

**RISK DISCLOSURE STATEMENTS**  
**in relation to**  
**INVESTMENT FUNDS TRANSACTIONS / SECURITIES TRANSACTIONS /**  
**CURRENCY / INTEREST RATE/INDEX / EQUITY LINKED DEPOSITS /**  
**DERIVATIVE TRANSACTIONS and CURRENCY SWITCHING**

Please read this Risk Disclosure Statement carefully before engaging in investment funds transactions, securities transactions, establishing any Currency/Interest Rate/Index/Equity Linked Deposit, engaging in any derivative transactions or Currency Switching with or through Dah Sing Bank, Limited (the "Bank").

**Investment Funds Transactions**

Customer acknowledges that the value of unit trusts, mutual funds and other collective investment schemes and the income from them can go down as well as up. Past performance of any funds is not indicative of future performance.

**Securities Transactions**

[Applicable to securities which are classified as complex product]. Customer should be aware that the security Customer is investing is a complex product, it involves high risks and Customer should exercise caution in relation to the security. If the security has been authorised by the Securities and Futures Commission (the "SFC") in Hong Kong under the Securities and Futures Ordinance of Hong Kong or other overseas regulatory authority, Customer should note that authorisation from SFC or other overseas regulatory authority does not imply official recommendation nor is it a recommendation or endorsement of the security nor does it guarantee the commercial merits of the security or its performance. It does not mean the security is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. If the security for which the offering documents or information provided by the issuer have not been reviewed by the SFC or other overseas regulatory authority, Customer should note that the relevant offering documents or information have not been reviewed by the SFC or other overseas regulatory authority and Customer is advised to exercise caution in relation to the offer.

**Dealing in Securities**

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may even become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

**Dealing in Securities on the Growth Enterprise Market**

Growth Enterprise Market (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 Customer 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 Stock Exchange of Hong Kong Limited. GEM companies are usually not required to issue paid announcements in gazetted newspapers.

The Customer should seek independent professional advice if he 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.

**Market risk**

Stock prices can be very volatile and unpredictable subject to different market and economic factors both locally and internationally.

Market risk, also known as systematic risk, usually refers to that type of risk associated to a specific market. It stems from the economic, geographical, political, social or other factors of that market.

**Interest rate risk**

Shifts in interest rates may affect different stock prices to different extents. Also, since the HKD is pegged to the USD, interest rate movements in Hong Kong can be directly influenced by interest rate movements in the United States.

**Global risk**

The Hong Kong stock market is highly open and it is therefore influenced by economic issues in all major markets. Customer is therefore exposed to economic events around the globe and need to factor this into his risk assessment.

**Business risk**

A listed company Customer invests in may suffer a severe decline in profits or even go bankrupt. This could be a result of many factors such as poor management, slowdown of the industry and competition.

**Corporate mis-governance**

A company Customer invests in may have improper management or conduct a transaction that Customer deems is detrimental to his interests as a shareholder e.g. a company buys an over-valued asset. The regulators do not normally intervene in commercial decisions of listed companies provided there is no breach of regulations.

**Trading suspension**

A stock can be suspended from trading to avoid any uneven information dissemination and opportunities for insider dealing and to ensure trading is undertaken on a fully informed basis. Customer will not be able to buy or sell a stock during suspension during which time the price may move due to both market and business risk changes.

**Liquidity risk**

There is no market maker for stocks listed in Hong Kong. Beware of the additional risk of being tied up in stocks which are hard or costly to liquidate. Stocks with low capitalisation are generally less liquid than those with high capitalisation.

**Currency risk**

Since the HKD is pegged to the USD, if Customer invests in the Hong Kong stock market from overseas, Customer is exposed to translation losses if his local currency appreciates against the HKD/USD.

**Policy risk**

Changes in government policies and regulations, both in Hong Kong and in the Mainland, could have profound impact on stocks in the relevant sectors or industries.

**Dealing in Equity Linked Investment**

The value of the Equity Linked Investment is linked to changes in the value of the Share. Such changes, which can be sudden and large, may cause me/us to suffer significant losses on the principal of Customer's investment.

**Dealing in Securities under the Nasdaq – Amex Pilot Program**

The securities under the Nasdaq-Amex Pilot Program (PP) are aimed at sophisticated investors. Customer should consult his broker or the Bank and become familiarized with the PP before trading in the PP securities.

Customer should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

#### **Risk of Client Assets Received or Held Outside Hong Kong**

Client assets received or held by the licensed or registered person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap.571) and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.

#### **Dealing in Renminbi Securities**

The fluctuation in the exchange rate of Renminbi may result in losses in the event that Customer converts the Renminbi into Hong Kong Dollar or other foreign currencies. Renminbi is currently subject to exchange controls imposed by the PRC government, the exchange rate may be easily affected by change in government policies.

There may not be an active secondary market for Securities denominated in Renminbi and their prices may have large bid/offer spreads. Customer may suffer significant losses in liquidating Securities denominated in Renminbi.

#### **Overseas Securities Transactions**

##### **Dealing in Overseas Securities**

The prices of securities fluctuate, sometimes dramatically. The price of an overseas security may move up or down, and may even become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling overseas securities. Customer will bear all risks and expenses associated with investing in overseas securities or holding cash denominated in any currency. The Bank will not be liable for country specific risks of loss or value or other restrictions resulting from country risk including the risk of investing and holding overseas securities and cash of or in a particular country or market such as, but not limited to, risks arising from (i) any act of war, terrorism, riot or civil commotion, (ii) investment, repatriation or exchange control restriction or nationalization, expropriation or other actions by any governmental authority, (iii) devaluation or revaluation of any currency, (iv) changes in applicable laws and regulations, and (v) a country's financial infrastructure and practices including market rules and conditions.

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#### **Currency risks**

The profit or loss in transactions in foreign currency-denominated contracts will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

#### **Risks of Trading in Other Jurisdictions**

Trading in overseas securities is speculative and involves high risk. Customer may receive varying levels and types of protection in relation to transactions in foreign markets and exchanges compared to Hong Kong exchanges. There are also special risks of trading outside ordinary market hours, including risk of lower liquidity, higher volatility, changing prices, unlinked markets, news announcements affecting prices and wider spreads. Before trading, Customer should be familiar with any rules relating to his transactions in the relevant jurisdictions. Customer should seek independent professional advice as he consider appropriate including the details on the types of redress available in both his home jurisdiction and other relevant jurisdiction.

#### **Tax Risk**

Customer should seek advice from his professional advisors as to his particular tax position, including but not limited to estate duty and withholding tax that might arise from investing in overseas securities

#### **Risks associated with investing in U.S. products**

##### **Legislative and regulatory risk**

With the passage of Dodd-Frank in the United States, there has been extensive rulemaking and regulatory changes that have affected and will continue to affect participants in the securities and derivatives markets. Under Dodd-Frank, the SEC has mandated additional reporting requirements and is expected to mandate new recordkeeping requirements. Until the U.S. federal regulators implement all of the new requirements of Dodd-Frank, it is unknown how burdensome such requirements will be. Dodd-Frank will affect a broad range of market participants, including commercial banks, investment banks, other non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies and broker-dealers. It may take years to understand the impact of Dodd-Frank on the financial industry as a whole, and therefore, such continued uncertainty may make markets more volatile. Moreover, recent legislation has been proposed that would make numerous changes to Dodd-Frank. As a result, there is substantial uncertainty surrounding the regulatory environment for the financial industry in the U.S.

In the U.S., certain derivatives must be executed on a regulated market and a substantial portion of over-the-counter derivatives must be submitted for clearing to regulated clearing houses. Over-the-counter trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearing house, as well as possible mandatory margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared over-the-counter derivatives. Over-the-counter derivatives dealers have also become subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. Margin and regulatory requirements will increase the overall costs for over-the-counter derivatives dealers. Dealers can be expected to try to pass those increased costs along, at least partially, to market participants such as Customer in the form of higher fees or less advantageous dealer marks. The overall impact of the Dodd-Frank Act and corresponding global regulation on the derivatives market is highly uncertain and it is unclear how the over-the-counter derivatives markets will adapt to this regulatory regime.

##### **Regulation of underlying markets**

Markets in equity securities are extensively regulated. Such regulation may include: (i) reporting requirements relating to the acquisition of beneficial ownership of equity securities, changes in ownership, and arrangements that have the purpose or effect of changing or influencing control of an issuer; (ii) prohibitions on transacting on the basis of material non-public information and on manipulative trading; (iii) disgorgement of "short-swing" profits earned in connection with certain transactions in or related to an issuer's shares by "insiders" or significant beneficial owners of the issuer; (iv) procedural, disclosure and substantive requirements with respect to distributions or repurchases of securities by or on behalf of an issuer or affiliate and the commencement of tender offers; (v) limits on the size of positions that may be maintained in options or other instruments; and (vi) limitations on extending or obtaining credit for the purpose of purchasing or carrying equity securities

#### **Risk of Providing an Authority to Hold Mail or to Direct Mail to Third Parties**

If Customer authorizes the Bank to hold mail or to direct mail to third parties, it is important for the Customer 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.

#### **Risks associated with derivative warrants, inline warrants and callable bull/bear contracts ("CBBC") traded on the market of Hong Kong Exchanges and Clearing Limited ("HKEx")**

Derivative warrants, inline warrants and CBBC traded on the securities market of the HKEx are structured products and complex products as well.. Trading in structured products involves high risks and is not suitable for every investor. The risks set out below are typical of the structured products and are not comprehensive. Customer is strongly advised to have a thorough understanding of the terms and conditions and the risks of the individual structured products and consult his brokers or professional investment advisors before trading.

**Issuer default risk**

In the event that a structured product issuer becomes insolvent and defaults on its listed securities, Customer will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Therefore, customers are exposed to the credit risk of the issuer.

**Uncollateralised product risk**

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

**Gearing risk**

Derivative warrants, inline warrants and CBBC are leveraged and can change in value more or less rapidly than that of the underlying assets. The value of a structured product may fall to zero resulting in a total loss of the initial investment.

**Limited life**

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

**Time value**

Derivative warrants and CBBCs - so long as other factors remain unchanged, the time value of derivative warrants or funding costs of CBBCs will decrease over time and will become zero upon maturity. Therefore, without a strong view of the underlying assets, derivative warrants or CBBCs should be viewed as a relatively short term investment product in comparison with an investment in the underlying assets.

**Inline warrants, generally –**

- i. when the underlying asset is within or at the upper and lower strike prices or levels and their likelihood of falling in-the-range at expiry increases over time; thus, in such cases, the value of inline warrants increases over time because Customer receive the time value of inline warrants.
- ii. when the underlying asset is outside the upper and lower strike prices or levels and their likelihood of falling in-the-range at expiry decreases over time; thus, in such cases, the value of inline warrants decreases over time because Customer pays time value of inline warrants.

**Market Forces**

The prices of structured products are affected by all prevailing market forces including the demand for and supply of the structured products. As a result, actual traded prices of a structured product can be higher or lower than its theoretical price.

**Foreign exchange risk**

Customer trading structured products with underlying assets not denominated in Hong Kong dollars is also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the price of the structured products.

**Liquidity risk**

Although structured products have liquidity providers, there is no assurance that Customer will be able to buy or sell the structured products any time he wishes.

**Corporate action of the underlying stocks**

Corporate actions affect the value of the underlying stocks which in turn affect the value of the structured products. Adjustments may or may not be made to the terms of the structured products (such as entitlement ratio, exercise price, etc.) depending on the terms and conditions set out in the listing documents. Adjustments will not be made to the entitlement ratio of inline warrants due to its product nature.

Where adjustments are to be made, the adjustments will only become effective (the “Effective Date”) when all necessary parameters can be determined.

The prices of the structured products may be volatile from the ex-entitlement date of the underlying stocks until the Effective Date. Customer should exercise particular caution in trading those structured products during that period. In addition, no adjustment will be made to those structured products that expire within that period.

**Additional risks involved in trading derivative warrants****Time decay**

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.

**Volatility**

Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price. Customer should be aware of the volatility of the underlying asset.

**Additional risks involved in trading inline warrants****Pricing structure**

The pricing structure of the inline warrants requires Customer to assess accurately the value of the inline warrants in relation to the expected probability of the valuation of underlying asset falling at or within the range between the upper strike price and the lower strike price. It may be difficult for Customer to properly value and/or to use inline warrants as a hedging tool.

**Maximum potential payoff is capped**

If the valuation of underlying asset falls within or at the price range between the lower strike price and the upper strike price, Customer will only receive a maximum payoff of HK\$1 per inline warrant at expiry. Therefore, the potential payoff is capped.

**Cancellation of trade above HK\$1**

Due to the pre-determined fixed maximum payment of HK\$1 at expiry, an inline warrant should not be traded above HK\$1. Any trades executed at the price above HK\$1 shall not be recognized and will be cancelled by the SEHK.

**Additional risks involved in trading CBBC****Mandatory call**

Customer trading CBBC should be aware of his intra-day “knockout” or mandatory call feature. A CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. Investors will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. Customer should also note that the residual value can be zero.

**Funding costs**

The issue price of a CBBC includes funding costs charged upfront for the entire period from launch to normal expiry. When a CBBC is called, the customers will lose the funding cost for the remaining period. The funding costs of a CBBC after launch may vary during its life.

**Trading of CBBC close to call price**

When the underlying asset is 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. There may be time lapse between the time when CBBC is called and the suspension of trading. Any trades executed after CBBC is called will not be recognized and will be cancelled.

#### **CBBC with overseas underlying assets**

CBBC issued on overseas underlying assets may be called outside the trading hours of HKEx.

#### **Risks associated with Exchange Traded Funds ("ETF") traded on the market of HKEx or other overseas stock exchanges**

ETFs are hybrid securities, combining features of both mutual funds and stocks. Like mutual funds, ETFs are open-end funds consisting of a portfolio of securities that is assembled according to an investment objective and strategy. Some of the ETFs traded on the market of HKEx or other overseas stock exchanges are derivative products which are complex products as well. Customer should understand his own risk appetite and the product details. The risks set out below are typical of ETF and are not comprehensive. They should refer to the prospectuses and websites for individual ETF, and consult his brokers or professional investment advisors before trading.

#### **Market risks**

ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the index and the market that it is tracking.

#### **Trading at a discount or premium to net asset value ("NAV")**

Since the trading price of ETF is typically determined by the supply and demand of the market, the ETF may be traded at a price higher or lower than its NAV. Also, where the reference index that a passive ETF tracks has restricted access, units in the passive ETF may not be created or redeemed freely and efficiently.

The supply and demand imbalance can only be addressed by creating and redeeming additional units. So, disruption to the creation or redemption of units may result in the ETF being traded at a higher premium or discount to its NAV than may normally be the case for a traditional ETF with no such restriction.

#### **Risks relating to ETF termination**

ETF, like any fund, may be terminated early under certain circumstances, for example, where the index is no longer available for benchmarking or if the size of the ETF falls below a pre-determined NAV threshold as set out in the constitutive documents and offering documents. Customer should refer to the section in the offering document relating to termination for further details.

Customer should also note that the market-making activities and trading of ETF units may be adversely affected in the secondary market once the termination of the ETF is announced. As a result, the trading price of such ETF units may become very volatile resulting in substantial losses to the Customer.

Furthermore, the NAV of ETF may drop substantially once the expenses and costs of the termination is set aside upon announcement of the termination. Customer may suffer a substantial loss as a result of these expenses and costs associated with the termination.

For ETF that has provided for any potential tax liabilities, Customer may not be able to get any refund or further distribution from the tax provision upon termination of the ETF.

In the event the ETF is terminated, Customer may not be able to recover his investments.

#### **Liquidity risk**

Listing or trading on a stock exchange does not in and of itself guarantee that a liquid market exists for an ETF. Besides, a higher liquidity risk is involved if an ETF uses financial derivative instruments, including structured notes and swaps, which are not actively traded in the secondary market and whose price transparency is not as easily accessible as physical securities. This may result in a bigger bid and offer spread. These financial derivative instruments also are susceptible to more price fluctuations and higher volatility. Hence, they can be more difficult and costly to unwind early, especially when the instruments provide access to a restricted market where liquidity is limited in the first place.

#### **Tax and other risks**

Like all investments, ETF may be subject to tax imposed by the local authorities in the market that it invests or tracks, emerging market risks and risks in relation to the change of policy of the reference market.

#### **Risks relating to Mainland capital gains tax liability**

There are risks and uncertainties concerning the application of the Mainland capital gains tax ("CGT") regime on investments by foreign investors (including non-Mainland domiciled investment funds, QFIIs and RQFIIs) in Mainland securities, and such tax is not currently enforced or subject to temporary exemptions.

