

# APPROVAL-HK-EN-GTC-V004

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01122025	Clifton Chong	<ul style="list-style-type: none"><li>a. Confirm CIS Code</li><li>b. Comment on Annex 2 paragraph 23</li><li>c. DEL Annex 5</li></ul>
04122025	Dentons	Add 10.4 Comment on 19.4

# General Terms and Conditions

These Terms and Conditions set out the essential terms and conditions that govern the operation of the Account and forms a customer agreement between you and Chocolate Finance HK Limited (Business Registration No. 72952655), a company incorporated in Hong Kong having its registered office at 05-108, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong (the “Manager”). The Manager is a company licensed by the SFC (CE Number: BSF252) to conduct Types 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.

By ticking the relevant checkbox in the Mobile Application and by continued usage of the Services, you agree to these Terms and Conditions and acknowledge that you have read and accepted the product, features, terms, risk disclosures and any corresponding recommendations made by the Manager. In agreeing to be a Customer, you have provided to the Manager your full name and address and all documents as required by the Manager to open and operate the Account. You agree to hold the Manager harmless from any and all Claims other than as specifically provided for in these Terms and Conditions.

This Agreement is available in English and Chinese versions. For a Chinese version of this Agreement please change the selected language settings in the Mobile Application. In case of any conflict between the Chinese and English versions of this Agreement, the English version shall prevail.

## 1. Definitions

For the purposes of this Agreement (which shall include all other Annexes attached hereto), the following words and phrases shall have the following meaning:

<b>Account</b>	shall mean an investment account opened in the Customer's name with the Manager.
<b>Agreement</b>	means the binding contractual arrangement constituted by and incorporating the provisions of this document, together with all schedules, annexes, appendices, and other documents expressly incorporated by reference herein, which collectively govern the rights and obligations of the parties to it, as amended from time to time.
<b>Affiliate</b>	shall have the meaning as set out in section <a href="#">8.3</a> herein.
<b>Applicable Law</b>	shall mean all relevant statutes, subsidiary legislation, regulations, rules, orders, guidelines, notices, directions, circulars, and binding administrative or judicial determinations, whether of Hong Kong or of any applicable foreign jurisdiction, that are in effect and enforceable at the time of their application.
<b>Application</b>	shall mean account opening within the Mobile Application.
<b>Application Terms</b>	shall mean the App and Website Terms and Conditions made available on the Website.
<b>Assets</b>	shall mean all the assets of the Portfolio.
<b>Authorised Investment</b>	shall include any units, shares or interests, however described, in any unit trust, mutual fund or other investment fund authorised by the SFC for distribution to retail and other investors.
<b>Business Day</b>	shall mean, in relation to any fund within the portfolio, a day other than a Saturday, Sunday, or public holiday, on which the relevant Fund Manager of that fund is open and operational for the purposes of processing transactions, administering the fund, and effecting settlement. Where multiple funds are involved in a transaction, Business Day means a day on which each relevant Fund Manager is open and operational for such purposes in its respective jurisdiction.
<b>Chocolate Managed Account (CMA)</b>	shall mean a Managed Account of Funds determined by the Manager within an Account focused on delivery of enhanced short duration returns.
<b>CIS Code</b>	shall mean the Code on Unit Trusts and Mutual Funds issued by the SFC.

<b>Claims</b>	shall mean any and all claims, demands, liabilities, actions, penalties, damages, losses, costs, or expenses, including but not limited to legal and enforcement costs.
<b>Customer Money Standing Authority</b>	shall mean the Customer money standing authority set out in Annex 3.
<b>Customer Securities Standing Authority</b>	shall mean the Customer securities standing authority set out in Annex 4.
<b>Computer Virus</b>	shall mean any computer code that would damage or corrupt the data or integrity of data, storage media, other computer programs or computer systems or network or disrupt, disable, harm, interfere or otherwise impede in any manner the operation of or communications between computer hardware, software, firmware, computers, computer systems or networks.
<b>Contract Currency</b>	shall mean the currency selected by the Customer in respect of an Account, where applicable. The Contract Currency will be in Hong Kong Dollars, United States Dollars or such other currency made available by the Manager.
<b>CPL</b>	shall mean Chocolate Pte. Ltd., the parent company and a related corporation of the Manager.
<b>Custodian</b>	shall mean the Custodian appointed by the Manager on behalf of the Customer from time to time, and at this time shall be Allfunds Hong Kong Limited (BOU468) licensed by the SFC and having its principal place of business at 3612-13, 36/F Two International Financial Centre, 8 Finance Street, Central, Hong Kong, acting in its capacity as a custodian for the Portfolio.
<b>Customer</b>	shall mean the person or persons identified by name in the Application as the applicant, whose particulars are set out therein, and in whose favour the Firm has agreed to open and maintain a Chocolate Managed Account.
<b>Financial Adviser Representative</b>	shall mean any person who carries on a business or holds himself out as carrying on a business in a regulated activity (including, without limitation, advising on securities) and is licensed under the SFO.
<b>Fund</b>	shall mean a unit trust, investment fund, mutual fund, exchange traded fund or other collective investment scheme as defined under Schedule 1 of the SFO and authorised by the SFC and distributed by or made available through the Manager from time to time.
<b>Gross Negligence</b>	in relation to a person, shall mean a standard of conduct beyond negligence whereby that person acts with reckless disregard for the consequences of a breach of duty of care owed to another.
<b>Instant Withdrawal Programme</b>	shall mean the "Chocolate Instant Withdrawal Programme" referred to under section 3.1 of the Instant Withdrawal and Chocolate Advantage Programme Terms and Conditions entered into on or around the same date as these Terms and Conditions.
<b>Instruction</b>	shall mean any valid and reasonable request from the Customer, including related to the opening of a new account, subscription or acquisition or redemption or switch or disposal of units of a Fund, Account termination or others, via the Mobile Application or other means of communication, as defined in these Terms and Conditions or other agreements between the Customer and the Manager.
<b>Interested Person</b>	shall have the meaning as set out in section <a href="#">11.1.3</a> herein.
<b>Investment Policies</b>	shall have the meaning as set out in section <a href="#">5.1</a> herein.
<b>IRO</b>	shall mean the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong).
<b>Managed Account of Funds</b>	shall mean a discretionary portfolio management service offered by the Manager whereby a portfolio of Funds is selected and managed for and on behalf of the Customer. For the avoidance of doubt, the

