the larger the buffer between the call price and the spot price of the underlying assets, the lower the probability of the CBBC being called, since the underlying assets of that CBBC would have to experience a larger movement in their price before it is called. However, the larger the buffer, the lower the leverage effect.

Once the CBBC is called, even though the underlying assets may bounce back in the right direction from the Client’s point of view, the CBBC which has been called will not be revived and the Client will not be able to profit from the bounce-back.

Besides, the Mandatory Call Event (“MCE”) of a CBBC with underlying assets overseas may be triggered outside the HKEx’s trading hours.

(b) Gearing effects

Since a CBBC is a leveraged product, the percentage change in the price of a CBBC is greater compared with that of the underlying asset. The Client may suffer higher losses in percentage terms if they expect the price of the underlying assets to move one way but it moves in the opposite direction.

(c) Limited Life

A CBBC has a limited lifespan, as denoted by the fixed expiry date, of three months to five years. The life of a CBBC may be shorter if called before the fixed expiry date. The price of a CBBC fluctuates with the changes in the price of the underlying assets. A CBBC may become worthless after expiry or if the CBBC has been called early.

(d) Movement of underlying assets' price

Although the price of a CBBC tends to follow closely the price of its underlying assets, in some situations it may not (i.e. delta may not always be close to one). The price of a CBBC is affected by a number of factors, including demand for the CBBC and the supply, funding costs and time to expiry. Moreover, the delta for a particular CBBC may not always be close to one, in particular when the price of the underlying assets is close to the Call Price.

(e) Liquidity

Although CBBCs have liquidity providers, there is no guarantee that the Client will be able to purchase or sell CBBC at their target prices any time they wish.

(f) Funding cost

When a CBBC is called, the CBBC holders will lose the funding cost for the full period, since the funding cost is built into the CBBC price upfront at launch, even though the actual period of funding for the CBBC turns out to be shorter when there is an MCE. In any case, the Client should note that the funding costs of a CBBC after launch may vary during its life and the liquidity provider is not obliged to provide a quote for the CBBC based on the theoretical calculation of the funding costs for that CBBC at launch.

(g) Trading of CBBC close to Call Price

When the underlying assets are trading close to the call price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result.

All trades executed after an MCE (i.e. Post MCE Trades) will not be recognized and will be cancelled. Since there may be a time lapse between the MCE and termination of trading of the CBBC, some Post MCE Trades may be cancelled even though they may have been confirmed by brokers. Clients should therefore apply special caution when a CBBC is trading close to the call price.

(h) CBBC with overseas underlying assets

Clients trading CBBC with overseas underlying assets are exposed to an exchange rate risk as the price and cash settlement amount of the CBBC are converted from a foreign currency into Hong Kong dollars. Exchange rates between currencies are determined by supply and demand, which are affected by various factors.

Besides, CBBC issued on overseas underlying assets may be called outside the SEHK's trading hours. In such cases, the CBBC will be suspended from trading on the SEHK in the next trading session or soon after the issuer has notified the SEHK about the occurrence of the MCE. There will be no automatic suspension of CBBC by the trading systems of SEHK's securities market upon occurrence of an MCE. For Category R CBBC, valuation of the residual value will be determined on the valuation day according to the terms in the listing documents.

17. Risks Associated with Exchange Traded Funds ("ETFs")

(a) 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. The Client must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

(b) 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.)

(c) Trading at discount or premium

An ETF may be traded at a discount or premium to its Net Asset Value (“NAV”). 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.

(d) Foreign exchange risk

Clients 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, also affecting the ETF price.

(e) Liquidity risk

Securities Market Makers (“SMMs”) are Exchange Participants that provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more SMMs, there is no assurance that active trading will be maintained. In the event that the SMMs default or cease to fulfill their role, the Client may not be able to purchase or sell the product.

(f) Counterparty risk involved in ETFs with different replication strategies

(i) 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.

(ii) Synthetic replication strategies

ETFs utilising a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark. Currently, synthetic replication ETFs can be further categorized into two forms:

(1) Swap-based ETFs

- Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets.
- Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honour their contractual commitments

(2) Derivative embedded ETFs

- 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.
- 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.