It is a matter of professional and commercial judgement on the part of each fund manager, acting in the best interest of investors after taking professional tax advice, to consider and decide whether to make provision (and if so, the extent and provisioning policy) for the ETF's potential CGT liability or to change the ETF's existing CGT provisioning policy from time to time.

Depending on the tax advice obtained and other relevant factors, each ETF's tax provisioning policy may be different. There may be ETFs without making any CGT provision at all. Even if an ETF makes CGT provision, such provision may be excessive or inadequate. The Mainland tax rules and policies are subject to changes. There are risks that CGT may be enforced by the Mainland tax authorities and that such enforcement may be on a retrospective basis. If and when CGT is collected by the Mainland tax authorities, any shortfall between the provisions (if any) and actual tax liabilities will have to be paid out of the ETF's assets and could have a material adverse impact on the ETF's NAV, whereby causing significant losses to the Customer.

Enforcement of the CGT by Mainland tax authorities and/or change in tax provisioning policy by a fund manager will impact the Customer remaining in the ETF. Customer who has sold/redeemed his interests prior to such enforcement and/or change will not be impacted. Likewise, Customer will not benefit from any release of tax provisions back into the ETF. Customer may be advantaged or disadvantaged depending upon whether and how the CGT will ultimately be taxed and when Customer invests in the ETF.

Customer should carefully read the CGT provisioning policy of an ETF (which may have substantial exposure to Mainland securities whether through Mainland cross-border investment channels (e.g. RQFII, QFII, Stock Connect, Bond Connect, China Interbank Bond Market, etc) or other Mainland market access derivative products) and the associated risks as disclosed in the offering documents before investing in the ETF. If in doubt, Customer should consult his professional advisors.

#### **Passive investments risk**

Passive ETF is not "actively managed" and therefore, when there is a decline in the underlying index, the passive ETF that tracks the index will also decrease in value. The passive ETF manager will not take defensive positions in declining markets, Customer may lose a significant part of his respective investments if the underlying index falls.

#### **Credit/Counterparty risk**

Synthetic passive ETFs or ETFs traded in the overseas stock exchanges which are classified as derivative product ("Derivative ETF") typically invest in over-the-counter derivatives issued by counterparties to track an index's performance. Such a synthetic Derivative ETF may suffer losses potentially equal to the full value of the derivatives issued by the counterparty upon its default.

Synthetic Derivative ETFs are therefore exposed to both the risks of the securities that constitute the index as well as the credit risk of the counterparty that issues the financial derivative instruments for replicating the performance of the index.

Some Derivative ETFs invest in financial derivatives issued by a number of different counterparties in order to diversify the counterparty credit risk concentration. However, the more counterparties a Derivative ETF has, the higher the probability of the Derivative ETF being affected by a counterparty default. If any one of the counterparties fails, the Derivative ETF may suffer losses.

Customer should also be aware that the issuers of these derivatives are predominantly international financial institutions and this, in itself, may pose a concentration risk. It is possible that the failure of one derivative counterparty of a Derivative ETF has a "knock-on" effect on other derivative counterparties of the Derivative ETF. As a result, a Derivative ETF could suffer a loss substantially more than its expected exposure in the event of a single counterparty default.

Customer should note in case where collateral is provided by counterparties to a Derivative ETF, the collateral may concentrate on particular market(s), sector(s) and/or securities issued by specific sovereign or public issuer(s) which may not be related to the underlying index.

Furthermore, even if a Derivative ETF is fully collateralised, when the Derivative ETF seeks to exercise its right against the collateral, the market value of the collateral could be substantially less than the amount secured if the market dropped sharply before the collateral is realised, thereby resulting in significant loss to the passive Derivative ETF.

#### **Tracking error**

This refers to the disparity between the performance of the passive ETF (as measured by its NAV) and the performance of the underlying index. Tracking error may arise due to various factors. These include, failure of the passive ETF's tracking strategy, the impact of fees and expenses, foreign exchange differences between the base currency or trading currency of a passive ETF and the currencies of the underlying investments, or corporate actions such as rights and bonus issues by the issuers of the passive ETF's underlying securities.

Depending on its particular strategy, a passive ETF may not hold all the constituent securities of an underlying index in the same weightings as the constituent securities of the index. Therefore, the performance of the securities underlying the passive ETF as measured by its NAV may outperform.

#### **Early unwinding of derivatives risk**

Derivative ETFs typically invest in derivatives to track an index's performance. The costs associated with the unwinding of these derivatives before maturity may vary depending on prevailing market conditions. Such costs may be significant, particularly during times of high market volatility.

Hence, in the event of redemption or if the Derivative ETF is terminated (for example, due to the reason that the fund size becomes too small), the proceeds payable to investors may be significantly less than the NAV of the fund units as a result of the cost associated with unwinding of the derivatives before maturity. This may lead to substantial loss to Customer.

#### **Foreign exchange risk**

Customer trading ETF with underlying assets not denominated in Hong Kong dollars is also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the ETF price.

#### **Delayed settlement risk**

Market makers may short sell units of an ETF listed on SEHK in market making trades and may apply for one extra day for settlement to cover such short positions. Therefore, the affected buyer(s) would receive the ETF units one day later than normal settlement date without prior notice, but the affected buyer(s) retain the right to sell the bought shares before the completion of settlement. Furthermore, a participating dealer may have their redemption settlement process affected by the delayed settlement.

#### **Risks associated with Real Estate Investment Trust ("REIT") traded on the market of HKEx or other overseas stock exchanges**

A Real Estate Investment Trust (REIT) is a collective investment scheme that aims to deliver a source of recurrent income to investors through focused investment in a portfolio of income-generating properties such as shopping malls, offices, hotels and service apartments.

#### **General risks**

##### **Investment risk**

A REIT is an investment product. There is no guaranteed return of investment in a REIT and Customer may suffer from substantial losses of capital. The distributions received from a REIT may not be sufficient to recoup his loss of investment capital.

##### **Market risk**

Investments in real estate are subject to the risk of the general economic conditions. Any cyclical economic factors may cause fluctuations in occupancy and rental rates of the real estate held by a REIT. This will in turn adversely affect the income derived by a REIT from its real estate investment.

##### **Concentration risk**

Where a REIT relies on a single property to generate all of its revenue, any circumstance that adversely affects the operations or business of that single property, or its attractiveness to tenants, may adversely affect the revenue generated and the REIT will not have income from other property to mitigate any ensuing loss arising from such circumstance. A concentration of investment in a single property causes the REIT to be highly susceptible to the relevant real estate market conditions.

##### **Interest rate risk**

Fluctuations in interest rates may increase the interest costs incurred by a REIT in respect of its borrowings and may have an adverse effect on the level of activity in the property market. The financial position of the REIT and its ability to make distributions may be adversely affected. Moreover, the trading price of the REIT units is likely to decline if there is an increase in interest rates.

##### **Distribution risk**

The distributions of a REIT may be made out of capital. Customer should pay attention to the composition of distributions declared by a REIT (for example, the extent to which the distribution declared is composed of, and the types of, income and capital) as disclosed in the relevant results announcement and the financial reports of the REIT.

#### **Risks associated with property development and related activities**

Where a REIT is to undertake property development and related, it may be subject to the following risks associated with property development:

##### **Construction risk**

A REIT may be subject to various construction risks such as those associated with the pricing of the construction materials, sufficiency of construction expertise, quality and design of the construction works. There may also be delay in completing development projects.

##### **Time delay risk**

Delay in construction projects may lead to increase in financing costs, as well as reduction and delay in revenue generation.

##### **Financing risk**

A REIT may not be able to source and secure adequate financing to complete a development project. Increase in interest rates and liquidity shortage are examples of other financing risks that a REIT may be exposed to.

**Planning permit risk**

A REIT may encounter delays in obtaining all necessary building approvals for development projects.

**Counterparty risk**

Cooperation with other parties to carry out development projects may involve various counterparty risks such as the risk of default by contractors in performing their obligations.

**Market risk**

Market environment may change between the commencement of the property development project and by the time when the project is completed. A REIT may be subject to various market risks such as fluctuations in rental yield and property value.

**Legal and regulatory risk**

A REIT may be involved in disputes with parties in development projects which may lead to construction claims and litigations. In addition, a REIT may need to revise the original property development plan as local legislation, rules and regulations relating to property development may change, leading to extra cost and time needed for completion.

**Risks associated with investment in financial instruments by a REIT**

Investment involves risks. Where a REIT is to invest in financial instruments, it may be subject to the following risks associated with investment in financial instruments.

**Investments in equity securities**

The value of stocks will fluctuate in response to the activities and results of individual companies or as a result of general market and economic conditions.

**Investments in debt securities**

The value of debt securities will fluctuate depending on market interest rates, liquidity considerations and the credit quality of the issuer. Increase in interest rates, decrease in liquidity and decline in the credit quality of the issuer will adversely impact the value of these investments.

**Investments in property funds**

The value of property funds will fluctuate depending on the value of the underlying investments and general market and economic conditions. There is also no assurance that a property fund will achieve its investment objective and strategy. Depending on the nature of the funds, investments in property funds may also involve other risks including investment risk, market risk, concentration risk, interest rate risk, country/regional risk, management risk, liquidity risk, currency risk and credit/counterparty risk.

**Risks associated with Leveraged and Inverse Products traded on the market of HKEx or other overseas stock exchanges****Investment risk**

Trading L&I Products involves investment risk and are not intended for all investors. There is no guarantee of repaying the principal amount.

**Volatility risk**

Prices of L&I Products may be more volatile than conventional exchange traded funds (ETFs) because of using leverage and the rebalancing activities.

**Unlike conventional ETFs**

L&I Products are different from conventional ETFs. They do not share the same characteristics and risks as conventional ETFs.

**Long-term holding risk**

L&I Products are not intended for holding longer than the rebalancing interval, typically one day. Daily rebalancing and the compounding effect will make the L&I Product's performance over a period longer than one day deviate in amount and possibly direction from the leveraged/inverse performance of the underlying index over the same period. The deviation becomes more pronounced in a volatile market.

As a result of daily rebalancing, the underlying index's volatility and the effects of compounding of each day's return over time, it is possible that the leveraged product will lose money over time while the underlying index increases or is flat. Likewise, it is possible that the inverse product will lose money over time while the underlying index decreases or is flat.

**Risk of rebalancing activities**

There is no assurance that L&I Products can rebalance their portfolios on a daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the rebalancing activities.

**Liquidity risk**

Rebalancing typically takes place near the end of a trading day (shortly before the close of the underlying market) to minimize tracking difference. The short interval of rebalancing may expose L&I Products more to market volatility and higher liquidity risk.

**Intraday investment risk**

Leverage factor of L&I Products may change during a trading day when the market moves but it will not be rebalanced until day end. The L&I Product's return during a trading day may be greater or less than the leveraged/opposite return of the underlying index.

**Portfolio turnover risk**

Daily rebalancing causes a higher levels of portfolio transaction when compared to conventional ETFs, and thus increases brokerage and other transaction costs.

**Correlation risk**

Fees, expenses, transactions cost as well as costs of using financial derivatives may reduce the correlation between the performance of the L&I Product and the leveraged/inverse performance of the underlying index on a daily basis.

**Termination risk**

L&I Products must be terminated when all the market makers resign. Termination of the L&I Product should take place at about the same time when the resignation of the last market maker becomes effective.

**Leverage risk**

The use of leverage will magnify both gains and losses of L&I Products resulting from changes in the underlying index or, where the underlying index is denominated in a currency other than the L&I Products' base currency, from fluctuations in exchange rates.

**Unconventional return pattern (for inverse products only)**

Inverse products aim to deliver the opposite of the daily return of the underlying index. If the value of the underlying index increases for extended periods, or where the exchange rate of the underlying index denominated in a currency other than the inverse product's base currency rises for an extended period, inverse products can lose most or all of their value.

### **Inverse products vs short selling (for inverse products only)**

Investing in inverse products is different from taking a short position. Because of rebalancing, the performance of inverse products may deviate from a short position in particular in a volatile market with frequent directional swings.

### **Currency/Interest Rate/Index/Equity Linked Deposits**

For the avoidance of doubt, all references to “structured deposits” mentioned in the New Account(s) / Service(s) Application Form (Personal Account) and Investment Services Application Form shall refer to “asset-linked deposits” (including but not limited to Currency-Linked Premium Deposit, Currency-Linked Principal Guaranteed Deposit, Equity-Linked Deposit, Callable Target Deposit and Interest Rate Linked Deposit); and all documents referred to herein as well as the said application form (including but not limited to the “Master Terms and Conditions” of the Bank / “Master Terms and Conditions for VIP Banking Services” of the Bank (including but not limited to the Specific Terms for Asset-Linked Deposits contained therein)), and such other documents from time to time provided by the Bank (including but not limited to the relevant offering document (including all the risk disclosure statements contained in it)), which are applicable to asset-linked deposits shall also be applicable to structured deposits.

Asset-linked deposits and structured deposits are not protected deposits and are not protected by the Deposit Protection Scheme in Hong Kong.

I/We acknowledge that I/we have received notice and understand that asset-linked deposits or structured deposits are not equivalent to time deposit and should not be regarded as a substitute for time deposit. Asset-linked deposits or structured deposits are not protected deposit and are not protected by the Deposit Protection Scheme in Hong Kong.

The following serves to highlight some features which normally appear in Currency/Interest Rate/Index/Equity Linked Deposits and the risks involved in establishing such Deposits:-

1. Customer should understand that the Currency/Interest Rate/Index/Equity Linked Deposit is not a traditional deposit on which the Customer will be entitled to interest at maturity.
2. Currency/Interest Rate/Index/Equity Linked Deposit is not protected deposit and is not protected by the Deposit Protection Scheme in Hong Kong.
3. The interest return on a Currency/Interest Rate/Index/Equity Linked Deposit will depend on the movements of the exchange rates of the referenced currencies/referenced level of interest rate/the value of the referenced index/the price of the referenced equity and may therefore be higher or lower than the interest return on a traditional time deposit. If the structure of the relevant Currency/Interest Rate/Index/Equity Linked Deposit is such that a negative interest rate results from extreme fluctuations of the exchange rates of the referenced currencies/referenced level of interest rate/the value of the referenced index/the price of the referenced equity, Customer may not be able to receive the entire principal amount of the relevant Currency/Interest Rate/Index/Equity Linked Deposit upon its maturity.
4. If the structure of the relevant Currency/Interest Rate/Index/Equity Linked Deposit is such that the principal and interest return may be payable to Customer in a currency which is different from the base currency of the relevant Deposit or in the form of another asset, then although such alternate currency or asset was pre-specified at the time the relevant Deposit was established, Customer may still be subject to a loss arising from the decline in the exchange rate of the alternate currency in terms of the base currency or the decline in the value of the asset delivered to Customer. Also, if the currency paid out from the relevant Currency/Interest Rate/Index/Equity Linked Deposit is not the Customer's home currency and the Customer chooses to convert it back to the home currency, Customer will be subject to additional risk concerning the exchange rate fluctuation between such paid currency and the home currency.
5. By establishing a Currency/Interest Rate/Index/Equity Linked Deposit, Customer is taking a view on the direction of fluctuation of the exchange rates of the referenced currencies/referenced level of interest rate/the value of the referenced index/the price of the referenced equity, based on his own assessment and judgement.
6. Unless otherwise agreed by the Bank, the principal amount of the Currency/Interest Rate/Index/Equity Linked Deposit may not be withdrawn at any time prior to its maturity date.
7. In the event that the relevant Currency/Interest Rate/Index/Equity Linked Deposit is purchased on a leveraged basis, Customer should note that the risk of loss can be substantial. Customer may sustain a total loss of the principal amount and any additional amounts that Customer used to establish or maintain the relevant leveraged Deposit. If the relevant exchange rate/interest rate/index/equity moves against Customer, he may be called upon to deposit a substantial amount of additional funds, on short notice, in order to maintain the relevant leveraged Deposit. If Customer does not provide the required funds within the prescribed time, his position may be liquidated at a loss, and he will be liable for the resulting deficit. Under certain market conditions, it may be difficult or impossible to liquidate such a position. In these circumstances, his total loss may not be limited to the principal amount and additional amounts he used to establish and maintain the relevant leveraged Deposit alone. The high degree of leverage can work for Customer as well as against him. The use of leverage can lead to large losses as well as gains.

### **Derivative Transactions**

This brief statement does not disclose all of the risks and other significant aspects of trading in options and derivatives. In light of the risks, Customer should undertake such transactions only if Customer understands the nature of the contracts (and contractual relationships) into which he is entering and the extent of his exposure to risk. Trading in options and derivatives is not suitable for many members of the public. Customer should therefore study and understand the options and derivatives before he trades and carefully consider whether such trading is suitable in the light of his own financial position, investment experience, objectives and other relevant circumstances. If Customer trades options he should inform himself of exercise and expiration procedures and his rights and obligations upon exercise or expiry.