<b>Management Fee</b>	Manager is not providing discretionary management of any collective investment scheme or any Fund.
<b>Mobile Application</b>	shall have the meaning as set out in section <a href="#">14.1</a> herein.
<b>Net Asset Value</b>	shall mean the means of communication between the Customer and the Manager, delivered using mobile technologies.
<b>Netting Arrangements</b>	shall mean the value of all the assets of the Portfolio less the value of the liabilities of the Portfolio, and shall be calculated by the Custodian and provided to the Manager and the Customer.
<b>Performance Fee</b>	shall mean the arrangements described in sections <a href="#">4.2.13(i)</a> and <a href="#">4.2.13(ii)</a> .
<b>Portfolio</b>	shall have the meaning as set out in section <a href="#">15.1</a> herein.
<b>Purposes</b>	shall mean monies and other investments and assets from time to time held in or credited to the Account.
<b>Remuneration</b>	shall have the meaning as set out in section <a href="#">22.2(viii)</a> herein.
<b>SEHK</b>	shall mean The Stock Exchange of Hong Kong Limited.
<b>Services</b>	shall mean the Mobile Application, electronic services, financial advisory services and any other services provided by the Manager. For the avoidance of doubt, the Manager is not providing discretionary management of any collective investment scheme or any Fund.
<b>SFC</b>	shall mean the Securities and Futures Commission of Hong Kong.
<b>SFCMR</b>	shall mean the Securities and Futures (Client Money) Rules (Chapter 571I of the Laws of Hong Kong).
<b>SFCSR</b>	shall mean the Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong).
<b>SFO</b>	shall mean the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
<b>Terms and Conditions</b>	means the specific provisions, stipulations, requirements, and rules set out in this document, whether appearing in the main body or in any schedule, annex, appendix, or incorporated document, that regulate the use of the products, services, or facilities described herein and form part of the Agreement, as amended or replaced from time to time.
<b>Transaction</b>	shall mean any transaction effected under a Customer's Account in respect of any investment, and include but is not limited to purchase, subscription, switch, transferring, disposal and redemption of any investment.
<b>Treasury Department</b>	shall mean the United States Treasury Department.
<b>Trust Account</b>	shall mean a segregated Customer account maintained at one or more authorized financial institution(s) or any other person approved by the SFC in accordance with rule 4 of the SFCMR and rule 5 of the SFCSR.
<b>US Person</b>	shall mean a United States citizen or corporation, a fiscal resident of the United States or a person liable to tax in the United States on any grounds whatsoever.
<b>US Tax Code</b>	shall mean the United States Internal Revenue Code of 1939, as amended.
<b>Virtual Account</b>	shall mean the unique virtual bank account number(s) assigned to the Customer to transfer funds into the Trust Account.
<b>Website</b>	shall mean the internet-based portal owned and/or operated by the Manager (including the Mobile Application) at <a href="http://www.chocolatefinance.com">www.chocolatefinance.com</a> .

### 1.1. **References**

1.1.1. References to "Customer" and "Manager" shall include any respective successors and permitted assigns thereto.

1.1.2. References to "sections" are sections of these Terms and Conditions.

- 1.1.3. References to an "Annex" shall mean such Annex to this Agreement, as revised, amended and supplemented from time to time.
- 1.1.4. Where appropriate, terms in the singular shall include the plural and vice versa and all references to any particular gender shall include all genders.
- 1.1.5. The headings to these Terms and Conditions are set out for ease of reference only and shall have no legal effect.
- 1.1.6. Any examples, illustrations, descriptions, or explanatory materials included in this Agreement are provided solely for convenience and clarification. They shall not create any obligation, confer any right, or limit or expand the meaning of the operative provisions. In the event of any inconsistency or conflict, the express written terms of this Agreement shall prevail over any such examples or illustrations.