It is important that the Client understands and critically assesses the implications arising due to different ETF structures and characteristics.

SECTION IV: POLICY ON PERSONAL DATA

1. Hong Kong legislation controls the collection, use and storage of personal information ("data"). This policy is being provided to individuals dealing with Hooray Securities in Hong Kong ("Relevant Persons") from whom data have been and/or may in the future be collected.
2. From time to time, it is necessary for Relevant Persons to supply Hooray Securities with data in connection with the opening or continuation of accounts and the provision of securities trading / financial services or establishment or continuation of credit facilities.
3. Failure to supply such data may result in Hooray Securities being unable to open or continue accounts or provide securities trading / financial services or establish or continue credit facilities.
4. It is also the case that data are collected from Relevant Persons in the ordinary course of carrying out Hooray Securities' business with the Relevant Persons.
5. The purposes for which data relating to a Relevant Person may be used are as follows: -
 - (a) the daily operation of the securities trading / financial services and credit facilities provided to Relevant Persons;
 - (b) conducting credit checks at the time of application for credit and at the time of regular or special reviews which normally will take place one or more times each year and carrying out matching procedures;
 - (c) creating and maintaining Hooray Securities' credit scoring models;
 - (d) assisting other financial institutions to conduct credit checks and collect debts;
 - (e) ensuring ongoing credit worthiness of Relevant Persons;
 - (f) researching, designing, launching banking, financial, insurance services or related products for Relevant Persons' use and monitoring the provision, operation and use of such services or products;
 - (g) marketing services, products and other subjects (please see further details in paragraph (7) below);
 - (h) determining amounts owed to or by Relevant Persons;
 - (i) the enforcement of Relevant Persons' obligations, including without limitation collection of amounts outstanding from Relevant Persons and those providing security or guarantee for Relevant Persons' obligations;
 - (j) complying with the obligations, requirements or arrangements for disclosing and using data that apply to Hooray Securities that it is expected to comply according to:
 - (i) any law binding or applying to it within or outside Hong Kong existing currently and in the future;
 - (ii) any guidelines or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers within or outside Hong Kong existing currently and in the future;
 - (iii) any present or future contractual obligations or other commitment with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers that is assumed by or imposed on Hooray Securities or any of its branches by reason of its financial, commercial, business or other interests or activities in or related to the jurisdiction of the relevant local or foreign legal, regulatory, governmental, tax, law enforcement or other authority, or self-regulatory or industry bodies or associations;
 - (k) complying with any obligations, requirements, policies, procedures, measures or arrangements for sharing data and information within Hooray Securities and/or its affiliates, including but not limited to Hooray Capital Limited and Hooray Asset Management Limited that are licensed corporations to carry on Type 6 and Type 9 regulated activities under the Securities and Futures Ordinance respectively (collectively "Hooray Group") and/or any other use of data and information in accordance with any Hooray Group-wide programmes for compliance with sanctions or prevention or detection of money laundering, terrorist financing or other unlawful activities;
 - (l) enabling an actual or proposed assignee of Hooray Securities, or participant or sub-participant of Hooray Securities' rights in respect of the Relevant Person to evaluate the transaction intended to be the subject of the assignment, participation or sub-participation;
 - (m) provision of reference (status enquiries); and
 - (n) purposes relating thereto.
6. Data held by Hooray Securities relating to a Relevant Person will be kept confidential but Hooray Securities may provide such information to the following parties for the purposes set out in paragraph (5) above: -
 - (a) any agent, contractor or third party service provider who provides administrative, telecommunications, computer, payment or securities clearing or other services to Hooray Securities in connection with the operation of its business;
 - (b) any other person under a duty of confidentiality to Hooray Securities including members of the Hooray Group which has undertaken to keep such information confidential;
 - (c) credit reference agencies, and, in the event of default, to debt collection agencies;
 - (d) any person to whom Hooray Securities is under an obligation or otherwise required to make disclosure under the requirements of any law binding on or applying to Hooray Securities, or any disclosure under and for the purposes of any guidelines or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers with which Hooray Securities are expected to comply, or any disclosure pursuant to any contractual or other commitment of Hooray Securities with local or foreign legal, regulatory, governmental, tax,