1. Variable degrees of risk  
Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. Customer should calculate the extent to which the value of the options must increase for his position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the options is on futures, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, Customer will suffer a total loss of his investment which will consist of the options premium plus transaction costs. If Customer is contemplating purchasing deep-out-of-the-money options, he should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ('writing' or 'granting') options generally entail considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the options and the seller will be obligated to either settle the options in cash or to acquire or deliver the underlying interest. If the options is on futures, the seller will acquire a position in futures with associated liabilities for margin (see the section on Futures above). If the options is 'covered' by the seller holding a corresponding position in the underlying interest or a futures or another options, the risk may be reduced. If the options is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the options premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the options is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

2. Terms and conditions of contracts  
Customer should ask the firm with which he deals about the terms and conditions of the specific options which he is trading and associated obligations (e.g. in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an options) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

3. **Suspension or restriction of trading and pricing relationships**  
Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If Customer has sold options, this may increase the risk of loss.  
  
Further, normal pricing relationships between the underlying interest and the options may not exist. This can occur when, for example, the futures contract underlying the options is subject to price limits while the options are not. The absence of an underlying reference price may make it difficult to judge 'fair' value.
4. **Deposited cash and property**  
Customer should familiarize himself with the protections given to money or other property he deposits for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which he may recover his money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as his own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.
5. **Commission and other charges**  
Before Customer begins to trade, he should obtain a clear explanation of all commission, fees and other charges for which he will be liable. These charges will affect his net profit (if any) or increase his loss.
6. **Transactions in other jurisdictions**  
Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose Customer to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before Customer trades, he should enquire about any rules relevant to his particular transactions. Customer's local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where his transactions have been effected. Customer should ask the firm with which he deals for details about the types of redress available in both his home jurisdiction and other relevant jurisdictions before he starts to trade.
7. **Currency risks**  
The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in Customer's own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
8. **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. Customer's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the exchange, the clearing house and/or Exchange Participants. Such limits may vary: Customer should ask the firm with which he deals for details in this respect.
9. **Electronic trading**  
Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If Customer undertakes transactions on an electronic trading system, he will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that Customer's order is either not executed according to his instructions or is not executed at all.

### **Currency Switching**

The following serves to highlight some features of Currency Switching and the risks involved therein:-

1. Any transaction under Currency Switching is an investment activity and it involves risks. A foreign exchange forward contract under Currency Switching is an embedded derivative and it involves risks. The value of the contract might drop significantly if the market moves against the Customer's expectation at the time the Customer enters into foreign exchange forward contract. The worst case will result in loss of the Customer's entire investment.
2. Deposits subject to any foreign currency forward contract under Currency Switching are not protected deposits and are not protected by the Deposit Protection Scheme in Hong Kong.
3. The Customer should understand the specific terms and risks mentioned in the Investment Services Application Form, the "Master Terms and Conditions" / "Master Terms and Conditions for VIP Banking Services" of the Bank in particular the Specific Terms for Call and Time Deposits and Specific Terms for Foreign Exchange Forward Contracts and other relevant documents provided by the Bank before using Currency Switching. If Customer has any concerns about Currency Switching, he should consult his professional advisers.
4. The Customer who invests in Currency Switching is subject to the creditworthiness of the Bank. If the Bank becomes insolvent or goes into liquidation or defaults on its obligations under Currency Switching while it is still outstanding, the Customer will rank as an unsecured creditor of the Bank and could, in the worst case, lose his/her entire principal irrespective of the terms of Currency Switching.
5. The return on Currency Switching will be dependent, at least to some extent, on movements in some specified currency exchange rates. Currency exchange rates are affected by a wide range of factors, including national and international financial and economic conditions and political and natural events. The effect of normal market forces may at times be countered by intervention by central banks and other bodies. At times, exchange rates, and prices linked to such rates, may rise or fall rapidly. Depending on the agreed exchange rate in the foreign exchange forward contract(s), the value of the relevant deposit(s) payable on the maturity date may be significantly less than the value of the original deposit in the event of an adverse movement in the relevant exchange rate(s). Also, if the designated currency of the Customer's last foreign exchange forward contract entered into is not the Customer's home currency and the Customer chooses to convert it back to the home currency, the Customer will be subject to additional risk concerning the exchange rate fluctuation between the designated currency and the home currency. For currencies subject to exchange controls imposed by the relevant governments, such as renminbi (RMB), the exchange rates may be easily affected by change in government policies. Such currencies may have different exchange rates quoted in different markets. For example, exchange rates of RMB are quoted in onshore and offshore markets; the onshore rate of RMB is being referred as "CNY" and the offshore rate (i.e. when traded in Hong Kong) is being referred as "CNH". Although CNY and CNH represent the same currency, they do not necessarily have the same exchange rate and may not move in the same direction. Exchange controls or other monetary measures may be imposed by a government, sometimes with little or no warning. Such controls and measures may have a significant effect on the convertibility or transferability of a currency and may have unexpected consequences for Currency Switching.
6. There are risks involved in entering into currency transactions due to currency and market movements. Customer should therefore carefully consider whether such transactions are suitable in light of the Customer's financial position and investment objectives and study the market before entering into such transactions. Any cancellation or withdrawal prior to maturity is subject to the prior consent of the Bank. With these risks, the Customer may incur significant costs or losses.
7. Foreign exchange forward contracts and deposits subject to Currency Switching should be held until maturity. Any early termination of the foreign exchange forward contracts and the deposits is subject to the sole discretion and consent of the Bank. Even if the Bank allows the Customer to early terminate, he/she may suffer significant costs or losses.
8. Foreign exchange forward contract rate is embedded with the interest rate differential between the trading currencies and movement of interest rate between trading currencies will have impact on the foreign exchange forward rate.



9. Potential and actual conflicts of interest may arise from the different roles played by the Bank, its subsidiaries and affiliates in connection with Currency Switching. Although the Bank's economic interest in each role may be adverse to the Customer's interest in Currency Switching, the Bank maintains regulatory required information barriers between its different business areas as well as policies and procedures designed to minimize and manage such conflicts of interest to comply with applicable laws and regulations, and to ensure those transactions or dealing will be transacted at arm's length.

**Risk Disclosure Statement in relation to Securities Margin Trading Services (Only applicable to Margin Securities Account)**

**Risk of Margin Trading**

The risk of loss in financing a transaction by deposit of collateral is significant. The Customer may sustain losses in excess of his cash and any other assets deposited as collateral with the Bank. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. The Customer may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, his collateral may be liquidated without his consent. Moreover, the Customer will remain liable for any resulting deficit in his account and interest charged on his account. The Customer should therefore carefully consider whether such a financing arrangement is suitable in light of his own financial position and investment objectives.

**Risk of Providing an Authority to Repledge Securities Collateral etc.**

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

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

Additionally, the Customer's authority may be deemed to be renewed (i.e. without his written consent) if the Bank issues him a reminder at least 14 days prior to the expiry of the authority, and he does not object to such deemed renewal before the expiry date of his then existing authority.

The Customer is not required by any law to sign these authorities. But an authority may be required by the Bank, for example, to facilitate margin lending to him or to allow his securities or securities collateral to be lent to or deposited as collateral with third parties. The Bank should explain to the Customer the purposes for which one of these authorities is to be used.

If the Customer signs one of these authorities and his securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on his securities or securities collateral. Although the Bank is responsible to the Customer for securities or securities collateral lent or deposited under his authority, a default by it could result in the loss of his securities or securities collateral.

A cash account not involving securities borrowing and lending is available from the Bank. If the Customer does not require margin facilities or does not wish his securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

**Disclaimer**

In accepting any services, establishing any Currency/Interest Rate/Index/Equity Linked Deposit or entering into any securities or derivative transaction or engaging in any Currency Switching with or through the Bank, the Customer understands and agrees that:-

- \* The Customer makes his own judgement in relation to investment or trading transactions;
- \* Subject to applicable laws and regulations, the Bank assumes no duty to make or give advice or recommendations;
- \* The Bank, its subsidiaries and affiliates may hold positions which may not be consistent with any advice given by the Bank and which may result in losses on the Customer's part; **and**
- \* Any risk associated with any losses suffered as a result of the Bank entering into any transactions or investments on the Customer's behalf are for the Customer's account.

This brief statement cannot, of course, disclose all the risks and other aspects in relation to Investment Funds Transactions, Securities Transaction, Currency/Interest Rate/Index/Equity Linked Deposits, Derivative Transactions and Currency Switching. The Customer should accordingly obtain independent expert financial advice before engaging in any Investment Funds Transaction, Securities Transaction, establishing any Currency/Interest Rate/Index/Equity Linked Deposit or entering into any Derivative Transaction or engaging in Currency Switching.

**IMPORTANT – Please read the following carefully before establishing any asset-linked deposit or structured deposit**

In making an asset-linked deposit or structured deposit, the Customer is undertaking market risk whereby the determination of the value the Customer receives under an asset-linked deposit or structured deposit is related to changes in the particular financial market to which the transaction is linked and the Customer is exposed to price volatility in that market. Therefore, the Customer may not receive any of the Deposit Amount or any cash on the maturity of an asset-linked deposit or structured deposit. Any assets the Customer may receive at maturity of an asset-linked deposit or structured deposit may be worth substantially less than the Deposit Amount. In some cases, the assets the Customer receives at maturity of an asset-linked deposit or structured deposit may not have any realisable value.

# Information on Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

## Getting to know Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

Shanghai-Hong Kong Stock Connect is a programme developed by Hong Kong Exchanges and Clearing Limited (“**HKEx**”), The Stock Exchange of Hong Kong Limited (“**SEHK**”), Shanghai Stock Exchange (“**SSE**”), China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”) and Hong Kong Securities Clearing Company Limited (“**HKSCC**”) for establishing mutual stock market access between Shanghai and Hong Kong.

Through Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors are allowed to trade selective SSE stocks (“**SSE Northbound Trading**”) while eligible Mainland investors are accepted to trade SEHK stocks through SSE.

The successful launch of Shanghai-Hong Kong Stock Connect has provided the foundation for the launch of Shenzhen-Hong Kong Stock Connect, which is introduced by HKEx, SEHK, Shenzhen Stock Exchange (“**SZSE**”), ChinaClear and HKSCC for establishing mutual market access between Shenzhen and Hong Kong. Through Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors will be allowed to trade selective SZSE stocks (“**SZSE Northbound Trading**”) while eligible Mainland investors will be accepted to trade SEHK stocks through SZSE.

At the initial stage, Hong Kong and overseas investors can only hold SSE securities and SZSE securities through their brokers/custodians.

Dah Sing Bank, Limited (“**Dah Sing Bank**”) shall extend services enabling its customers to trade via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. The purpose of this information leaflet is to provide customers with an overview of SSE Northbound Trading and SZSE Northbound Trading (collectively, “**Northbound Trading**”) and the key risks associated.

## Investment Quota

Northbound Trading under each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will, respectively, be subject to a daily quota (each a “**Daily Quota**”) and collectively the “**Daily Quotas**”). The Aggregate Quota previously applicable to Shanghai-Hong Kong Stock Connect has been abolished since 16 August 2016.

Investors should note that each of the Daily Quotas is calculated on a “net buy” basis. Under this principle, investors will always be allowed to sell their SSE securities and SZSE securities regardless of the balances of the Daily Quotas.

### Current Daily Quotas for Northbound Trading

	SSE Northbound Trading	SZSE Northbound Trading
Purpose	It limits the maximum net buy value of SSE stocks each day.	It limits the maximum net buy value of SZSE stocks each day.
Quota	RMB52 billion	RMB52 billion
Operation	The operation of Daily Quota for each of SSE Northbound Trading and SZSE Northbound Trading would be as follows:-  Daily Quota balance = Daily Quota – Buy orders + Sell trades + Adjustments*  * <i>Daily Quota balance will be increased when (a) a buy order is cancelled; (b) a buy order is rejected by SSE or SZSE (as the case may be); or (c) a buy order is executed at a better price.</i>  SEHK will monitor the usage of the Daily Quota on a real time basis.  Daily Quota will be refreshed and remain the same every day. Unused Daily Quota will not be carried over to next day’s Daily Quota.  Once the Daily Quota balance drops to zero or the Daily Quota is exceeded during a <b>continuous auction session</b> (i.e. continuous trading), no further buy orders will be accepted for the remainder of the day. The same arrangement will apply to the <b>closing call auction</b> session of both SSE and SZSE.  Once the Daily Quota balance drops to zero or the Daily Quota is exceeded during the <b>opening call session</b> , new buy orders will be rejected. If the Daily Quota balance resumes to a positive level before the end of the opening call session, SEHK will again accept buy orders.	

The balances of the Northbound Daily Quotas will be disseminated via HKEx’s website at 1-minute intervals.

## Eligible stocks

Currently, the scope of eligible stocks is as follows:-

### SSE Northbound Trading

Type	Northbound Trading
Index constituent stocks	SSE 180 Index and SSE 380 Index
A+H shares	SSE-listed A shares (not included as constituent stocks of the relevant indices) which are simultaneously listed and traded on SEHK
Excluding	SSE-listed shares which are not traded in RMB or which are included in the “risk alert board” under the SSE Listing Rules.

### SZSE Northbound Trading

Type	Northbound Trading
Index constituent stocks	Constituent stocks of SZSE Component Index and SZSE Small/Mid Cap Innovation Index which have a market capitalization of not less than RMB6 billion
A+H shares	SZSE-listed A shares (not included as constituent stocks of the relevant indices) which are simultaneously listed and traded on SEHK
Excluding	SZSE-listed shares which are not traded in RMB or which are included in the “risk alert board” or under delisting arrangement under the SZSE Listing Rules.

Initially, only institutional professional investors (as defined under paragraph 15.2 of the Code of Conduct for Persons Licensed by or Registered with the SFC, being a person falling under paragraphs (a) to (i) of the definition of “professional investors” in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong)) may trade stocks listed on the ChiNext Board of SZSE and the STAR Market of SSE which are eligible for trading under Northbound Trading.

The list of eligible stocks for Northbound Trading is available on HKEx’s website.

Hong Kong and overseas investors will only be allowed to sell an SSE security but will be restricted from further buying if:

- (a) the SSE security subsequently ceases to be a constituent stock of the relevant indices; and/or
  - (b) the SSE security is subsequently under “risk alert”; and/or
  - (c) the corresponding H share of the SSE security subsequently ceases to be traded on SEHK,
- as the case may be.

Hong Kong and overseas investors will only be allowed to sell an SZSE security but will be restricted from further buying if:

- the SZSE security subsequently ceases to be a constituent stock of the relevant indices; and/or
- the SZSE security is, based on any subsequent periodic review, determined to have a market capitalization of less than RMB6 billion; and/or
- the SZSE security is subsequently under “risk alert”; and/or
- the corresponding H share of the SZSE security subsequently ceases to be traded on SEHK, as the case may be.

### **Order Type**

For Northbound Trading, only limit orders will be accepted throughout the day. However, unlike SEHK limit orders which can only be matched at the specified price, SSE and SZSE limit orders can be matched at the specified price or a better price.

### **Settlement arrangement**

For Northbound trades, ChinaClear will act as the host Central Counterparty and HKSCC will be a participant of ChinaClear. HKSCC will take up settlement obligations of its clearing participants in respect of Northbound trades and settle the trades directly with ChinaClear in the Mainland. Securities are settled on the trading day (“T day”) while money is settled on T+1 day.

### **Trading hours and trading days**

#### **Trading hours**

Northbound Trading will follow SSE’s and SZSE’s trading hours.

#### **SSE Northbound Trading**

<b>SSE trading session</b>	<b>SSE trading hours</b>
Opening call auction	09:15 – 09:25
Continuous auction (morning)	09:30 – 11:30
Continuous auction (afternoon)	13:00 – 14:57
Closing call auction	14:57 – 15:00

09:20-09:25, 14:57-15:00: SSE will not accept order cancellation.

09:10-09:15; 09:25-09:30; 12:55-13:00: Orders and order cancellations can be accepted by SEHK but will not be processed by SSE until SSE’s market opens.

Orders that are not executed during the opening call auction session will automatically enter the continuous auction session.

Orders that are not executed during the continuous auction session will automatically enter the closing call auction session.

#### **SZSE Northbound Trading**

<b>SZSE trading session</b>	<b>SZSE trading hours</b>
Opening call auction	09:15 – 09:25
Continuous auction (morning)	09:30 – 11:30
Continuous auction (afternoon)	13:00 – 14:57
Closing call auction	14:57 – 15:00

09:20-09:25, 14:57-15:00: SZSE will not accept order cancellation.

09:10-09:15; 09:25-09:30; 12:55-13:00: Orders and order cancellations can be accepted by SEHK but will not be processed by SZSE until SZSE’s market opens.

Orders that are not executed during the opening call auction session will automatically enter the continuous auction session.