## **2. Disclaimer**

Neither the Manager nor any of their respective subsidiaries, officers, employees or agents guarantee the maintenance or return of the capital invested by the Customer, or the performance of any investment or the Customer's Account. The Manager does not guarantee that the Customer's investment objective or particular need will be achieved through any investment made via such Customer's Account, the success of the Customer's Account, any repayment of capital, any particular rate of capital or income return or make any representation concerning the investments made via the Customer's Account including, without limitation, any representation with respect to income tax and other taxation consequences of such investments. The Manager will not make any investments on the Customer's behalf via his/her Account without the Customer's instructions to do so. In making available to the Customer his/her Account and any investment, the Manager has not taken and will not take into consideration the investment objectives, financial situation or particular needs of any particular person. Before the Customer makes an investment decision on the basis of information contained in these Terms and Conditions, the Customer needs to consider, with or without the assistance of a Financial Adviser Representative, whether the investments the Customer intends to make via the Customer's Account are appropriate in the light of the Customer's particular investment needs, objectives, risk profile and financial circumstances. The Financial Adviser Representative through which the Customer may open his/her Account and who may assist the Customer in making investment decisions are not agents of the Manager. The Customer acknowledges that the Customer will place no reliance on the Manager in making any investment decision. Investment via the Customer's Account requires consideration of all risks involved when investing, and in some cases of the particular risks associated with the specific investments the Customer intends to invest in.

## **3. Investing through the Customer's Account**

- 3.1. **Important:** The Account is only available to those persons who receive these Terms and Conditions from within Hong Kong. Read and retain these Terms and Conditions for future reference. All enquiries about an Account or these Terms and Conditions should be directed to the Manager. The Manager reserves the right to decline any application (including an application to open an Account or any Instruction) at its absolute discretion. The meanings of the defined terms used in these Terms and Conditions are set out in section [1](#).

### **3.2. The Customer's Account**

- 3.2.1. The Customer must open an investment account with the Manager before the Customer can perform any Transaction.
- 3.2.2. The Customer may open one or more Accounts. The Customer may make investments in or through an Account and such investments will be held under the Account specified by the Customer at the time of the Customer's investment or application (as the case may be). All Transactions under any Account shall be subject to these Terms and Conditions and such other terms and restrictions as the Manager may specify from time to time at its discretion.
- 3.2.3. If applicable, the Customer will be required to select a Contract Currency for each Account opened by the Customer and the Customer may not subsequently change this selection.
- 3.2.4. The Manager may, from time to time, make available additional features and enhancements to any of the Accounts, and the availability of such additional features and enhancements are subjected to these Terms and Conditions and such other terms and restrictions as the Manager may specify from time to time at its discretion.

### **3.3. Types of accounts**

- 3.3.1. Single Accounts may be opened by any person who has attained the age of 18 years.
- 3.3.2. Corporate accounts may be opened by any company incorporated and registered in Hong Kong or, at the Manager's sole discretion, corporations incorporated and registered outside Hong Kong. All Instructions must be signed by one or more signatories of the relevant corporation as evidenced by a board resolution of that corporation. The Customer shall, upon the Manager's request, supply such documents as the Manager may reasonably require from time to time, including, without limitation, evidence of the Customer's corporate identity, registration and constitution and the authority of its authorised signatories.

### **3.4. Investments held in the Customer's Account**

All investments made via the Customer's Account will be held on the Customer's behalf by a Custodian. The Customer authorises the Manager to appoint a Custodian on his/her behalf for any period of time in relation to the Customer's investments made via the Customer's Account to perform the functions and on the terms and conditions set out in section 3.4 (Custodial Services) herein. The Manager may, subject to fulfilling the necessary licensing requirements, itself undertake the role of Custodian or appoint a related entity or a third party on behalf of the Customer to act as the Custodian. The Manager shall not be liable for any default or breach by any related entity or a third party appointed to act as the Custodian, and/or any of such entity's agents in providing custodial services, where such entities are appointed in good faith. The Manager will send the Customer electronic confirmation of all investments held on the Customer's behalf at frequencies stipulated by the relevant authorities, and in the absence of such stipulation, at frequencies determined by the Manager.

### **3.5. Custodial services**

- 3.5.1. The Customer authorises the Manager to appoint the Custodian on behalf of the Customer to hold and to effect all Transactions in relation to the Customer's investments. The Custodian may, in accordance with the Manager's instructions, take actions including but not limited to:
  - 3.5.1.i. sale, disposal or redemption of investments;
  - 3.5.1.ii. exchange of investments for other investments or cash in the event of corporate actions such as mergers, reorganisations or recapitalisations;
  - 3.5.1.iii. conversion of investments pursuant to their terms;
  - 3.5.1.iv. exercise of subscription, purchase or similar rights;
  - 3.5.1.v. collection of income and other payments with respect to investments;
  - 3.5.1.vi. transfer of investments to any other custodians or sub-custodians appointed by the Manager; and
  - 3.5.1.vii. any other action incidental to or for effecting the Customer's instructions.
- 3.5.2. The Manager will procure that the Custodian collects all distributions, interest, redemption proceeds and other income in respect of the Customer's investments and arranges payment of the same in accordance with these Terms and Conditions and the Custodian's usual practice.
- 3.5.3. The Manager will provide to the Customer, by electronic means, such reports or information relating to investments as required by Applicable Law. Where not required by Applicable Law, the Manager may, at its discretion, provide other information received from the Custodian. Valuations of the Customer's Account will be performed by the Custodian or any appointed sub-custodian under their valuation policies.
- 3.5.4. The Custodian may register or hold investments in its own name, in the name of its nominee, or otherwise to its order. Customer rights in such investments are enforceable through the Custodian or its nominee, as applicable.
- 3.5.5. The Custodian may appoint agents, sub-custodians, nominees and delegates to perform its functions. The Custodian will not be liable for their default if appointed in good faith.
- 3.5.6. The Custodian is not liable for any loss to the Customer's Account save where directly attributable to its fraud or negligence. Special damages will not be recoverable.
- 3.5.7. The Custodian may exercise a lien over assets held on behalf of the Customer to secure payment of fees or charges owed to the Manager or the Custodian. Fees and expenses of the Custodian or sub-custodian will be borne by the Customer unless waived, and may be deducted from the Customer's Account.
- 3.5.8. The Customer's assets will be held by the Custodian in accordance with the following statutory undertakings:
  - 3.5.8.i. the Custodian must hold and record the Customer's assets strictly in accordance with the Manager's instructions;
  - 3.5.8.ii. the Custodian must maintain records that identify the assets as belonging to the Customer at an omnibus account level; and
  - 3.5.8.iii. the Custodian must keep the Customer's assets separate from assets belonging to the Manager or to the Custodian.
- 3.5.9. The Custodian may commingle the Customer's assets with the assets of other customers of the Manager in omnibus accounts, including through sub-custodians. The Customer's assets will not be commingled with the assets of the Manager or the Custodian. Where assets are pooled in omnibus accounts, the Customer's interest may not be identifiable by separate certificates or equivalent electronic records, and in the event of the Custodian's default or insolvency, shortfalls may be apportioned across customers, which may result in loss or delay in recovery.