- law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers, all of which may be within or outside Hong Kong and may be existing currently and in the future;
- (e) any actual or proposed assignee of Hooray Securities or participant or sub-participant or transferee of Hooray Securities' rights in respect of the Relevant Person; and
- (f)
 - (i) any member of the Hooray Group;
 - (ii) third party financial institutions, insurers, credit card companies, securities and investment services providers;
 - (iii) external service providers (including but not limited to mailing houses, telecommunication companies, telemarketing and direct sales agents, call centres, data processing companies and information technology companies) that Hooray Securities engages for the purposes set out in paragraph (5) above; and
 - (iv) any nominee, trustee, co-trustee, centralized securities depository or registrar, custodian, estate agent, solicitor or other person who is involved with the provision of services or products by a member of the Hooray Group to that Relevant Person.

Such information may be transferred to a place outside Hong Kong.

7. The Client acknowledges and agrees that Hooray Securities may collect, store, process, use, disclose and transfer personal data relating to the Client (including the Client's CID and BCAN(s)) as required for us to provide services to the Client in relation to securities listed or traded on the SEHK and for complying with the rules and requirements of SEHK and the SFC in effect from time to time. Without limiting the foregoing, this includes –
 - (a) disclosing and transferring the Client's personal data (including CID and BCAN(s)) to SEHK and/or the SFC in accordance with the rules and requirements of SEHK and the SFC in effect from time to time;
 - (b) allowing SEHK to:
 - (i) collect, store, process and use the Client's personal data (including CID and BCAN(s)) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange of SEHK; and
 - (ii) disclose and transfer such information to the relevant regulators and law enforcement agencies in Hong Kong (including, but not limited to, the SFC) so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets; and
 - (iii) use such information for conducting analysis for the purposes of market oversight; and
 - (c) allowing the SFC to:
 - (i) collect, store, process and use the Client's personal data (including CID and BCAN(s)) for the performance of its statutory functions including monitoring, surveillance and enforcement functions with respect to the Hong Kong financial markets; and
 - (ii) disclose and transfer such information to relevant regulators and law enforcement agencies in Hong Kong in accordance with applicable laws or regulatory requirements; and
 - (d) providing BCAN to HKSCC allowing HKSCC to:
 - (i) retrieve from SEHK (which is allowed to disclose and transfer to HKSCC), process and store the Client's CID and transfer the Client's CID to the issuer's share registrar to enable HKSCC and/or the issuer's share registrar to verify that the Client has not made any duplicate applications for the relevant share subscription and to facilitate IPO balloting and IPO settlement; and
 - (ii) process and store the Client's CID and transfer the Client's CID to the issuer, the issuer's share registrar, the SFC, SEHK and any other party involved in the IPO for the purposes of processing the Client's application for the relevant share subscription or any other purpose set out in the IPO issuer's prospectus.

The Client also agrees that despite any subsequent purported withdrawal of consent by the Client, the Client's personal data may continue to be stored, processed, used, disclosed or transferred for the above purposes after such purported withdrawal of consent.

Failure to provide us with the Client's personal data or consent as described above may mean that we will not, or will no longer be able to, as the case may be, carry out the Client's trading instructions or provide the Client with securities related services (other than to sell, transfer out or withdraw the Client's existing holdings of securities, if any).

Note: The terms "BCAN" and "CID" used in this clause shall bear the meanings as defined in the SFC Code of Conduct.

8. Use of data in direct marketing

Hooray Securities intends to use a Relevant Person's data in direct marketing and Hooray Securities requires the Relevant Person's consent (which includes an indication of no objection) for that purpose. In this connection, please note that:

- (a) the name, contact details, products and services portfolio information, transaction pattern and behaviour, financial background and demographic data of a Relevant Person held by Hooray Securities from time to time may be used by Hooray Securities in direct marketing;
- (b) the following classes of services, products and subjects may be marketed: financial, insurance, banking and related services and products;
- (c) the above services, products and subjects may be provided by Hooray Securities and/or any member of the Hooray Group.