Orders that are not executed during the continuous auction session will automatically enter the closing call auction session.

### **Trading days**

Initially, Hong Kong and overseas investors will only be allowed to trade on SSE and SZSE on days where both the Hong Kong and the Mainland markets are open for trading, and banking services are available in both markets on the corresponding settlement days. The following table illustrates the trading arrangement of Northbound Trading:

	<b>Mainland</b>	<b>Hong Kong</b>	<b>Northbound Trading</b>	<b>Remarks</b>
Day 1	T day	T day	Yes	-
Day 2	T day	T day	No	Hong Kong market closes on the corresponding money settlement day.
Day 3	T day	Holiday	No	Hong Kong market closes.
Day 4	Holiday	T day	No	Mainland market closes.

Subject to the above, if a trading day is a half trading day in Hong Kong market, Northbound Trading will continue until SSE market or SZSE market (as the case may be) closes.

### **Trading arrangement**

The following table summarizes the trading arrangements under Northbound Trading:-

Stock code of SSE securities and SZSE securities	6 digits
Trading board lot size	100 shares per lot (for buy orders)
Tick size	RMB0.01
Price limit - SSE Northbound Trading:	±10% (and ±5% for stocks under special treatment (i.e. ST and *ST stocks) in the risk alert board) based on previous closing price <b>All orders input for SSE securities must be at or within the price limit. Any orders with price beyond the price limit will be rejected by SSE. The upper and lower price limit will remain the same intra-day.</b>
- SZSE Northbound Trading	±10% (and ±5% for stocks under special treatment (i.e. ST and *ST stocks) in the risk alert board) based on previous closing price. Stocks traded on ChiNext Board are also subject to a ±10% price limit based on the previous closing price. <b>All orders input for SZSE securities must be at or within the price limit. Any orders with price beyond the price limit will be rejected by SZSE. The upper and lower price limit will remain the same intra-day.</b>
Maximum order size	1 million shares
Trading and settlement currency	RMB <b>Investors should ensure that they have sufficient RMB to settle SSE securities and SZSE securities trades. For the purpose of trading via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, customers are required to open and maintain a RMB settlement account or a multi-currency settlement account with Dah Sing Bank.</b>
Day trading	Day trading is not allowed. Hence, investors buying SSE securities and SZSE securities on T day can only sell the

	securities on and after T+1 day.
Odd lot trading	Only available for sell orders
Order amendment	Not available
Block trades	Not available
Over-the-counter or manual trades	Not available
Short selling	Investors are prohibited from naked short selling in SSE securities and SZSE securities. Covered short selling is allowed subject to the requirements set by SSE and SZSE respectively, but Dah Sing Bank currently does not offer such service.
Margin financing	Allowed in limited circumstances, but Dah Sing Bank currently does not offer such service.
Stock borrowing and lending	Allowed in limited circumstances, but Dah Sing Bank currently does not offer such service.
Subscription of new stock issues	Initially, Hong Kong and overseas investors can participate in rights issue / open offer subscription of SSE-listed issuers and SZSE-listed issuers but <b>NOT</b> initial public offering of SSE securities and SZSE securities.
Physical deposits and withdrawals	Not available
Trading fees	Handling fee, securities management fee, transfer fee, CCASS fees, stamp duty and tax on cash dividend and/or bonus issues (For details, please refer to the related information published on HKEx's China Stock Markets Web.)  At present, Hong Kong and overseas investors are exempted from paying capital gains tax and business tax when they trade SSE securities via Shanghai-Hong Kong Stock Connect. The availability of similar exemption for SZSE securities trades via Shenzhen-Hong Kong Stock Connect is yet to be confirmed by the relevant authorities.  <i>Investors should take note of any tax concerned with income arising from stock transfers which is yet to be determined by the relevant authorities.</i>
Issuing of corporate announcements	Through SSE website or SZSE website (as the case may be), four officially appointed newspapers (Shanghai Securities News, Securities Times, China Securities Journal and Securities Daily), and <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> . Investors should note that issuers listed on the ChiNext Board of SZSE are required to publish certain corporate announcements on their corporate websites and the officially appointed websites only. Investors can also visit HKEx website's China Stock Markets Web for the company announcements of SSE securities and SZSE securities issued on the previous T day.
Language of corporate announcements	Simplified Chinese
Order cancellation and rejection	Investors should note that:- (i) their order may be cancelled in case of contingency; (ii) their order cancellation request may not be processed in case of contingency and in such event they shall bear the settlement obligations; and (iii) their order may be rejected upon request of SSE, SZSE or SEHK.

### **Severe weather conditions**

Initially, the trading arrangement under severe weather conditions for Northbound Trading will be as follows:-

- If SSE or SZSE is suspended due to bad weather, there will be no trading on Northbound Trading on the relevant market and SEHK will inform investors accordingly;
- If typhoon signal no. 8 ("T8") (or above) is hoisted and/or black rainstorm warning is issued in Hong Kong before Hong Kong market opens, Northbound Trading will not open. If the signal and/or warning is/are subsequently cancelled on the same day, arrangement for the resumption of Northbound Trading will follow that for the Hong Kong market. Investors should refer to HKEx website for the details of the arrangement;
- If T8 (or above) is hoisted in Hong Kong after Hong Kong market opens but before SSE market or SZSE market opens (between 9 a.m. and 9:15 a.m.), Northbound Trading will not open; and
- If T8 (or above) is hoisted in Hong Kong after SSE market or SZSE market has opened, trading will continue for 15 minutes after hoisting of the relevant signal, during which order input and cancellation are allowed. After the said 15 minutes, only order cancellation is allowed. China Stock Connect System (i.e. the order routing system set up by SEHK to capture and handle Northbound Trading orders) will continue to open until SSE market or SZSE market closes.

The arrangements above are further summarized by the table below:-

Scenario	Northbound Trading
T8 or above / Black rainstorm warning issued before HK market opens (i.e. 9:00 a.m.)	Not open
T8 or above issued after HK market opens but before SSE market / SZSE market opens (i.e. 9:00 a.m. – 9:15 a.m.)	Not open
T8 or above issued after SSE market / SZSE market opens (i.e. 9:15 a.m.)	Trading will continue for 15 minutes after T8 or above issuance, thereafter, only order cancellation is allowed till SSE market / SZSE market closes.
Black rainstorm warning issued after HK market opens (i.e. 9:00 a.m.)	Trading continues as normal
T8 / Black rainstorm cancelled at or before 12:00 noon	Trading resumes after 2 hours
T8 / Black rainstorm cancelled after 12:00 noon	Not open

### **Pre-trade checking**

According to Mainland regulations, before an investor sells any share, there should be sufficient shares in the account at the end of the previous day, otherwise SSE or SZSE (as the case may be) will reject the sell order concerned. Therefore, investors should ensure that they have sufficient shares in their accounts prior to placing sell orders.

### **Dynamic price checking**

Dynamic price checking for buy orders would be in place to prevent mischievous behavior towards the use of the Northbound Trading quotas. Dynamic price checking will be applied throughout the trading day from the 5-minute input period before the start of the opening call auction session until the end of the closing call auction session. Buy orders with input prices lower than the current best bid (or last traded price in the absence of current best bid, or previous closing price in the absence of both current best bid and last traded price) beyond a prescribed percentage will be rejected by China Stock Connect System. During the opening call auction session, the current bid (or previous closing price in the absence of the current bid) will be used for checking. The percentage has been set at 3% during the initial phase and it may be adjusted from time to time subject to market conditions.

### **Nominee services and corporate action**

Hong Kong and overseas investors are holding SSE securities traded via Shanghai-Hong Kong Stock Connect and SZSE securities traded via Shenzhen-Hong Kong Stock Connect through their brokers or custodians while HKSCC, being the nominee holder of such SSE securities and SZSE securities, is providing the brokers and custodians nominee services such as collection and distribution of cash dividends, distribution of shareholders' meeting notices, consolidation and submission of voting instructions. Accordingly, Hong Kong and overseas investors are to exercise their shareholder rights in relation to the SSE securities and the SZSE securities through HKSCC in accordance with the CCASS Rules and CCASS Operational Procedures. However, it should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE securities and SZSE securities in Mainland or elsewhere.

As HKSCC is the shareholder on record of SSE securities traded via Shanghai-Hong Kong Stock Connect and SZSE securities traded via Shenzhen-Hong Kong Stock Connect (in its capacity as nominee holder, as described above), it can attend shareholders' meeting as shareholder. Where the articles of association of a listed company do not prohibit the appointment of proxy or multiple proxies by its shareholder, HKSCC will make arrangements to appoint investor(s) as its proxies or representatives to attend shareholders' meeting when instructed.

## **Foreign shareholding restrictions**

Under the current regulatory regime in the Mainland, Hong Kong and overseas investors holding shares in a listed company are subject to the following shareholding restrictions:

- Single foreign investors' shareholding by any Hong Kong or overseas investor in a listed company must not exceed 10% of the company's total issued shares; and
- Aggregate foreign investors' shareholding by all Hong Kong and overseas investors in an A share must not exceed 30% of the total issued shares.

Should the aggregate foreign shareholding of an individual A share exceeds the aggregate foreign shareholding limit, the investors concerned may be required to unwind their position on the excessive shareholding according to a last-in-first-out basis within a specific period in compliance with the applicable forced-sale procedures. SEHK and SSE and/or SZSE (as the case may be) will also issue warnings or restrict the buy orders for the related A-shares if the percentage of total shareholding is approaching the upper limit.

If an investor's shareholding in a listed company exceeds the single shareholding limit, the investor will be subject to forced-sale arrangement as well.

If a customer of Dah Sing Bank is subject to forced-sale arrangement but fails to sell the relevant shares within the stipulated timeframe, Dah Sing Bank shall take appropriate action on behalf of the customer to ensure compliance.

## **Disclosure obligation and compliance with the applicable laws in the Mainland**

Investors should familiarize themselves with and observe the applicable laws, rules and regulations in the Mainland concerning Northbound Trading.

Under the current regulatory regime in the Mainland, when an investor holds or controls 5% or more of the issued shares of a listed issuer, the investor is required to disclose his interest within three working days in the Mainland. Such investor may not buy or sell the shares in the listed issuer within the three-day period.

For such investor, every time when there is an increase or decrease by 5% in his shareholding or the shareholding controlled by him, the investor is required to make a disclosure within three working days in the Mainland. From the day the disclosure obligation arises to two working days after the disclosure is made, the investor may not buy or sell the shares in the listed issuer.

If a change in shareholding of the investor or the shareholding controlled by him is less than 5% but results in the shares held or controlled by the investor falling below 5% of the issued shares in the listed issuer, the investor is required to disclose the information within three working days in the Mainland.

Besides, under Mainland Securities Law, where a director, supervisor or member of the senior management of a listed issuer, or any shareholder holding more than 5% of the issued shares of the listed issuer makes a profit on a sale or purchase of the issuer's shares within a prescribed period (currently 6 months of the acquisition or sale of the relevant shares), such person shall return the profit to the issuer.

To facilitate the Mainland exchanges and regulator to conduct their market supervision and surveillance, Dah Sing Bank is required to assign a unique Broker-to-Client Assigned Number ("BCAN") to each of the Northbound Trading investors, provide the corresponding client identification data ("CID") which includes the investor's name, identity document issuing country, ID type and ID number to SEHK before sending investor's orders for Northbound Trading, and tag the BCAN to every Northbound Trading order on a real-time basis, which will then be routed to the Mainland exchanges. If the necessary authorisation and consent from an investor in relation to the collection, storage, use, disclosure and transfer of his CID and/or BCAN cannot be obtained by Dah Sing Bank, or the investor's BCAN or BCAN-CID mapping is otherwise invalid or deficient, then Dah Sing Bank may only input Northbound Trading sell order (but not any buy order) for such investor.

Investors should further note that his information may be forwarded to SEHK and on-forwarded to SSE and SZSE (as the case may be) for surveillance and investigation purpose. If the applicable rules of exchange are breached, or the disclosure and other obligations referred to therein are breached, SSE and/or SZSE (as the case may be) has/have the power to carry out an investigation, and may, through SEHK, require the parties concerned to provide relevant information and materials to assist in the investigation. Further, Dah Sing Bank may not extend Northbound Trading services to customers if SEHK issues warning statements requiring Dah Sing Bank to do so.

## **Market data**

Currently, Hong Kong and overseas investors may source real time market data of SSE via licensed information vendors, a list of which is available on the website of China Investment Information Services Limited established in Hong Kong, which is the authorised international sole agent of SSE information. Investors can also access real time market data through internet. The licensed vendor for market data is published on the website of SSE Infonet Ltd., Co..

As for SZSE market data, real-time market data of SZSE may be sourced via licensed information vendors, a list of which is available on the website of Shenzhen Securities Information Co. Ltd., SZSE's exclusive agent for local and overseas market data businesses.

## **Trade suspension mechanism for Mainland A-shares**

### **SSE**

Under the Rules of the Shanghai Stock Exchange on the Real-time Monitoring of Unusual Securities Transactions 《上海證券交易所證券異常交易實時監控細則》, trading of SSE securities may be suspended temporarily during a trading day to suit market needs should there be unusual fluctuations during the trading of A-shares. Examples of unusual fluctuations include:

- during the trading of a stock which is not subject to daily price limit, the price has risen or fallen by more than 10% over the opening price, or has risen or fallen by more than 20% in a single auction;
- the turnover rate (trading volume ÷ actual floating volume on that day x 100%) of a stock which is not subject to daily price limit has exceeded 80%;
- the turnover rate of a risk alert stock which is subject to daily price limit has exceeded 30%;
- where there are trading activities suspected of violating laws and rules, which may substantially affect the trading price or seriously mislead other investors; and
- other circumstances considered by either China Securities Regulatory Commission ("CSRC") or SSE in justifying temporary suspension of trading during a trading day.

SSE will make announcements of temporary suspension and resumption of trading through its Market Trading Reminder webpage and through its satellite communications system.

### **SZSE**

Under the Implementing Measures of the Shenzhen Stock Exchange for the Shenzhen-Hong Kong Stock Connect 《深圳證券交易所深港通業務實施辦法》, should there be unusual trading circumstances which are determined by the SZSE and which prevent or may prevent certain or all SZSE securities from being traded normally via SZSE Northbound Trading, SZSE may decide to take measures including suspension of the trading of the relevant SZSE securities, suspension of the acceptance of all or part of SZSE Northbound Trading orders or temporary closure of the SZSE, and SZSE shall make announcements accordingly.

Further, if the amount bought or sold via SZSE Northbound Trading within a short period of time exceeds a certain amount and this constitutes an unusual trading situation under the rules of the SZSE, SZSE may implement measures to handle the situation accordingly.

## **Circuit Breaker Mechanism**

China Securities Regulatory Commission announced new regulations introducing a circuit breaker mechanism for trading of A-shares on SSE and SZSE in December 2015. According to the trading rules of SSE and SZSE respectively, trading of A-shares on SSE and/or SZSE will be suspended when the CSI 300 Index rises or falls by a specified percentage compared to its previous close.

Imposition of a circuit breaker in SSE and/or SZSE will result in the suspension of the execution of trades through the SSE and/or SZSE market systems (as the case may be) for such period(s) as set out in the relevant trading rules. The lifting of a circuit breaker during a continuous auction session of any Northbound Trading day may result in trades being executed through call auction.

The implementation of the circuit breaker mechanism has been suspended since 8 January 2016. Investors should take note of any further developments. Details of the circuit breaker mechanism may be found in SSE's and SZSE's websites.

## **Rules and Regulations**

This information leaflet is prepared based on the prevailing information available to Dah Sing Bank. The information and materials contained herein are subject to further changes as implementation of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and promulgation of the relevant rules, regulations, agreements and other documentation progress, and they may not be updated to reflect material developments which may occur after its distribution.

This information leaflet serves to provide customers of Dah Sing Bank with an overview of Northbound Trading under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and the key risks associated. It does not purport to be comprehensive or to cover all aspects of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. It is not designed to provide legal, financial, investment or any other form of advice and should not be relied on as such. Investors are strongly encouraged to seek independent professional advice with regards to his specific circumstances prior to engaging in trades through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

Dah Sing Bank shall not be responsible or liable for any direct, consequential, incidental, indirect or special loss or damage, howsoever caused, of any kind, arising from the use of or reliance upon any information or materials provided in this information leaflet, or for any errors, omissions or inaccurate information contained in this information leaflet.

HKEx, SEHK, SEHK subsidiary, SSE, SSE subsidiary, SZSE and SZSE subsidiary and their respective directors, employees and agent shall not be responsible or held liable for any loss or damage directly or indirectly suffered by investors or any third parties arising from or in connection with Northbound Trading or China Stock Connect System.