### **3.6. Safeguarding of monies held in the Customer's Account**

- 3.6.1. Customer monies received by the Manager shall be deposited into the Trust Account. The Trust Account shall be designated as a "trust account" or "customer's account" or "clients account" and maintained separately

from accounts holding the Manager's own monies, in accordance with rule 4 of the SFCMR.

- 3.6.2. The Customer authorises the Manager to administer the deposit and withdrawal of monies from the Trust Account in accordance with Applicable Law, including without limitation, to satisfy the Instructions of the Customer.
- 3.6.3. Monies in the Trust Account are held on trust for the Customer and remain the Customer's legal and beneficial property in accordance with Section 149 of the SFO and rule 4 of the SFCMR.
- 3.6.4. Withdrawals from the Trust Account may only occur as permitted under rule 5 of the SFCMR, including for:
  - 3.6.4.i. payment to the Customer;
  - 3.6.4.ii. payment in accordance with a written direction that meets the requirement under rule 7 of the SFCMR;
  - 3.6.4.iii. payment in accordance with a standing authority that meets the requirement under rule 8 of the SFCMR;
  - 3.6.4.iv. payment of debts owed to the Manager for the Manager's carrying on of regulated activities for which it is licensed;
  - 3.6.4.v. payment of debts owed to any associated entity of the Manager its receipt or holding of Customer money for the Customer.
- 3.6.5. Notwithstanding section [3.6.3](#), the Manager will only pay monies into an account belonging to the Customer or a verified nominee of the Customer. The Manager reserves the right to withhold such payments if the Manager is not satisfied that the monies will be paid to an account belonging to the Customer or a verified nominee of the Customer.
- 3.6.6. No withdrawal may be made in contravention of rules 5(2) and (3) of the SFCMR.
- 3.6.7. Unless otherwise agreed between the Customer and the Manager, any interest accrued on the Customers' monies in the Trust Account shall belong to the Manager, and such interest will be treated in accordance with rule 6(2) of the SFCMR.
- 3.6.8. The Customer's rights in relation to monies in the Trust Account may only be enforced through the Manager as trustee and not directly against the authorised financial institution operating the Trust Accounts.
- 3.6.9. In an insolvency of either the Manager or the authorised financial institution operating the Trust Accounts, the Customer's recovery rights shall be governed by Division 3, Part V of the SFO and Part 2 of the SFCMR.
- 3.6.10. The Manager may be charged fees by the authorised financial institution operating the Trust Accounts in connection with the Trust Accounts. These fees shall not be borne by the Customer unless permitted by law or agreed in writing and disclosed to the Customer.

### **3.7. Customer securities**

- 3.7.1. Any Assets held by the Manager shall be held in segregated client accounts of the Manager and the Customer shall have the benefit of the SFCSR and the SFCMR.
- 3.7.2. Without prejudice to section 3.5 above, the Customer specifically authorizes the Manager, in respect of all securities purchased or acquired by the Manager on behalf of the Customer, and held by the Manager for safe keeping, to register the same in the Customer's name, or deposit the same in safe custody in the Trust Account. Any securities held on behalf of the Customer shall be at the sole risk of the Customer and neither the Manager, nor the relevant banker, institution, custodian or intermediary shall be under any obligation to insure the Customer against any kind of risk, which obligation shall be the sole obligation of the Customer.
- 3.7.3. If, in relation to any securities held by the Manager which are not registered in the name of the Customer, any loss is suffered by the Manager, the Trust Account may be debited (or payment made by the Customer as may be agreed) with the proportion of such loss equal to the proportion of the securities held on behalf of the Customer out of the total number or amount of such securities.
- 3.7.4. The Manager is authorized, pursuant to section 6(3) of the SFCSR, to dispose of any of the Customer's securities (and the Manager shall have absolute discretion to determine which securities are to be disposed of) for the purpose of settling any liability owed by the Customer to the Manager or any third party.
- 3.7.5. Except as permitted by this Agreement, the Manager shall not, without the Customer's written direction or standing authority under the SFCSR, deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of the Customer's securities for any purpose.