If a Relevant Person does not wish Hooray Securities to use his data in direct marketing as described above, the Relevant Person may exercise his/her opt-out right by notifying Hooray Securities.

Hooray Securities may not disclose the Relevant Person data to any third party unless having Client's consent. All Relevant Person's data obtained are for Hooray Group's internal use only.

9. Under and in accordance with the terms of the Personal Data (Privacy) Ordinance (the "Ordinance") and the Code of Practice on Consumer Credit Data, any Relevant Person has the right: -
- (a) to check whether Hooray Securities holds data about him/her and of access to such data;
 - (b) to require Hooray Securities to correct any data relating to him/her which is inaccurate;
 - (c) to ascertain Hooray Securities' policies and practices in relation to data and to be informed of the kind of personal data held by Hooray Securities;
 - (d) to be informed on request which items of data are routinely disclosed to credit reference agencies or debt collection agencies, and be provided with further information to enable the making of an access and correction request to the relevant credit reference agency or debt collection agency; and
 - (e) in relation to any account data (including, for the avoidance of doubt, any account repayment data) which has been provided by Hooray Securities to a credit reference agency, to instruct Hooray Securities, upon termination of the account by full repayment, to make a request to the credit reference agency to delete such account data from its database, as long as the instruction is given within five years of termination and at no time was there any default of payment in relation to the account, lasting in excess of sixty days within five years immediately before account termination. Account repayment data include amount last due, amount of payment made during the last reporting period (being a period not exceeding thirty one days immediately preceding the last contribution of account data by Hooray Securities to a credit reference agency), remaining available credit or outstanding balance and default data (being amount past due and number of days past due, date of settlement of amount past due, and date of final settlement of amount in default lasting in excess of sixty days (if any)).
10. In the event of any default of payment relating to an account, unless the amount in default is fully repaid or written off (other than due to a bankruptcy order) before the expiry of sixty days from the date such default occurred, the account repayment data (as defined in paragraph (8)(e) above) may be retained by the credit reference agency until the expiry of five years from the date of final settlement of the amount in default.
11. In the event any amount in an account is written-off due to a bankruptcy order being made against a Relevant Person, the account repayment data (as defined in paragraph (8)(e) above) may be retained by the credit reference agency, regardless of whether the account repayment data reveal any default of payment lasting in excess of sixty days, until the expiry of five years from the date of final settlement of the amount in default or the expiry of five years from the date of discharge from a bankruptcy as notified by the Relevant Person with evidence to the credit reference agency, whichever is earlier.
12. In accordance with the terms of the Ordinance, Hooray Securities has the right to charge a reasonable fee for the processing of any data access request.
13. The person to whom requests for access to data or correction of data or for information regarding policies and practices and kinds of data held are to be addressed is as follows: -

The Compliance Officer, Hooray Securities Limited
Room A & B2, 11/F, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong

14. Hooray Securities may have obtained a credit report on the Relevant Person from a credit reference agency in considering any application for credit. In the event the Relevant Person wishes to access the credit report, Hooray Securities will advise the contact details of the relevant credit reference agency.
15. Nothing in this policy shall limit the rights of Relevant Persons under the Ordinance.
16. To help Hooray Securities to provide a better service to the Client, please ensure that the Client's contact details including the Client's home and office addresses, telephone numbers (including mobile telephone number), e-mail address and other details registered with Hooray Securities up to date.
17. The provisions of this policy may form part of the account terms and conditions and/or the agreement or arrangements that the Client have or may enter into with Hooray Securities. If any inconsistency is found, the provision of this policy shall prevail.
18. This policy is subject to change from time to time and any changes will be posted on Hooray Securities' website at www.hooraysec.com.hk.
19. In this policy, "subsidiary" shall bear the same meaning given to it under the Companies Ordinance of Hong Kong.

In case of discrepancies between the English and Chinese versions, the English version shall prevail.