## **Key Risks of investing through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect**

### **Risks of investor assets received or held outside Hong Kong**

Investor assets received or held outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong) and the rules made thereunder. Consequently, such investor assets may not enjoy the same protection as that conferred on investor assets received or held in Hong Kong.

### **Not protected by China Securities Investor Protection Fund**

According to the Measures for the Administration of Securities Investor Protection Fund 《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund (CSIPF, 中國投資者保護基金) include “indemnifying creditors as required by China’s relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by China Securities Regulatory Commission (CSRC) and custodian operation” or “other functions approved by the State Council”. As far as Hong Kong investors participating in Northbound Trading are concerned, since they are carrying out Northbound Trading through securities brokers in Hong Kong and these brokers are not Mainland brokers, therefore they are not protected by CSIPF on the Mainland.

### **Quotas used up**

Once the relevant Daily Quota is used up, acceptance of the corresponding buy orders for SSE Northbound Trading or SZSE Northbound Trading (as the case may be) will also be immediately suspended and no further buy orders for the relevant market will be accepted for the remainder of the day. Buy orders for the relevant market which have been accepted will not be affected by the using up of the relevant Daily Quota, while sell orders will continue to be accepted. Buying services will be resumed on the following trading day.

### **Trading day and trading hours**

As mentioned above, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will only operate on days when both the Hong Kong and Mainland markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot carry out any A-share trading. Investors should take note of the days Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are not trading.

In addition, there is difference in trading hours between the Mainland and Hong Kong stock markets. Trading hours for A-shares under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is different from Hong Kong and investors shall beware of such difference.

### **Restrictions on selling imposed by front-end monitoring**

For investors who usually keep their A-shares outside of their brokers, if they want to sell certain A-shares they hold, they must transfer those A-shares to the respective accounts of their brokers by the end of the day immediately preceding the target trading day. If they fail to meet this deadline, they will not be able to sell those A-shares on the target trading day.

### **The recalling of eligible stocks**

When a stock is recalled from the scope of eligible stocks for trading via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect for above-mentioned reasons, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE, SZSE and SEHK.

### **Mainland market risk**

- (a) Market volatility risk: The Mainland stock market is relatively volatile as it is mostly made up of retail investors who tend to be speculative and susceptible to the central government policies and news.
- (b) Macro-economic risk: There is a close relationship between the Chinese economy and stock market performance. The Chinese economic growth is still above the global average, but has already shown signs of slowdown. Moreover, there is growing concern over the country's government and corporate debts.
- (c) Currency risks: Hong Kong investors will be exposed to the risk of RMB exchange rate movements if they have to convert HKD into RMB for trading in Shanghai and Shenzhen A-shares. The conversion also incurs costs.

Movements in the RMB exchange rate will affect the profits and debts of the Mainland listed companies. Such effects will be more significant to those export-oriented companies and companies having debts denominated in currencies other than RMB.

- (d) Policy risk: Central government's economic and financial policies will affect the performance of investment market. Investors shall beware of the central government policies for stimulating the economy or supporting different industries, as well as their different financial policies in respect of the currency, interest rate, credit and stock markets.

## **Risks of investing in companies listed on the ChiNext Board of SZSE (“ChiNext Companies”)**

Certain eligible A-shares under Shenzhen Connect are listed on the SZSE's ChiNext Board, which will be limited to the institutional professional investors at the initial stage of Shenzhen Connect. Generally, stocks listed on ChiNext Board contain higher risk than those listed on the SZSE Main Board.

- (a) **Regulatory risk:** The rules and guidance on listing, trading, disclosure and other matters of ChiNext Board vary much from those of the SZSE Main Board and SME Board. For instance, the listing requirements of ChiNext Board are less stringent than the SZSE Main Board and SME Board, e.g. requiring a shorter track record period and lower net profit, revenue and operating cash flow. Moreover, the disclosure rules applied to the ChiNext Board are different from the SZSE Main Board and SME Board. For example, ad hoc reports of ChiNext companies are only required to be published on a CSRC designated website and on the issuers' website. If investors continue to check information through the usual disclosure channels for the SZSE Main Board and SME Board, they may miss out some important information disclosed by ChiNext companies. Therefore, investors are advised to closely monitor announcements and risk alerts of ChiNext companies, be aware of market risks, and comply with relevant rules and regulations while trading in the ChiNext market.
- (b) **Operating risk:** Companies listed on ChiNext Board are generally in the early stage of development and have a shorter history, whose business is smaller in scale, unstable, profitability is low, and less resilient against market and industry risks. Operating risks experienced by these companies often include technical failure, new products not well-received by the market, failure to catch up the market development and any changes in the founder, management team and core technician team.
- (c) **Delisting risk:** Compared to the SZSE Main Board, the proportion of companies delisting is higher on the ChiNext Board and such delisting process may be speeded up. In addition, the shares of ChiNext companies may be delisted immediately after SZSE determines its delisting. Investors will not be able to trade in delisted shares, and may lose all the invested capital in this case.
- (d) **Fluctuation in stock price:** As companies listed on ChiNext Board are relatively small and their business performance are unstable, they are more vulnerable to speculation. Share price of the ChiNext stocks is more volatile. ChiNext companies with low public float may be vulnerable to manipulations by major shareholders. The unstable financial result also adds the difficulty to the company valuations.
- (e) **Technical risk:** Companies listed on ChiNext Board are mainly high technology companies, whose success is subject to technical innovations. However, these companies are exposed to the risks and challenges relating to technical innovation, such as high R&D costs, technical failure, and rapid development and replacement in technology and product market.
- (f) **Risks relating to valuation:** Generally, it is difficult to estimate the value of a company listed on ChiNext Board as they are in the early stage of development with short operating history and unstable profits and cash flow. Therefore, traditional valuation method, such as price-to-earnings ratio and price-to-book ratio, is difficult to be applied.

## **Risks for Shanghai Stock Exchange (SSE) Sci-Tech Innovation Board (STAR Market)**

Eligible A-shares listed on SSE STAR Market has been included into Stock Connect with effect from 1 February 2021. Given the STAR Market's special investor eligibility requirements, STAR Market-listed shares will only be accessible via Northbound Stock Connect trading by institutional professional investors, as defined under the Rules of the Exchange.

- (a) **Regulatory risk:** The rules and guidance on listing, trading, disclosure and other matters of SSE STAR vary much from those of the SSE main board. For example, on the listing requirements, lower net profit and revenue requirements will apply for company seeking IPO and listing on the STAR market. Different trading arrangements will apply for the trading of STAR companies, such as daily price limit, minimum order size and maximum order size. For details of the listing requirements and the trading arrangements of the STAR market and the SSE main board, please visit SSE website.
- (b) **Delisting risk:** The delisting standards of the STAR market are different from those of the SSE main board. There are more situations that will lead to the delisting of STAR companies. STAR companies have greater exposure to the risk of being delisted, and such delisting process may be speeded up.
- (c) **Operating risk:** STAR companies are generally in an early stage of development and have a shorter history. They are usually smaller in scale, have less stable operations, and are less resilient against market risks and industry risks. Although they may have higher growth potential and leverage more on technical innovations, their future performance particularly those without a profit track record is susceptible to great uncertainty.
- (d) **High share price volatility:** The share prices of STAR companies may fluctuate largely and frequently due to changing market conditions, investor speculations, inconsistent financial results, etc. The unstable financial result also makes company valuations difficult.
- (e) **Technical risk:** There is higher degree of uncertainty whether a STAR company is able to convert its technical innovations into physical products or services. When the industry is experiencing rapid technological development and replacement, its product may be obsolete and may not survive in the market.

Investors should also refer to the standard Risk Disclosure Statement 上海證券交易所科創板股票交易風險揭示書必備條款 (in Chinese only) in the Investor Eligibility Implementing Measure of STAR Market which Mainland investors are required to acknowledge before trading in SSE STAR market.

**Source: HKEx website, SFC's Investor Education Centre, the Investor and Financial Education Council, the Code of Conduct for Persons Licensed by or Registered with the SFC, Implementing Measures of the Shenzhen Stock Exchange for the Shenzhen-Hong Kong Stock Connect and Guidelines for the Agency Agreement for the Trading of Securities of the Securities Association of China**

**Issue Date: 15<sup>th</sup> March 2021**

**(Applicable to Personal Customer)**  
**Personal Information Collection Statement on Northbound Trading**  
**under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect**

**Processing of Personal Data on Northbound Trading under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (“Northbound Trading”)**

You acknowledge and agree that in providing Northbound Trading Services, Dah Sing Bank, Limited (“the Bank”) will be required to:

1. tag each of your orders submitted to the China Stock Connect System (“CSC”) with a unique Broker-to-Client Assigned Number (“BCAN”); and
2. provide to The Stock Exchange of Hong Kong Limited (“the Exchange” or “SEHK”) your assigned BCAN and such identification information (“Client Identification Data” or “CID”) relating to you as the Exchange may request from time to time under the Rules of the Exchange.

Without limitation to any notification the Bank has given you or consent the Bank has obtained from you in respect of the processing of your personal data in connection with your account and the Bank’s services to you, you acknowledge and agree that the Bank may collect, store, use, disclose and transfer personal data relating to you as required as part of our Northbound Trading Services, including as follows:

- (a) to disclose and transfer your BCAN and CID to the Exchange and the relevant subsidiaries established by SEHK under Stock Connect (“SEHK Subsidiaries”) from time to time, including by indicating your BCAN when inputting a Northbound Trading order into the CSC, which will be further routed to the relevant China Connect Market Operator on a real-time basis;
- (b) to allow each of the Exchange and the relevant SEHK Subsidiaries to: (i) collect, use and store your BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via Hong Kong Exchanges and Clearing Limited (“HKEX”)) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange; (ii) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in (c) and (d) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
- (c) to allow the relevant China Connect Clearing House to: (i) collect, use and store your BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, the Exchange and the relevant SEHK Subsidiary; (ii) use your BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and
- (d) to allow the relevant China Connect Market Operator to: (i) collect, use and store your BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets.

By instructing the Bank in respect of any transaction relating to Northbound Trading Securities, you acknowledge and agree that the Bank may use your personal data for the purposes of complying with the requirements of the Exchange and its rules as in force from time to time in connection with Northbound Trading. You also acknowledge that despite any subsequent purported withdrawal of consent by you or termination of all your account(s) with the Bank, your personal data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.

**Terms and Conditions**

1. If you fail to provide your personal data or consent to the Bank as described above, the Bank will not, or no longer be able, as the case may be, to carry out your trading instructions or provide you with Northbound Trading Services.
2. Customer is required to notify the Bank promptly if there is any update on CID.
3. This statement is applicable to customer with securities account(s) under the same name. If customer holds a joint account, a unique BCAN will be assigned to the joint account for Northbound Trading provided that all account holders must provide consent by signing this statement.
4. If your BCAN or BCAN-CID mapping is invalid or deficient, the Bank will not, or no longer be able, as the case may be, to carry out Northbound Trading buy order under Northbound Trading Services.
5. This statement will be effective within three trading days after receipt of the signed form by the Bank.
6. Any arrangement in relation to BCAN mentioned above and this statement shall not be applicable to Mainland investors which include: (a) individuals that possess Mainland ID documents; and (b) holders of a joint account if one of the holders is considered as Mainland investor under (a); but exclude any individual who holds a Permit for Proceeding to Hong Kong and Macao, i.e. One-way Permit or who has obtained any identity document as proof of permanent residence in a country or region outside Mainland China.



**(Applicable to Corporate Customer)**  
**Information Collection Statement on Northbound Trading**  
**under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect**

**Processing of Data on Northbound Trading under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (“Northbound Trading”)**

The company named below (the “Company”) acknowledges and agrees that in providing Northbound Trading Services, Dah Sing Bank, Limited (“the Bank”) will be required to:

1. tag each of the Company’s orders submitted to the China Stock Connect System (“CSC”) with a unique Broker-to-Client Assigned Number (“BCAN”); and
2. provide to The Stock Exchange of Hong Kong Limited (“the Exchange” or “SEHK”) the BCAN assigned to the Company and such identification information of the Company (“Client Identification Data” or “CID”) as the Exchange may request from time to time under the Rules of the Exchange.

Without limitation to any notification the Bank has given the Company or consent the Bank has obtained from the Company in respect of the processing of the Company’s data in connection with its account and the Bank’s services to the Company, the Company acknowledges and agrees that the Bank may collect, store, use, disclose and transfer the data of the Company as required as part of our Northbound Trading Services, including as follows:

- (a) to disclose and transfer the Company’s BCAN and CID to the Exchange and the relevant subsidiaries established by SEHK under Stock Connect (“SEHK Subsidiaries”) from time to time, including by indicating the Company’s BCAN when inputting a Northbound Trading order into the CSC, which will be further routed to the relevant China Connect Market Operator on a real-time basis;
- (b) to allow each of the Exchange and the relevant SEHK Subsidiaries to: (i) collect, use and store the Company’s BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via Hong Kong Exchanges and Clearing Limited (“HKEX”)) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange; (ii) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in (c) and (d) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
- (c) to allow the relevant China Connect Clearing House to: (i) collect, use and store the Company’s BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, the Exchange and the relevant SEHK Subsidiary; (ii) use the Company’s BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and
- (d) to allow the relevant China Connect Market Operator to: (i) collect, use and store the Company’s BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets.

By instructing the Bank in respect of any transaction relating to Northbound Trading Securities, the Company acknowledges and agrees that the Bank may use its data for the purposes of complying with the requirements of the Exchange and its rules as in force from time to time in connection with Northbound Trading. The Company also acknowledges that despite any subsequent purported withdrawal of consent by the Company or termination of all its account(s) with the Bank, the Company’s data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.

**Terms and Conditions**

1. If the Company fails to provide its data or consent to the Bank as described above, the Bank will not, or no longer be able, as the case may be, to carry out the trading instructions of the Company or provide the Company with Northbound Trading Services.
2. The Company is required to notify the Bank promptly if there is any update on CID.
3. If the Company’s BCAN or BCAN-CID mapping is invalid or deficient, the Bank will not, or no longer be able, as the case may be, to carry out Northbound Trading buy order under Northbound Trading Services.
4. This statement will be effective within three trading days after receipt of the signed form by the Bank.
5. Any arrangement in relation to BCAN mentioned above and this statement shall not be applicable to corporate or unincorporated entities which are registered in the Mainland, excluding any branch or subsidiary of a corporate or unincorporated entity registered in Mainland China which branch or subsidiary is lawfully registered in Hong Kong or overseas.

## Stock Order Status e-Alert Service Terms and Conditions

1. The Bank and the related information providers endeavor to ensure the timeliness, accuracy and reliability of any data and information provided. The Bank cannot guarantee the timeliness or accuracy or reliability of such data and information and accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions, except such losses and damages as may directly and primarily arise from the Bank's negligence or willful default. The use of such data and information is at the user's risks. Such data and information should not be furnished to any other person or entity for any reason.
2. To enable us to provide you with the e-Alert Services, you are required to provide personal information to us and keep it updated. Otherwise, it may result in our inability to provide you such service. Should you have made any changes to or in any register with us related to the e-Alert Services, you shall notify us promptly.
3. The personal information that you provide will be used whenever necessary in connection with the provision of the e-Alert Services to you. It might be used, stored, disclosed, transferred (including us or any service provider(s)), obtained and /or exchanged to, from or with parties for any purposes that we consider necessary and appropriate.
4. We will from time to time modify, expand or reduce the scope and features of the e-Alert Services with or without notice. A notice of a change to the e-Alert Services may be given in such manner and by such means of communication, including, without limitation, use of direct mailing material, advertisement, branch display or electronic communications such as e-mail.
5. You may customize the type of e-Alert Services by updating your preferences through our i-Securities services or other ways acceptable by us from time to time.
6. The e-Alert Services is available to you only if you have appropriate telecommunications equipment which must be a compatible piece of telecommunications equipment capable of receiving such e-Alert Services.
7. The e-Alert Services may without notice to you be suspended or terminated for any reason including without limitation invalid information, suspension and closure of designated account or whenever we deem necessary. We will not assume any liabilities or responsibilities for any such suspension or termination.
8. You acknowledge that any information sent to you from the e-Alert Services is for reference only, and shall not be taken as conclusive evidence of the matter to which it relates.
9. In case of any failure or delay in transmitting information to you or any error or failure in such information, neither we nor any of the telecommunications companies which may be designated by us for the purposes of providing the e-Alert Services shall assume any liability or responsibility on any resulting damages or losses. In addition, we shall not be responsible to arrange for any message to be re-sent to you.
10. You shall bear any fees, charges or expenses which may be imposed by your telephone service provider and/or any telecommunications company providing or servicing your telecommunications equipment in connection with the e-Alert Services.
11. You acknowledge that you shall indemnify us for any claims, demands, liabilities, losses, damages, costs and expenses of whatever nature that may result or which we may sustain, suffer or incur as a result of our agreeing to provide the e-Alert Services.
12. We will only send SMS messages once. You shall be responsible for saving SMS messages where necessary, and we shall not resend the same SMS message.
13. You should not reply to any e-Alert messages that we send you.
14. We will never make a request via the e-Alert Services to require you to provide your account information or security details. You should never respond to such request and should immediately notify us upon receipt of such request.
15. Should there be any event or circumstance beyond our reasonable control which causes the wholly or partly unavailability of the e-Alert Services, we will not be liable or responsible for any direct or indirect corresponding loss or costs.
16. You may modify, change, terminate or reactivate the e-Alert Services at any time by following the registration process through the channels we provide to you from time to time.
17. When you use the e-Alert Services, you must comply with these Terms and Conditions and other applicable terms and conditions including but not limited to those of the Master Terms & Conditions of DSB.
18. We reserve our rights to revise, amend or modify these Terms and Conditions from time to time at our absolute discretion.
19. In the event of discrepancy between the Chinese version and the English version, the version elected by the Customer as advised to the Bank in writing as the governing version shall prevail. In case the Customer has not made any election, the English version shall prevail.
20. The e-Alert Services and these Terms and Conditions are legally binding and governed by and must be construed in accordance with the laws of HKSAR.