### **4. How the Customer's Account works**

#### **4.1. Payment for outstanding fees, charges and expenses payable**

Subject to these Terms and Conditions and to the extent permitted by law or by the relevant authorities, the Customer authorises the Manager to redeem as necessary any of the Customer's investment holdings to settle any outstanding fees, charges and expenses payable to the Manager.

#### **4.2. Investing in funds**

##### **4.2.1. Important note**

- 4.2.1.i. All Accounts (excluding Managed Accounts of Funds) allow the Customer, as the investor, to make the

Customer's investment decisions. Please refer to the offering documents of the relevant Funds for information about the risks associated with the Customer's choice of investments. Each Fund is offered on the basis of information set out in the relevant offering document, a copy of which is available from the Customer's Financial Adviser Representative or from the Website or Mobile Application. The Customer should read the relevant offering document before deciding whether or not to invest in the Funds.

4.2.1.ii. The value of the units in any Fund, and the income accruing to such units, may rise or fall. Funds are not bank deposits and they are neither guaranteed nor insured by the Manager and/or its Affiliates. The investments in Funds are not covered by the deposit insurance offered by the Deposit Protection Scheme provided by the Hong Kong Deposit Protection Board. The risks of investment include the possible loss of the principal amount invested. Past performance of any Fund is not indicative of its future performance. In addition, the following should not be taken as an indication of the investment potential of any Fund:

- 4.2.1.ii.1. the credibility of the fund manager managing the Fund;
- 4.2.1.ii.2. the probity of the investment company offering that Fund for investment purposes; or
- 4.2.1.ii.3. the fact that the Fund is made available for investment under any of the Customer's Accounts.

4.2.1.iii. While the Manager endeavours to process the Customer's Instructions in a timely manner, the completion of the relevant Transactions is dependent on the mechanism by which they are processed, the individual fund manager's operations and processes and on the specific procedures for each particular Fund.

4.2.1.iv. If the Manager provides the Customer with general information that may be relevant to any Fund, such information shall not be treated or construed as advice to the Customer and the Manager will not be responsible for any loss that the Customer may suffer or incur as a result of any action taken or omitted to be taken by the Customer on the basis of such information.

4.2.1.v. The Customer acknowledges that the Manager will make all reasonable attempts to effect any requests the Customer may make to cancel or amend the Customer's Instructions, as quickly as possible. However, should the Instructions be processed prior to a cancellation or amendment request being effected, the Customer will be obliged to accept the Transaction(s) on the original terms. Whilst all reasonable attempts will be made to inform the Customer when the Instructions are processed prior to an amendment or cancellation request being effected, the Manager is not obliged to do so.

4.2.1.vi. The Customer acknowledges and accepts that there may be delays in processing between the time an amendment or cancellation request is dealt with by the Manager and the time such amendment or cancellation is effected. In the event an Instruction has been processed by the Manager, the Customer will be obliged to accept the Transaction on the original terms.

4.2.1.vii. If the Manager solicits the sale of or recommends any investment product to the Customer, the investment product must be reasonably suitable for the Customer having regard to the Customer's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document(s) or agreement(s) the Manager may ask the Customer to sign and no statement the Manager may ask the Customer to make derogate from this section.

#### **4.2.2. Subscriptions and acquisitions**

4.2.2.i. The Customer may, from time to time, make an order to subscribe for or otherwise acquire units in one or more Funds through an Account by transferring money to their Virtual Account or by sending an Instruction via the Mobile Application. Such Transactions will be subjected to such limitations as may be imposed by the Manager in respect of any particular Account from time to time, including the mode of payment prescribed by the Manager in respect of that Account.

4.2.2.ii. The Manager will process the receipt of money to a Customer's Virtual Account as an Instruction. The Manager may at its discretion opt to arrange settlement of any such Instruction via subscription for new units through a third party broker-dealer, or as an acquisition from CPL under the Netting Arrangements or Instant Withdrawal Programme.

4.2.2.iii. The Customer acknowledges that the Virtual Account is not a bank account and does not have any features or functions of a savings or current or multi-currency bank account; deposits made to the Virtual Account will be credited to the master account held in the name of the Manager.

4.2.2.iv. The Customer undertakes to transfer funds to the Virtual Account only from a bank account held in the Customer's name, using funds that the Customer is the ultimate beneficial owner of.

#### **4.2.3. Withdrawals and redemptions**

4.2.3.i. The Customer may, from time to time, request to redeem the Customer's investments under an Account, by sending a withdrawal Instruction to the Manager. Such Transactions and the Customer's Instruction will be subjected to such limitations as may be imposed by the Manager in respect of any particular Account from time to time. The Manager may at its discretion opt to arrange settlement of any such withdrawal Instruction via execution through a third party broker-dealer, or as a disposal to CPL under the Netting Arrangements or Instant Withdrawal Programme.

- 4.2.3.ii. When submitting a withdrawal Instruction, the Customer agrees to only submit a bank account number held in the Customer's name and where the Customer is the ultimate beneficial owner, to which the proceeds of the withdrawal Instruction shall be wired.
- 4.2.3.iii. Payment in respect of a withdrawal Instruction will be made to the Customer within such period as may be stipulated by the relevant authorities or otherwise in accordance with the Manager's usual practice. The Manager reserves the right to deduct any outstanding fees and charges owed to the Manager from the proceeds of the withdrawal Instruction prior to paying such remaining proceeds to the Customer.
- 4.2.3.iv. If, for any redemption, the unit price for any Fund at the point of settlement is different from the unit price of that Fund at the point of instruction, any such difference will be for the account of the Manager.
- 4.2.4. Transfers of customer funds without change in beneficial owner**
- 4.2.4.i. The Customer may, from time to time, transfer investments not previously held with the Manager into an Account, by completing and sending the relevant Instruction to the Manager. Such Instruction will be subjected to such limitations as may be imposed by the Manager in respect of any particular Account from time to time. The Customer may request to transfer the Customer's investments or monies from one Account to another Account. Such requests will be undertaken at the Manager's sole discretion and such other terms and restrictions as the Manager may determine in respect of the relevant Accounts from time to time.
- 4.2.5. Transfers between customers**
- 4.2.5.i. The Customer may, from time to time, instruct the transfer of their investments held with the Manager to another customer of the Manager via the Mobile Application. Such Instructions will be subjected to such limitations as may be imposed by the Manager from time to time, including but not limited to any anti-money laundering assessment.
- 4.2.6. Switches (unavailable until further notice)**
- 4.2.6.i. The Customer may, from time to time, switch units from one or more Funds under an Account to one or more other Funds under the same or another Account by completing and sending the relevant Instruction via the Mobile Application to the Manager. Such Instruction will be subject to such limitations as may be imposed by the Manager in respect of any particular Account from time to time. A switch involves the redemption of units in one or more Funds and use of the redemption proceeds to subscribe for units in one or more other Funds.
- 4.2.7. Distribution and reinvestment of Income (unavailable until further notice)**
- 4.2.7.i. The Customer's income entitlement is the total of all income arising from the Customer's investments in Funds, together with realised and unrealised gains and losses arising from the Customer's investments, and any other amount credited in units or dollar value to the Customer's Account in the manner that the income was received by the Manager. If the Customer has invested in any Fund which provides the Customer with an option to reinvest any income, and the Customer has elected not to make any choice with respect to reinvestment, the Manager will select reinvestment as the default option. Should the Customer redeem, switch out or transfer out the Customer's holdings prior to the crediting of investment income, it is the Manager's sole discretion to determine whether such investment income be reinvested or paid out to the Customer.
- 4.2.8. Transactions and turnaround time**
- 4.2.8.i. All the Customer's Transactions in Funds will be subjected to the minimum limits applicable to the relevant Account as prescribed by the Manager from time to time.
- 4.2.8.ii. The Customer agrees that the Customer's Transactions will be processed in accordance with these Terms and Conditions and any additional terms, conditions and limitations as may be imposed by the Manager from time to time, including those set out in the Application.
- 4.2.8.iii. Any Instruction is deemed received when it is actually received by the Manager. The Manager may, in its sole discretion, accept or reject any Instruction. An Instruction is effective only upon acceptance by the Manager.
- 4.2.8.iv. If an Instruction is accepted by the Manager on a Business Day and before the applicable cut-off time for that Business Day, the Manager will transmit the Instruction to the relevant fund manager for execution on that Business Day. If an Instruction is accepted after the applicable cut-off time, the Manager will transmit the Instruction on the next Business Day.
- 4.2.8.v. Units in any Fund will be acquired or redeemed at the prevailing unit price on the valuation date applicable to that Fund, being the date on which the relevant fund manager accepts and executes the Instruction.
- 4.2.8.vi. In the case of subscription requests, execution will occur only on a cleared funds basis, and the valuation date will be the later of (a) the date of the fund manager's acceptance of the Instruction, and (b) the date on which cleared subscription monies are received by the fund manager. All subscription monies will be remitted to the relevant fund manager net of any applicable fees and charges due to the Manager.
- 4.2.8.vii. In the case of redemptions, the redemption proceeds remitted to the Customer's designated bank account will be the redemption value less any applicable fees and charges due to the Manager.
- 4.2.8.viii. The processing of Instructions and the settlement of Transactions will be completed within the timeframes

prescribed by the relevant authorities or, where not prescribed, within the period notified by the Manager, provided always that the Manager has accepted the Instruction.

**4.2.9. Deferment of transactions and valuation**

4.2.9.i. The Customer acknowledges and agrees that the Manager has the right to suspend the processing of Transactions of units in any Fund or the provision and/or publication of the prices of units in any Fund due to any of the following:

- 4.2.9.i.1. when dealings in any Fund have been suspended;
- 4.2.9.i.2. when any of the recognised stock exchanges or markets on which the unit prices are quoted is closed other than the normal closing hours or days or has restricted dealings;
- 4.2.9.i.3. when the fund manager managing any Fund is unable to repatriate money, or considers that any transfer of money for purposes of completing the investment or redemption of units under the Customer's Account is not possible at the normal exchange rates (if applicable);
- 4.2.9.i.4. when an Instruction is not given according to these Terms and Conditions and/or those of the applicable section of the Application; or
- 4.2.9.i.5. the occurrence of any other circumstances which, in the Manager's opinion, renders the calculation and/or provision or publication of fair and accurate unit prices not possible.