### **Risk Disclosure for opting out from Stock Order Status e-Alert**

1. If you opt out from Stock Order Status e-Alert, you may suffer loss due to failure to discover and take necessary measures timely in the event of attack by hacking activities or unauthorized trading.

## Disclaimer from MegaHub Limited

(applicable to customers subscribed for MegaHub Real-time Snapshot Stock Quote Service or MegaHub Streaming Stock Quote Service (collectively, "MegaHub Service"))

1. By using the MegaHub Service, I/we understand and agree to the following terms and conditions and provisions contained in the Subscription Agreement (<https://www.megahubhk.com/en/terms/>) of MegaHub Limited ("MegaHub") and User.
2. I/We expressly acknowledge and agree that the MegaHub Service is provided to me/us on an "as is" basis and that my/our use of its content is at my/our sole risk. Only part of the MegaHub Service is translated and provided for convenience only. Translation may be imprecise and inaccurate in whole or in part. MegaHub, translator, and third party information providers ("Sources") do not make any warranty of any kind whatsoever relating to the MegaHub Service including any content furnished through the MegaHub Service, express or implied, including without limitation, non-infringement of third party rights or merchantability or fitness for any particular purpose of use. MegaHub and the Sources endeavor to ensure the accuracy and reliability of the content provided but do not guarantee its accuracy or reliability and accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions.
3. I/We expressly acknowledges and agrees that:-  
"HKEX INFORMATION SERVICES LIMITED, ITS HOLDING COMPANIES AND/OR ANY SUBSIDIARIES OF SUCH HOLDING COMPANIES", "CHINA INVESTMENT INFORMATION SERVICES LIMITED, IT'S HOLDING COMPANIES AND/OR ANY SUBSIDIARY OF SUCH HOLDING COMPANIES", "SHENZHEN SECURITIES INFORMATION CO., LTD, IT'S HOLDING COMPANIES AND/OR ANY SUBSIDIARY OF SUCH HOLDING COMPANIES", MEGAHUB AND THE SOURCES ENDEAVOR TO ENSURE THE AVAILABILITY, COMPLETENESS, TIMELINESS, SEQUENCE, ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED BUT DO NOT GUARANTEE (WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) ITS AVAILABILITY, COMPLETENESS, TIMELINESS, SEQUENCE, ACCURACY OR RELIABILITY AND ACCEPT NO LIABILITY (WHETHER IN TORT OR CONTRACT OR OTHERWISE) ANY LOSS OR DAMAGE ARISING DIRECTLY OR INDIRECTLY FROM ANY INACCURACIES, INTERRUPTION, INCOMPLETENESS, ERROR, DELAY, OMISSIONS, OR ANY DECISION MADE OR ACTION TAKEN BY YOU OR ANY THIRD PARTY IN RELIANCE UPON THE INFORMATION PROVIDED.
4. The content contained in the MegaHub Service is provided for information and reference purposes only and does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or purchase, any financial products (include but not limited to securities, future, option, warrants, callable bull/bear contracts or other structured products listed on The Stock Exchange of Hong Kong Limited and/or other exchange described in the MegaHub Service. Nothing contained in the MegaHub Service shall form the basis of any contract or commitment whatsoever. Content contained in the MegaHub Service should not be considered as investment advice or any form of recommendation to purchase or sell any financial products.
5. Any indicative pricing levels, disclosure materials, valuations and other analysis published in the MegaHub Service have been prepared on assumptions and parameters that reflect good faith determinations. The assumptions and parameters used are not the only ones which could have reasonably been selected, and accordingly, no guarantee is given in respect of the accuracy, reasonableness or completeness of such quotations, disclosure or analysis. No representation or warranty is made that any indicative return or performance will be achieved in the future. Such information does not constitute investment advice by MegaHub and are for information purposes only.
6. Neither MegaHub, nor any of its directors, officers or employees, translators, nor any third party vendor will be liable or have any responsibility of any kind for any loss or damage that I/we incurs in the event of any failure or interruption of the MegaHub Service, or resulting from the act or omission of any other party involved in making the MegaHub Service or the data contained therein available to me/us, or from any other cause relating to my/our access to, inability to access, or use of the MegaHub Service or those materials, whether or not the circumstances giving rise to such cause may have been within the control of MegaHub or of any vendor providing software or services support.
7. Communications over the internet are not secure. Information contained in the MegaHub Service may be intercepted, lost, destroyed or delayed in transmission. MegaHub will take reasonable measures to minimize related risk, but do not accept any liability for any such occurrence and do not warrant that any communication or attachments or the software will be free from viruses, worms or other harmful components.
8. While reasonable effort is made to ensure the accuracy of the translation, any translation of the MegaHub Service may be imprecise and inaccurate in whole or in part. No liability and no responsibility are assumed by either MegaHub or the Sources for any errors, omissions, or ambiguities in the translations or other information provided by the MegaHub Service.
9. The Service Charge does not include mobile telecommunications service fee and/or 4G / 3G / HSPA / GPRS / EDGE / WiFi internet service fee collected by mobile network service providers. I/We should apply those services separately.
10. In the event of any discrepancy or conflict between this Disclaimer and Subscription Agreement, the Subscription Agreement shall prevail.

The above Terms and Conditions shall be governed by and construed in accordance with the laws of Hong Kong. In the event of any inconsistency between the English version and the Chinese version of the above Terms and Conditions, the English version shall prevail.

## Terms and Conditions for e-Corporate Action Service

(Applicable to Securities Account e-Advice Only)

1. e-Corporate Action Service allows you to submit instructions for corporate actions for Hong Kong listed stocks and China Connect stocks via i-Securities or other available e-channels. Please click [here](#) for the existing corporate action(s) having the e-Corporate Action Service supported by the Bank. The Bank shall have the discretion from time to time to amend the scope of e-Corporate Action Service supported by the Bank by giving you reasonable notice (by such means as the Bank shall deem appropriate).
2. You will need to suppress physical advice for your securities account via e-Banking, Mobile Banking or any branch of the Bank if you would like to use e-Corporate Action Service. In respect of joint name securities account, all of the account holders will need to suppress physical advice for the securities account.
3. For any corporate action which requires you to submit instruction, you will receive an email notification to notify you of the readiness of the e-Advice for the related corporate action. You should login e-Banking to check the e-Advice for details and submit your instruction via i-Securities.
4. You are free to choose whether to submit an instruction via i-Securities or other available e-channels or by physical letter. However, please do not submit the same instruction via different channels. If you submit the same instruction via different channels, the Bank shall treat the instruction last submitted via an e-channel or that submitted by way of physical letter as your final instruction to proceed (whereas in any event, your instruction submitted by physical letter, if any, shall override the same instruction submitted via any e-channel) and the Bank reserves the sole discretion to decline to handle your instruction.
5. If there is an insufficient quantity of related shares and/or subscription monies (including related fees & charges) in your securities account and/or settlement account for us to process all of your instructions for respective corporate actions, the Bank reserves the sole discretion to stop processing any or all of your instructions without prior notice and the Bank shall not be responsible for any loss incurred.
6. Any of the account holders of a joint name securities account can submit instructions for corporate actions through i-Securities or other available e-channels or by physical letter. Please note that only one instruction is required for the same corporate action from any holder of a joint name securities account. If more than one of the holders of a joint name securities account give instructions for the corporate action, the last instruction received by the Bank will be treated as the final instruction or the Bank reserves the sole discretion to decline to handle all instructions.
7. The Bank reserves the sole discretion to stop processing your instruction without prior notice.

Dah Sing Bank, Limited

December 2021

## Terms and Conditions for Buy/Sell Order

1. You request and authorize Dah Sing Bank, Limited (“the Bank”) to buy/sell the above stock(s) on your behalf. Any bought/sold amount of the stock with the related charges will be settled via your settlement account.
2. You understand and agree that the Bank does not guarantee that the above Buy/Sell Order(s) can be executed or partially executed.
3. You understand and agree that if the above Buy/sell Order(s) (for order which is valid for more than one trading day) is not fully executed, cancelled or rejected, it will be carried forward to next trading day until the end of the good-till period. If the Buy/Sell order(s) is executed in multiple days, transaction charges would be calculated on daily basis.
4. You understand and agree that if the above Buy/Sell Order(s) is not executed or partially executed during the good-till period, the whole Buy/Sell Order(s) or the unexecuted portion of the order (as the case may be) will lapse after market closes on the good-till date.
5. You understand and agree that the above Buy/Sell Order(s) (for order which is valid for more than one trading day) can be cancelled but not amended, in which the executed part of the order cannot be cancelled, while only the outstanding part of the order can be cancelled.
6. You understand and agree that the good-till date of the above Buy/Sell Order(s) shall be not more than 3 trading days from the order date or such other date as designated by the Bank.
7. You understand and agree that the above Buy/Sell Order(s) is bound by the “Master Terms and Conditions” of the Bank / “Master Terms and Conditions for VIP Banking Services” of the Bank including its General Terms and all its applicable Specific Terms (each as amended from time to time) (“Master Terms and Conditions”). In case there is any inconsistency between these Terms and Conditions and the Master Terms and Conditions, these Terms and Conditions shall prevail.
8. In the event of any inconsistency between the English version and Chinese version of these Terms and Conditions, the English version shall prevail.

## Terms and Conditions for Stop Loss Order

1. You request and authorize Dah Sing Bank, Limited (“the Bank”) to place Stop Loss Order(s) to sell the above stock(s) on your behalf. Any sold amount of the stock with the related charges will be settled via my/our settlement account.
2. You understand and agree that once the current nominal price of the stock drops to or below my/our preset Stop Loss Price in continuous trading session, your Stop Loss Order(s) will be triggered and placed to market as an enhanced limit order for execution. The executed price may be better than, or equal to your Lowest Selling Price. The Stop Loss Order(s) will not be executed at the price below the specified Lowest Selling Price. And it may be rejected if the current BID price is above the Lowest Selling Price to a certain extent (according to trading mechanism of HKEx).
3. You understand and agree the Bank will use its best endeavours to process your Stop Loss Order(s), but it may not be performed due to fluctuation in stock price, inadequate market liquidity, system failure and any event beyond the control of the Bank. The order may be fully executed, partially executed, unexecuted or even rejected.
4. You understand and agree that the Bank does not guarantee that any of the above stop loss order(s) can be executed or partially executed.
5. You understand and agree that if the above Stop Loss Order(s) is not executed during the good-till period, it will lapse after market closes on the good-till date.
6. You understand and agree that if the above Stop Loss Order(s) is valid for more than 1 trading day and it is not triggered, cancelled or rejected on a trading day during the good-till period, it will be automatically carried forward to the next trading day, until the end of the good-till period. Once triggered, the order will lapse at the end of that trading date and will not be carried forward to next trading day regardless of whether the order is executed fully or not.
7. You understand and agree that the above Stop Loss Order(s) can be cancelled but not amended, in which the executed part of the order cannot be cancelled, while only the outstanding part of the order can be cancelled before market closes on the trading day on which the executed part of the order is executed.
8. You understand and agree that the good-till date of the above Stop Loss Order(s) shall be not more than 3 trading days from the order date or such other date as designated by the Bank.
9. You understand and agree that the above Stop Loss Order(s) is bound by the “Master Terms and Conditions” of the Bank / “Master Terms and Conditions for VIP Banking Services” of the Bank including its General Terms and all its applicable Specific Terms (each as amended from time to time) (“Master Terms and Conditions”). In case there is any inconsistency between these Terms and Conditions and the Master Terms and Conditions, these Terms and Conditions shall prevail.
10. In the event of any inconsistency between the English version and Chinese version of these Terms and Conditions, the English version shall prevail.

## Terms and Conditions for the use of Power Screener and Power Tracker

### Disclaimers

All information contained herein (the “Information”), unless the context states otherwise, is provided for reference only and does not have any regard to the specific investment objectives and experience, financial situation and the particular needs of the client who receives it. The Information is not intended to form any financial, investment, legal or other professional advice or recommendation. While Dah Sing Bank, Limited (the “Bank”) has exercised every effort to ensure accuracy of the Information and has prepared the Information based on sources which the Bank considers to be reliable, the Bank does not guarantee, warrant or represent the fairness, accuracy, completeness, correctness or fitness for any purposes of the Information or the basis upon which any such Information is made. In the absence of fraud, negligence or willful default, the Bank shall not have any liability or responsibility for any loss arising out of or in connection with the use or reliance on the Information. Unless the context states otherwise, the Information does not constitute any offer, invitation or recommendation to any person to subscribe or purchase any securities, investment or financial products or services nor shall it be considered as a projection or indication of any future performance. Client should make investment decision according to his/her own investment objectives and experience, financial situation and other needs and factors, and should not solely rely on the Information. If necessary, please seek independent professional advice in respect of the Information.

Investment involves risks. The prices of securities fluctuate, sometimes dramatically. The price of securities may move up or down and may become valueless. Losses may be incurred as well as profits made as a result of buying and selling securities.

# Terms and Conditions for the Security Authentication Service on Dah Sing Mobile Securities Trading App+ / US Securities Trading App

1. These terms and conditions ("Terms") apply to and regulate your use of the security authentication service, namely biometric authentication (including fingerprint / Touch ID / face ID authentication / facial recognition) and self-assigned security passcode authentication (collectively, the "Service") on Mobile Securities Trading App+ / US Securities Trading App (the "App") provided by Dah Sing Bank, Limited ("the Bank" or "we" or "Dah Sing"). By registering or using the Service, you agree or are deemed to accept and agree to these Terms. If you do not accept these Terms, please stop registering or using the Service.
2. The Service provides you an alternative means to log into Dah Sing Mobile Securities Trading Services ("Mobile Securities Services") through the App by using your biometric authentication record(s) stored on your designated mobile device\* or self-assigned security passcode.

\*Designated mobile device means a mobile device which is compatible to the App and Service as may be announced by us from time to time. Please contact us for the updated list of such designated mobile devices.

3. By activating the Service, you agree that Dah Sing may treat and consider as valid and binding on you any login to the Mobile Securities Services, which is authenticated through the Service, and any instruction given or agreement made with Dah Sing after such login without Dah Sing making any further inquiry as to the authority or identity of the person making such login, making or purporting to give such instructions or to make such agreement or their authenticity notwithstanding any error, misunderstanding, fraud, forgery or lack of clarity in the authorization. You acknowledge and agree that Dah Sing may still, but is not obliged to, require you to authenticate a transaction by your password and / or another form of authentication even though you have authenticated the login through the Service.
4. The Service is provided as part of the Bank's services, and accordingly:
  - i. these Terms are in addition to and shall be read in conjunction with the Bank's Dah Sing Bank Mobile Securities Trading User Agreement (the "Agreement") and any other documents forming part of our banking agreement and any reference to the terms and conditions of the Agreement shall include reference to these Terms; and
  - ii. in the event of any conflict or inconsistency, these Terms shall prevail over the Agreement and the Master Terms and Conditions of the Bank to the extent of such conflict or inconsistency.
5. You acknowledge and agree that in order to use the Service through the App:
  - i. you must be a valid user of our Mobile Securities Services;
  - ii. you must install the App on a designated mobile device;
  - iii. you will need to activate the biometric authentication function on your designated mobile device;
  - iv. you must register the Service through the App by using the Security Code sent to your designated mobile device;
  - v. for biometric authentication service, you understand that upon successful registration of the Service on your designated mobile device, any fingerprint(s) or facial map that is / are stored on your designated mobile device can be used for the purpose of the Service. You must ensure that only authorised fingerprint(s) or facial map is / are stored on your designated mobile device to access the device; and
  - vi. you must take all reasonable precautions to keep safe and prevent fraudulent use of your designated mobile device and security information. You will notify us as soon as possible if you know or suspect that your designated mobile device has been lost or stolen or that any unauthorised transactions have occurred.
6. You may still choose to log into Mobile Securities Services with e-Banking Login ID and Mobile Trading Password.