4.2.9.ii. The Manager will not be responsible for any losses that may be suffered by the Customer due to such suspension of processing for any Transaction or the provision and/or publication of the prices of units in any Fund.

**4.2.10. Termination and winding-up of funds**

4.2.10.i. The Customer acknowledges and agrees that:

- 4.2.10.i.1. The Manager may give the Customer such prior notice as may be required by law or stipulated by the relevant authorities (and in the absence of such requirement or stipulation, in accordance with its usual practice) of the termination and/or winding-up of any of the Fund in which units are acquired under the Customer's Account, if the Manager is notified that such Fund will be closed to further investments and/or is or is to be terminated or wound up (subjected to the Manager having received such notice in good time from the fund manager or trustee of the relevant Fund);
- 4.2.10.i.2. if notice of termination and/or winding-up of a Fund is given and units in the Fund under the Customer's Account are to be redeemed, the Manager shall use the proceeds from such redemption to subscribe into other Funds only if it receives the relevant Instruction from the Customer within the period stated in the notice of termination and/or winding-up. In the absence of such Instructions, the Manager shall pay the proceeds of such redemption to the Customer.

4.2.10.i.3. Notwithstanding anything in these Terms and Conditions, the Manager has the right to discontinue or suspend the offer of any Fund through the Manager.

4.2.10.i.4. The Customer authorises the Manager to redeem the Customer's investments (if any) in any Fund with a stipulated maturity date upon its maturity as specified by the relevant fund manager and pay the proceeds from such redemption to the Customer. The Manager shall use the proceeds to subscribe into other Funds only if it receives the relevant Instruction to do so from the Customer on or before the maturity of the first Fund.

**4.2.11. Fund information and reports**

4.2.11.i. To the extent required under Applicable Laws, the Manager will provide statements and documents (including acknowledgements, confirmations, contract notes, receipts, statements of account, and information and documents in relation to the Funds, such as offering circulars, prospectuses, financial reports or other disclosure statements) to the Customer in a manner it shall determine, through the Manager, the Website or the Mobile Application (the "**Access Service**"). Upon agreeing to these Terms and Conditions, You consent to the Access Service in lieu of other means of services provided under section 400 of the SFO (e.g. by hand, post, electronic mail transmission, etc), and You understand and accept that:

- 4.2.11.i.1. You need to have internet access and devise(s) which supports the operation of the Website and the Mobile Application for using the Access Service;
- 4.2.11.i.2. Internet, the Website and the Mobile Application may be subject to certain IT risks and disruption; and
- 4.2.11.i.3. You have the right to revoke at any time Your consent to the Access Service by given one month's prior notice through the Website and the Mobile Application, however, upon revocation of such consent, the Manager may terminate these Terms and Conditions and the Customer's Account.

4.2.11.ii. The current versions of the offering documents for each of the Funds provided to the Manager by the relevant fund managers may be obtained from the Manager or the Website or the Mobile Application. As the offering documents for all Funds available are prepared by the relevant fund managers, the Manager is not responsible for the accuracy of the information provided in any offering document and shall not be liable for any outcome

arising from the use of the information provided in such offering documents.

4.2.11.iii. The Customer consents to receiving Fund reports by electronic means via the Mobile Application, including by provision of an electronic link to the relevant reports. The latest Fund reports may be obtained from the Manager or the Website or the Mobile Application at the frequencies stipulated by the relevant authorities, provided that the Manager has received the same from the relevant fund managers.

#### **4.2.12. Netting arrangements**

4.2.12.i. When a Customer transfers monies to their Managed Account of Funds, the Manager reserves the right (but shall not be obliged) to arrange settlement of the Customer's order out of units in Funds which are held for the account of CPL at the prevailing unit price at the relevant valuation date. In such an event, the Manager shall reflect the change in ownership of relevant units in the Customer's Managed Account of Funds.

4.2.12.ii. Similarly, when a Customer seeks to redeem or withdraw part or all of the Customer's investments under a Managed Account of Funds, the Manager reserves the right (but shall not be obliged), subject to CPL accepting any such transaction, to arrange sale/transfer of relevant units to CPL, at the prevailing unit price at the relevant valuation date, and to credit the Customer's bank account with the proceeds paid by CPL. The Manager shall reflect the change in ownership of relevant units in the Customer's Managed Account of Funds.

4.2.12.iii. The arrangements described in sections [4.2.12\(i\)](#) and [4.2.12\(ii\)](#) shall be referred to as the "**Netting Arrangements**". The utilisation of the Netting Arrangements is a back end arrangement to be employed at the Manager's sole and absolute discretion, and subject to the acceptance of any such transactions by CPL. If Netting Arrangements are not utilised for any reason, including non-availability of relevant units or monies or non-acceptance of transactions by CPL for any other reason, the relevant order(s) will be executed via third party broker-dealers in the normal course.