7. You acknowledge that the Service is performed by the App by interfacing with the security authentication module on your designated mobile device and you agree to such authentication process. The Bank will not collect and / or store your security authentication record(s) in any manner at any stage of your registration or use of the Service.
8. You can cancel the Service at any time through the App or contacting the Bank's securities service hotline. Please note that after you cancel the Service, your biometric data will remain to be stored in your designated mobile device. You may consider deleting such data at your own decision.
9. We recommend you to allow receiving push notifications for the App on your designated mobile device.
10. If your biometric data or self-assigned security passcode of your designated mobile device has been compromised, you are required to forthwith cease using the Service.
11. You will be liable for all losses (including (but without limitation) losses arising from any unauthorized transactions) if you have acted fraudulently or with gross negligence, or allowed any third party to use your designated mobile device, or failed to comply with your obligations under these Terms, the Agreement, the security information and / or other relevant documents as provided by the Bank from time to time.
12. These Terms shall be governed by and construed in accordance with the laws of Hong Kong Special Administrative Region and you agree to submit to the non-exclusive jurisdiction of the Hong Kong courts.
13. In addition to and without subtracting the disclaimers and exclusion of liability provisions in the Agreement:
  - i. you understand that the biometric authentication module of your designated mobile device is not provided by the Bank, and we make no representation or warranty as to the security of the biometric authentication function of any designated mobile device and whether it works in the way that the manufacturer of the device represents;
  - ii. we do not represent or warrant that the Service will be accessible at all times, or be compatible with any electronic equipment, software, infrastructure or other services that we may offer from time to time. The Bank shall not be liable for any loss incurred by you as a result of this; and
  - iii. you shall indemnify us and keep us indemnified against any consequences, claims, proceedings, losses, damages or expenses (including all legal costs on an indemnity basis) whatsoever and howsoever caused (save and except any direct loss or damages caused by negligence or misconduct on our part) that may be incurred by us in connection with any improper use of the Service by you.
14. For security reasons, the Service will be automatically deactivated when:
  - i. the biometric data on your device is changed (e.g. add or delete fingerprints or reset facial map);
  - ii. you register the Service in other devices in respect of the same e-Banking Login ID;
  - iii. your e-Banking / Mobile Banking have been terminated;
  - iv. your Mobile Trading Password is changed;
  - v. you input incorrect Dah Sing Mobile Trading Password for 4 consecutive times;
  - vi. you fail to input self-assigned security passcode for 5 consecutive times;
  - vii. you have accumulated 5 times of facial recognition failure;
  - viii. the status of your Dah Sing e-Banking Login ID is changed to "forget" / "terminated" / "suspended"; or
  - ix. you instruct the Bank to do so.

You are required to re-register or re-activate the Service.

15. You should not use face ID authentication or facial recognition if you have an identical twin sibling or a sibling who looks like you, in which case you are recommended instead to use e-Banking Login ID and Mobile Trading Password to login Mobile Securities Services. The probability of a false match using face ID authentication and facial recognition varies in some cases, such as for twins or siblings who look alike or adolescents, and the disabling of "Require Attention for Facial Recognition" function from your device settings. Please accept the associated risks and consequences if you continue to enable the face ID authentication and / or facial recognition.
16. You should not take any action to disable any function provided by, and / or agreeing to any settings of, your designated mobile device that would otherwise compromise the security of the use of the Service.
17. We reserve the right to modify, suspend or terminate the Service or its use by you at any time without giving prior notice or reason if we reasonably consider necessary or advisable to do so. These cases may include actual or suspected breach of security.
18. These Terms may be amended or modified by the Bank at its sole and absolute discretion at any time and from time to time by posting the revised version on the App and / or the website of the Bank. You hereby agree that your access to or the availability to you of the App after the relevant effective date of such revised Terms shall constitute your acceptance of such revised Terms.
19. The Chinese version of these Terms is for reference only. Should there be any inconsistency or conflict between the English and Chinese versions of these Terms, the English version shall prevail.

# Specific Terms for Stocks Investment Savings Plan

## 1. Interpretation

1.1 In these Specific Terms, the following words and expressions shall have the meaning ascribed to them below: -

**“The Bank”** means Dah Sing Bank, Limited.

**“Debit Account”** means, in respect of each participation of the Customer in the Plan, such account of the Customer maintained with the Bank as may be specified by the Customer and acceptable to the Bank from time to time from which the Monthly Investment Amount of the relevant participation of the Customer in the Plan shall be debited.

**“Debit Date”** means the day on which the exact amount for the Stock purchased is pursuant to the Plan. It is the fourth trading day of HKEx after the Hold Fund Date.

**“Form(s)”** means the Stocks Investment Savings Plan Application Form, as prescribed by the Bank from time to time.

**“Hold Fund Date”** means such day of each month, as may be determined by the Bank from time to time upon prior notice to the Customer, on which the Monthly Investment Amount for the Stock to be purchased under the Plan shall be held by the Bank from the Debit Account. If the Hold Fund Date falls on a day other than a Business Day, the Hold Fund Date shall fall on the next Business Day.

**“Monthly Investment Amount”** means, in respect of each participation of the Customer in the Plan, the amount specified by the Customer and acceptable to the Bank from time to time as the amount to be paid by the Customer in each month for such participation for the purpose of purchase of Stock agreed between the Bank and the Customer in respect of the relevant participation in the Plan pursuant to clause 4.1 of these Specific Terms.

**“Plan”** means the Stocks Investment Savings Plan offered by the Bank in accordance with these Specific Terms from time to time.

**“Purchase Date”** means the day on which the Stock purchase is actually made under the Plan. It is the second trading day of HKEx after the Hold Fund Date. If the Purchase Date falls on a day other than a trading day of HKEx, the Purchase Date shall fall on the next trading day of HKEx.

**“Purchase Period”** means such regular time or period of time as the Bank may from time to time specify as the time or period when it may place orders for purchase of the Stock in the market during trading hours of HKEx on the Purchase Date to fulfill the Customer's purchase orders in accordance with and pursuant to clause 5 of these Specific Terms.

**“Securities Account”** means the account with the Bank designated by the Customer for the purpose of depositing all Stock purchased under the Plan.

**“Stock”** means the stock made available by the Bank for selection by the Customer from time to time for the purpose of the Plan. The list of Stock that is available for the Customer to select may be varied by the Bank at its sole and absolute discretion from time to time. The Bank reserves the right to remove any stock from the list which the Customer has given instruction to purchase by giving him prior written notice. Upon expiration of such notice, the instruction to purchase such Stock will be cancelled and the Plan related to such Stock will be terminated.

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

1.2 Unless otherwise defined in these Specific Terms, terms defined in the Specific Terms for Securities Services shall have the same meaning when used here.

1.3 These Specific Terms are supplemental to the General Terms and the Specific Terms for Securities Services in the Master Terms and Conditions of the Bank. In the event of any inconsistency between the Specific Terms for Securities Services and the Specific Terms for Stocks Investment Savings Plan, the Specific Terms for Stocks Investment Savings Plan shall, to the extent as they relate to the Stocks Investment Savings Plan, prevail.

## 2. Application Procedure

2.1 The Customer may apply to participate in the Plan by delivering such Forms as may be required by the Bank duly completed or giving instruction to the Bank in such manner as may be acceptable to the Bank provided that the Customer has maintained a Securities Account with the Bank as may be acceptable to the Bank.

2.2 The Customer may participate in more than one Plan by selecting different Stock made available by the Bank from time to time but shall not have more than one participation in the Plan in respect of one particular Stock at any time.

2.3 The Bank may take 5 Business Days to process an application and the effective date of any successful application to the Plan will be determined and prescribed by the Bank.

2.4 The Customer may change the Debit Account and/or the Monthly Investment Amount by completing and delivering to the Bank such alteration form and complying with such other requirements or procedures as may be prescribed by the Bank from time to time at least 5 Business Days before the proposed change takes effect or any shorter prior notice as acceptable to the Bank.

2.5 The Bank reserves the right to reject any of the Customer's application to participate in the Plan or change made to the Plan on any ground whatsoever without giving any reason by giving prior notice to the Customer.

2.6 The Customer agrees to provide the Bank with such information about the Customer (including his personal particulars and personal identification documentation and copies thereof) as the Bank may require.

## 3. Monthly Investment Amount

3.1 The Customer agrees to pay to the Bank in respect of each of his participation in the Plan at such times and in such manner as the Bank may require from time to time, and in Hong Kong dollar, the relevant Monthly Investment Amount. The Customer shall ensure that, in respect of each of his participation in the Plan, there will be sufficient cleared funds or unutilized credit limit (as the case may be) for payment of the relevant Monthly Investment Amount in the Debit Account at all times from the relevant Hold Fund Date up to the relevant Debit Date. No monthly reminder will be sent to the Customer before to the Hold Fund Date.

3.2 The minimum Monthly Investment Amount for each Plan will be such amount as specified by the Bank from time to time which shall be inclusive of brokerage, fees and other charges payable under the Plan. The Customer may choose to specify a Monthly Investment Amount larger than the minimum Monthly Investment Amount with such incremental amount as specified by the Bank from time to time.

3.3 In the event that the Customer participates in more than one Plan, and if the credit balance or credit limit available in the Debit Account on a Hold Fund Date is less than the aggregate Monthly Investment Amounts payable by the Customer on the relevant Hold Fund Date, the Bank may at its discretion apply the available

fund/limit towards purchase any Stock under the Plans participated in by the Customer as it deems fit.

- 3.4 The Customer agrees to pay to the Bank such brokerage, fees and charges, as specified by the Bank from time to time, which will be deducted from his Monthly Investment Amount. The balance of the Monthly Investment Amount after deducting the brokerage, fees, charges, stamp duty, levies and other fees payable in connection with the relevant purchase of the Stock will be applied towards purchasing the Stock under the Plan.
- 3.5 No interest shall be payable to the Customer in respect of any Monthly Investment Amount after the Debit Date.
- 3.6 Subject to the clause 2.4 of these Specific Terms, the Customer may change the Monthly Investment Amount in respect of any of his participation in the Plan to such amount subject to the minimum amount and incremental amount as specified by the Bank from time to time by giving at least 5 Business Days prior notice to the Bank or any shorter prior notice acceptable by the Bank.

#### **4. Authority to Purchase Stock**

- 4.1 In respect of each of the Customer's participation in the Plan, the Customer hereby irrevocably authorizes and instructs the Bank and the Bank will, subject to the relevant Monthly Investment Amount being made available to and received by the Bank pursuant to clause 3 of these Specific Terms, use its reasonable endeavors to purchase during each Purchase Period as agent of the Customer the Stock agreed between the Bank and the Customer in respect of the relevant participation in the Plan with an aggregate purchase price not exceeding the Monthly Investment Amount (after deducting the brokerage and charges payable by the Customer) of the relevant participation.
- 4.2 If trading of the Stock which is the subject matter of the Customer's participation in the Plan is suspended on any of its proposed Purchase Date, the Customer's instruction to purchase such Stock under the Plan for that Purchase Period will be cancelled, and the corresponding Monthly Investment Amount for the purchase of such Stock may be withdrawn by the Customer from the Debit Account after the proposed Purchase Date.
- 4.3 The Bank shall have no liability to the Customer or to any third party for any loss, damage, claim or expense arising from the performance of its duties under these Specific Terms, save to the extent resulting from the Bank's negligence or wilful default, or, without prejudice to the generality of this clause:
- (a) from any failure by the Bank to purchase the Stock or any specific quantity of the Stock during any Purchase Period on behalf of the Customer; or
  - (b) from any purchase of Stock by the Bank for the account of the Customer, including, without limitation, relating to the price at which the purchase of Stock is acquired for the account of the Customer or on account of the purchase of Stock being acquired on a cum or ex distribution basis.

#### **5. Purchase and Settlement of Stock**

- 5.1 The Bank may aggregate all or any part of the orders for the purchase of the same Stock from the Customer and its other customers (but not of itself) who participate in the Plan.
- 5.2 During each Purchase Period, the Bank will at its discretion determine the terms of the aggregate order(s) referred to in clause 5.1 of these Specific Terms. Such terms include the quantity of Stock to be purchased and the bidding price for each order placed by the Bank and the number of orders placed during the Purchase Period. The Bank may at its discretion change the terms of such order(s) at any time during the relevant Purchase Period before its/their execution.
- 5.3 The total number the Stock purchased by the Bank pursuant to orders placed in accordance with clause 5.2 of these Specific Terms shall be allocated to each of the customers involved (including the Customer) in proportion to the number of Stock which each of such customers has authorized and instructed the Bank to purchase for him under the Plan on such Purchase Date (rounded down to the nearest integral number). The Customer acknowledges that the number of Stock allocated to him may be less than the number he authorized and instructed the Bank to purchase under the Plan if the total number of the Stock purchased over the Purchase Period for all customers of the Bank concerned cannot fully satisfy the instruction of all such customers. The purchase price for the Stock purchased by the Bank for the account of the Customer shall be the total purchase price payable for all the Stock purchased on the Purchase Date pursuant to orders placed in accordance with clause 5.2 of these Specific Terms divided by the number of Stock so purchased rounded up to the third decimal place and multiplied by the number of Stock allocated to the Customer according to this clause 5.3.
- 5.4 In making allocation pursuant to clause 5.3 of these Specific Terms, the Bank shall not be obliged to take into consideration the date on which the Customer joined the Plan or other factors not stated in the said clause.
- 5.5 Although the Bank will use all reasonable endeavours to execute the Customer's purchase instruction with under the Plan in which he participates in, there may be surplus fund left if the purchase price for the Stock purchased by the Bank for the account of the Customer in accordance with clause 5.3 of these Specific Terms together with the brokerage, charges, stamp duty, levies and other fees payable in connection with the relevant purchase in less than the Monthly Investment Amount. If there is any such surplus fund, the amount to be debited on the Debit Date will be the difference between his Monthly Investment Amount and the surplus fund.
- 5.6 All purchased Stock will be deposited into the Customer's Securities Account maintained with the Bank and such purchased Stocks, once deposited, will be held and may be sold or otherwise dealt with in accordance with the terms of the Bank applicable to the Securities Account.

#### **6. Sale of Stock**

The Customer may place order with the Bank to sell any Stock purchased by him pursuant to the Plan in the same manner as other securities in the Securities Account subject to the terms of the Bank governing the Securities Account from time to time.

#### **7. Confirmation**

A contract note issued by the Bank confirming the number of Stock purchased for the account of the Customer pursuant to clause 5 of these Specific Terms, the purchase price therefor and other information will be sent to the Customer and be final and conclusive and binding on the Customer.

#### **8. Termination and Suspension**

- 8.1 The Customer may terminate any or all of his participation in the Plan by giving prior notice in writing in prescribed form and such notice must be received by the Bank at least 5 Business Days before a Hold Fund Date in order to take effect on such Hold Fund Date.
- 8.2 The Bank may terminate any participation of the Customer in the Plan:
- (a) without prior notice if the Customer fails to make available the Monthly Investment Amount in cleared funds in the Debit Account on the relevant Hold Fund Date for five (5) consecutive months;
  - (b) by giving immediate notice to the Customer if the Customer is, in the opinion of the Bank, in breach of any of these Specific Terms and Conditions or shall fail to maintain the Securities Account or the Debit Account in respect of such participation in the Plan;

(c) by giving not less than 30 days' prior notice to the Customer to terminate a Plan without giving any reason.

8.3 The Bank may suspend any participation of Customer in the Plan when the Customer's Securities Account is suspended for whatever reason.

8.4 Notwithstanding any of the terms stated herein, if the Bank, in its discretion and without having to give any reason, believes that any instructions from the Customer may expose or lead the Bank to any actions, claims, proceedings, losses, damages, costs, expenses or liabilities of whatever nature, whether directly or indirectly, the Bank has the right to suspend the operation of any of the Customer's participation in the Plan without being liable to the Customer for any direct or indirect loss or consequence.

## **9. Delegation**

The Bank may delegate any of its powers under these Specific Terms to such person as it deems fit and shall not be liable for any act, omission, negligence or default of any such person provided that the Bank has exercised such care in appointing such person as it would employ for its own business.

# Dah Sing Bank eIPO Services Terms & Conditions

The following terms and conditions (these "Conditions") governing the use of on-line eIPO services (the "DSB eIPO Services") provided by Dah Sing Bank Limited (the "Bank"). The applicant (the "Applicant") should read these Conditions carefully before using the DSB eIPO Services. By using the DSB eIPO Services, the Applicant can make applications via the Bank in certain public offers of securities to be listed on the Stock Exchange of Hong Kong Limited ("Public Offer") through an internet site operated and/or maintained by or on behalf of the Bank (the "Website").

## 1. DSB eIPO Services

- a. The Applicant agrees that in using the DSB eIPO Services, he/she shall be deemed to have accepted and be bound by all these Conditions.
- b. DSB eIPO Services are only available to Applicant who are eligible and qualified to apply for securities in the relevant Public Offer in accordance with the prospectus ("the Prospectus") of such Public Offer. Any Applicant who wishes to make an application for securities using DSB eIPO Services must be over 18 years of age and must satisfy all the requirements as specified by the issuer in the Prospectus (the "Issuer").
- c. Neither a corporation nor a partnership can use DSB eIPO Services to apply for securities under a Public Offer. If the Applicant's securities account is in joint names, the Bank will process the application as a joint application.
- d. The Prospectus and the online application instruction in respect of a Public Offer will be made accessible through the Website, by referring to specific guiding instructions therein.
- e. Where an Applicant's application details have been duly received by the Bank (as evidenced by the acknowledgement of receipt provided pursuant to Clause 7(a) herein) and who have given valid payment instructions according to Clause 3(e) by authorizing the Bank to debit the Applicant's settlement account with the Bank with an amount equal to the application money and other charges, costs and expenses (if any) required to be paid for or in connection with the application of securities, and subject to these Conditions, the Bank will instruct its associated entity, Dah Sing Securities Limited, or other persons to submit a consolidated application ("Consolidated Application") on behalf of all such Applicants before the cut off time of the relevant Public Offer.
- f. In the case where the Bank submits a Consolidated Application subject to these Conditions, the Bank shall act as the agent of the relevant Applicant (and not the agent of the parties involved in the Public Offer) for the purpose of applying for securities only.

## 2. Conditions Governing the Application

- a. Each application, transactions and dealings effected by using DSB eIPO Services is subject to these Conditions, the Bank's Master Terms and Conditions, Privacy Policy Statement (which can be accessed by clicking on the hyperlink at the end of these Conditions), eIPO Disclaimer and all other terms and conditions of the Bank applicable from time to time. Such Master Terms and Conditions, Privacy Policy Statement and eIPO Disclaimer shall apply as if they were expressly extended to the use of the DSB eIPO Services. Each application shall also be subject to the terms and conditions relating to the specific Public Offer which are contained in the Prospectus relating thereto.
- b. Where there is any discrepancy between these Conditions, the Master Terms and Conditions, the eIPO Disclaimer and Privacy Policy Statement or the terms and conditions relating to the specific Public Offer, these Conditions shall prevail for the purposes of DSB eIPO Services.

## 3. The Responsibilities of the Applicant

- a. The Applicant authorizes the Bank to instruct and authorize the Issuer and the other parties involved in the Public Offer to execute any transfer forms, contract notes or other documents on his/her behalf and to do on his/her behalf all other necessary things to effect registration of any securities allotted to him/her in his/her name or the name of its nominee, as the case may be, as required by the incorporation documents of the Issuer of the relevant securities and otherwise to give effect to the arrangements mentioned in the Prospectus.
- b. The Applicant understands and authorizes the Bank to disclose any information relating to the Applicant to the extent required by any applicable legal or regulatory requirement; other regulatory or governmental authority, and may provide to the Bank's agents, the Issuer and any subcontractor or affiliate of the Bank and any other parties, in the reasonable opinion of the Bank, necessary for the purpose of the Bank providing the DSB eIPO Services.
- c. The Applicant must apply for at least the minimum number of securities specified under each Public Offer or if more than the minimum number of securities so specified, it must be in one of the multiples set out in the terms and conditions of the relevant Public Offer as set out in its Prospectus and application form(s).
- d. The Applicant undertakes and agrees to accept the securities applied for pursuant to his/her application using DSB eIPO Services. If the full amount cannot be allocated in full, it may be allocated in any lesser amount or quantity. In that event, such quantity allocated shall be binding on and be accepted by the Applicant.
- e. The Applicant shall instruct the Bank to apply and/or to authorize the Bank to hold and debit the Applicant's settlement account with the Bank with an amount equal to the application money and other charges, costs and expenses (if any) required to be paid for or in connection with the application of securities. Such instruction shall be given to the Bank **no later than the Bank's predefined closing date** for the Public Offer as published in the Website, which may be earlier than the official closing day for application of the relevant Public Offer.

## 4. Applicant's Undertakings, Warranties and Representations

- a. The Applicant agrees and understands that **it is the Applicant's responsibility to read the terms and conditions and the application procedures set out in the Prospectus prior to make an application in respect of using DSB eIPO Services. The Applicant warrants to the Bank that he/she has read the terms and conditions and application procedures set out in the Prospectus and is in full compliance with them before making any application.**
- b. The Applicant hereby expressly authorizes the Bank to provide such warranty and representation to the relevant Exchange or Issuer of the relevant securities. The Applicant acknowledges that the aforesaid declaration will be relied upon by the Issuer of the relevant securities in deciding whether or not to make any allotment of securities in response to the application made by the Bank as the Applicant's agent.
- c. The Applicant agrees and acknowledges that the Applicant can only make one application for his/her benefit (whether using DSB eIPO Services or otherwise). The Applicant warrants that the application, including joint application as referred to in Clause 1(c) made by him/her, either singly or jointly with some other individuals using DSB eIPO Services is the only application made by him/her in the

relevant Public Offer. The Applicant is fully aware that, subject to the terms and conditions of the Public Offer and the ultimate right of the Issuer, multiple or suspected multiple applications (In the case of joint application, multiple or suspected multiple applications by either one of the account holders) will be rejected.

- d. The Applicant agrees and undertakes that he/she shall use all such information and data in the Prospectus for his/her personal use and reference only, he/she shall not copy, reproduce, republish, frame, upload to a third party, transmit or distribute the whole or any part of the Prospectus.
- e. The Applicant acknowledges that by using DSB eIPO Services, he/she agrees to assume and bears the risks associated with conducting transactions on the Website through the Internet including (i) interruption, transmission blackout, delays in transmission due to unpredictable internet traffic congestion; (ii) incorrect data transmission due to the public nature of the internet.
- f. The Applicant acknowledges that it will solely determine independently without reliance on the Bank whether it is suitable for the Applicant to make an application for securities in respect of the Public Offer and if necessary, to seek independent professional advice on legal, tax and other issues in connection with the use of DSB eIPO Services and the Prospectus which may affect the Applicant under all applicable laws.
- g. The Applicant acknowledges that the share price after listing would be subject to market fluctuation. The Applicant must read the prospectus to understand the relevant information about the Issuer and assess his/her risk tolerance level and investment objectives before submitting the application.
- h. After checking that the information on the online application instruction is correct, the Applicant should confirm the instruction to apply for securities by clicking the relevant button. By doing so, **the Applicant warrants to the Bank that all the information provided by him/her in the online application instruction is true, complete and up-to-date in all respects.**

#### 5. Limitation of Liabilities of the Bank

- a. **The contents and the operation of the Website through which DSB eIPO Services provided is the sole responsibility of the Bank and the Issuer or its agents shall not be deemed to have authorized, and shall not be responsible for, the contents and the operation of the same unless those contents or any part of it (including application forms) are provided or supplied by the Issuer or its agent.**
- b. **The Bank is not acting as an investment adviser of the Applicant and is not and shall not be offering any investment advice. The Bank accepts no liability for any loss or damage arising from the use of DSB eIPO Services by the Applicant unless it is caused by the negligence of the Bank.**

#### 6. DSB eIPO Services Application Instruction

- a. The Applicant must fill in all the requisite information in the relevant fields on the online application instruction.
- b. **Any instruction to apply for securities under DSB eIPO Services, once received, may not be rescinded or withdrawn without the consent of the Bank. All instructions given, as understood and acted on by the Bank in good faith, shall be irrevocable and binding on the Applicant whether given by the Applicant or by any other person purporting to be the Applicant. The Bank shall be under no duty to verify the identity or authority of the person giving any instruction or the authenticity of such instruction.**

#### 7. Confirmation and Acknowledgement of Receipt of DSB eIPO Services Application Instruction

- a. Once the Bank received the application instruction, the Bank shall send an online confirmation with an assigned reference number to the Applicant. This only represents acknowledgment of receipt of the Applicant's application by the Bank. The confirmation with a reference number from the Bank does not constitute an acceptance by the Issuer of the Applicant's offer to subscribe or purchase the relevant securities from the Issuer nor an acceptance by the Bank of the Applicant's instruction will be processed. **The Applicant is under a duty to print and keep a copy of the confirmation with a reference number for his/her own record.**
- b. The Bank may, at its discretion and without reference to the Applicant, determine whether to carry out instruction under DSB eIPO Services even if the Applicant's settlement account does not have sufficient available fund to pay for the application money for whatever reason. If the Bank proceeds with your application, any cost, charges and losses incurred as a result thereof shall be borne by the Applicant.

#### 8. Payment of Application Money

- a. **The Applicant must pay the full amount of the application money in respect of the securities applied for (including all relevant brokerage, levies and duties as referred to in the relevant Prospectus). The Applicant authorizes the Bank to hold and debit the Applicant's settlement account with the Bank with an amount equal to the application money and other charges, costs and expenses (if any) required to be paid for or in connection with the application of securities.**
- b. Subject to Clause 7(b), the Bank will not process an application or submit a Consolidated Application on behalf of an Applicant who purports to pay the application money by authorizing the Bank to hold and debit his/her settlement account with the Bank if his/her payment instruction is invalid or not in accordance with these Conditions. A payment instruction is invalid if (i) there are insufficient funds in the settlement account at the time when the application is being made through the DSB eIPO Services, or (ii) payment amount is not received by the Bank timely prior to the Bank's predefined closing date for the Public Offer as published in the Website, which may be earlier than the official closing day for application of the relevant Public Offer.

#### 9. Set-off, Lien and Appropriation

**In the event of default by the Applicant or after due notice has been given to the Applicant by the Bank or any other company of the Bank being the parent or any subsidiary or associate company of the Bank, or each such company's successors and assigns ("Bank Group Company") of the Applicant outstanding liability to the Bank or any Bank Group Company and the Applicant fails to remedy the situation within a reasonable period or a petition in bankruptcy is filed by or against the Applicant, the Bank or any Bank Group Company shall have the right, which is in addition to any right of set-off or other general lien or similar right to which the Bank or any Bank Group Company may be entitled in law, and is hereby authorized at any time and from time to time hereafter and, without notice to the Applicant, to set-off, transfer all or any of the credit balances (whether or not matured or due and payable or subject to any notice or not, and including property in the possession or control of the Bank or any Bank Group Company) of the accounts (whether or not in Hong Kong or in foreign currency) maintained with the Bank or any Bank Group Company, whether singly held by the Applicant or jointly with another person, in or towards discharging the Applicant liabilities to the Bank or any Bank Group Company. Where such combination, set-off or transfer require the conversion of one currency into another, such conversion shall be calculated at the then prevailing spot rate of exchange of the Bank as absolutely determined by the Bank.**

**10. Submission of the Consolidated Application**

The duly completed application details (as evidenced by the assignment of the application number by the Bank pursuant to Clause 7(a) and successful fund debit from the Applicant's settlement account (in accordance with the Conditions and before the Public Offer closes), once received, the Bank (and not the Issuer or its agent) shall submit a Consolidated Application on behalf of the Applicant in accordance with the requirements laid down by the relevant Issuer and before the cut-off time specified by such Issuer. The Bank may decline to submit a Consolidated application on behalf of the Applicant, if in the sole discretion of the Bank, such application is contrary to any applicable laws or regulatory requirements, or the Applicant fails to comply with any of these Conditions. In such case, any amount debited by the Bank will be refunded (**subject to the deduction of any reasonable fees imposed by the Bank or third party**) according to Clause 11.

**11. Notification of Results**

The Applicant agrees and understands that the Issuer is solely responsible to announce the results of the allocation of securities offered and **it is the Applicant's responsibility to ascertain the way adopted by the Issuer on announcement of the results of the allocation. The Bank shall not be obliged to but will, if deemed appropriate, notify the Applicant of the results of the application in whatever manner the Bank thinks fit.**

**12. Refund of Application Money**

- a. The Bank may decline to submit an application of the Applicant if in the reasonable opinion of the Bank, the Applicant has not fully satisfied with these Conditions, the Bank shall, after the Public Offer is closed, within a reasonable period, refund the application money (**subject to the deduction of any reasonable fees imposed by the Bank or third party**) by crediting the relevant sum to the account from which the application money was previously debited.
- b. If a Consolidated Application is duly submitted but is unsuccessful (or only partly successful), the Applicant agrees and acknowledges that the Issuer will arrange for the refund of the appropriate amount to the Applicant in accordance with the terms and conditions of the relevant Public Offer. **The Bank shall not be responsible for ensuring that the Applicant will be refunded under such circumstances.**
- c. If the finally determined offer price is less than the price per security initially paid by the Applicant on application, the Applicant agrees and acknowledges that the Issuer and not the Bank, will arrange to refund the surplus application money together with the brokerage and transaction levy to the Applicant in accordance with the terms and conditions of the relevant Public Offer. **The Bank shall not be responsible for ensuring that the Applicant will be refunded under such circumstances.**
- d. Paid charges, costs and expenses are non-refundable notwithstanding partially unsuccessful, or as the case may be, wholly unsuccessful of the application of the securities.

**13. Fees and Rebates**

- a.

The Bank shall be entitled to receive rebates in relation to its involvement in the Applicant's application or in the Public Offer without any reference or notice to the Applicant. The Applicant agrees that the Bank is entitled to retain any such rebates received.
- b. The Bank reserves the right to charge and revise from time to time the fees in relation to the use of DSB eIPO Services.

**14. Delegation**

The Bank may, at its discretion, appoint any other person as its nominee or agent to perform any of its duties on its behalf and may delegate any of its powers under these Conditions to such person (whether in Hong Kong or otherwise) **and shall not be liable for any act, omission, negligence or default of any such person provided that the Bank has exercised reasonable care in appointing such person as it would have employed for its own business.**

**15. Modifications**

The Bank may delete, replace, add or change these Conditions at any time and from time to time. Any revision to these Conditions shall become effective subject to the Bank's notice which may be given to the Applicant by posting it on the Website or by any other means as the Bank thinks fit and such revision to these Conditions shall be binding on the Applicant if the Applicant continues to use DSB eIPO Services on or after the effective date of revision.

**16. Presumptions on Communication**

- a. Any notice, demand or other communication delivered by the Bank to the Applicant may be sent by mail via postage pre-paid envelope or facsimile addressed to the Applicant at the last mailing address or facsimile number on record with the Bank or by such other means as the Bank shall consider appropriate from time to time. Any such notice, demand or other communication shall be deemed to have been received if sent by letter, the next day after posting; and if sent by facsimile, by e-mail or otherwise via the Internet or other electronic means shall be deemed to have been given at the time of transmission.
- b. Any notice or instruction from the Applicant to the Bank shall be ineffective until actually received by the Bank.
- c. Communications sent by the Applicant to the Bank shall be treated as delivered to the Bank on the day of actual receipt by the Bank.

**17. Severability**

If at any time any one or more of the provision contained in these Conditions shall be illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, the legality, validity and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

**18. Waiver**

The Bank's failure or delay in exercising any rights, power or privilege in respect of these Conditions shall not operate as a waiver, nor shall a single or partial exercise, enforcement or waiver of any such rights, power or privilege preclude the Bank's further exercise, enforcement, or the exercise or enforcement of any other right, power of privilege hereunder. The rights and remedies under these Conditions are cumulative and not exclusive of the rights and remedies provided by law.



**19. Miscellaneous**

- a. In relation to payment by joint bank accounts, references in the Master Terms and Conditions of "Customer" or "Applicant" shall, as the context may require, be deemed to mean all and each of the joint account holders and the Master Terms and Conditions shall be binding on all and each of the joint account holders.
- b. The Bank shall keep the information provided by the Applicant in relating to the use of DSB eIPO Service confidential. The Applicant expressly agrees that the Bank may, if requested by any governing or regulatory authority, provide information it has concerning the Applicant, the services provided by the Bank under these Conditions and the assets of the Applicant, in order to assist with any investigation or enquiry.

**20. Governing Law and Jurisdiction**

- a. These Conditions shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region ("HKSAR").
- b. Each of the Bank and the Applicant submits to the non-exclusive jurisdiction of the Courts of the HKSAR.

**21. Governing Version**

These Conditions, the contents on the Website and the online application instruction are available in both English and Chinese languages and that the Applicant understands and accepts them. In the event of discrepancy between the Chinese version and the English version, the English version shall prevail.