#### **5. Appointment and functions of the Manager**

5.1. The Customer appoints the Manager to manage the Portfolio in the Customer's name and on its behalf in accordance with the investment policies applicable to any investment strategy or product that may from time to time be agreed between the Customer and the Manager ("Investment Policies") set out in the Annexes and the terms and conditions set out in this Agreement (including the Annexes). The Customer grants the Manager full authority on behalf of the Customer to invest the Portfolio in any Authorised Investments as the Manager may in its discretion consider advisable including purchasing or selling Authorised Investments at such time and at such prices and on such terms as it sees fit and to instruct the remittance of monies from the Portfolio for any purpose related to the management of the Portfolio upon the terms and conditions set out in this Agreement and otherwise to deal with the Portfolio as the Manager in its absolute discretion considers advisable and generally to exercise on the Customer's behalf all powers in relation to the Portfolio which the Customer could exercise if personally managing the Portfolio. The Manager may, on behalf of the Portfolio, do any act or execute any document or enter into any contract or agreement it deems necessary or desirable for the management of the Portfolio herein.

5.2. This Agreement shall be effective once the Manager has completed its know-your-customer and anti-money laundering clearing procedures with respect to the Customer and is satisfied with the outcome of such procedures.

#### **6. Rights in respect of Authorised Investments**

6.1. The Manager shall not have any responsibility for notifying the Customer of or forwarding to the Customer any proxies, notices or other documents relating to any Authorised Investment.

6.2. The Manager shall not have any responsibility as regards any rights of attendance or voting or any subscription, conversion or other rights in respect of any Authorised Investment or as regards any takeover, merger, consolidation, reorganisation, receivership, liquidation, bankruptcy or other proceedings or any compromise or arrangement relating to any Authorised Investment comprising part of the Portfolio. The Manager shall not be precluded from exercising any such rights or taking such action in connection with any or all such corporate actions or matters as the Manager may in its absolute discretion think fit.

#### **7. Instructions**

7.1. The Customer authorises the Manager to act on any Instructions given by the Customer, or in the case of a corporation, by its authorised signatory(ies) as provided at the time of account opening (and such authorised signatory(ies) may give a valid receipt and discharge to the Manager in each case until receipt by the Manager of written notification from the Customer of a change or cancellation of such authority, accompanied by a certified board resolution in a form satisfactory to the Manager authorising the change or cancellation (if appropriate)).

7.2. All Instructions and communications to the Manager in connection with the Agreement shall be given to the Manager at its office at 05-108, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong or such other address or email address or phone/Whatsapp number or other means of communication as may be notified by the Manager to the Customer from time to time and shall only be effective upon receipt by the Manager.

- 7.3. The Manager is authorised to act on any Instructions or communications in writing or given by email, Whatsapp, telephone or in person and signed, given or made or purported to be signed, given or made by the Customer or on behalf of the Customer by the authorised signatory(ies) as provided at the time of account opening (as the case may be) if believed by the Manager to be genuine. Except in the case of its own wilful default or neglect, the Manager shall not be liable for any loss resulting from reliance on any invalid Instruction or communications given or made or purported to be given or made by or on behalf of the Customer.
- 7.4. In the event of receiving conflicting or ambiguous Instructions, the Manager may refuse to act on those Instructions until it has received unequivocal Instructions from or on behalf of the Customer. The Manager may (but may refuse to) carry out telephone or other Instructions before signed written confirmation is received, and may refuse to act on any Instruction if, in the Manager's sole opinion, to do so would contravene any law of any jurisdiction.
- 7.5. The Customer agrees, from time to time, to sign (or cause to be signed on its behalf) all such documents, whether in physical form or by way of electronic acknowledgement or consent through the app or other electronic means permitted under the Electronic Transactions Ordinance (Chapter 553 of the Laws of Hong Kong), and to provide all such information as the Manager may consider necessary or desirable in connection with the Agreement.
- 7.6. Notwithstanding any term to the contrary whether in accordance with this Agreement or otherwise, the Manager may, but shall not be obliged, to act on any Instructions that is given or purportedly given by the Customer whether given via the Mobile Application, email or by any other means. The Manager shall not be obliged to give any notice and/or reason for not acting on any Instruction.
- 7.7. The Manager has no obligation to verify the authenticity and validity of any Instructions whether given via the Mobile Application, email or by any other means. The Manager is authorised to treat them as effective and binding and to effect any Instructions (howsoever given) regardless of the circumstances prevailing at the time of receiving the Instructions.
- 7.8. The Manager may rely on any document (without enquiring) which appears to the Manager to be in order. The Manager is not responsible for the genuineness, validity, effectiveness, condition, or otherwise of any such document.

**8. Authority**

- 8.1. During its appointment, the Manager shall manage the Portfolio subject to compliance with the Investment Policies as attached in the applicable Annexes and, at all times, on a fully discretionary basis.
- 8.2. The Customer authorises the Manager to perform all acts (on its behalf or otherwise) at any time which are in the Manager's sole opinion necessary or desirable to permit it to perform its duties and exercise its rights and discretions hereunder and to comply with the provisions of any law or obligation (including any requirement imposed on it to disclose information relating to the Portfolio to any taxation or other governmental authority) to which the Manager may be subject in relation to this Agreement or the Portfolio.
- 8.3. The Customer acknowledges and agrees that the Manager may, in the conduct of their functions, instead of acting themselves, delegate to or appoint any service provider, agent, sub-agent, contractor, sub-contractor, broker, dealer, custodian, nominee or other third parties, whether in Hong Kong or otherwise (and such persons shall each be referred to in this Agreement as an "**Affiliate**" of the Manager, where the context permit) to carry out, execute or clear any Transaction, hold, custodise or deal with the Customer's assets, or provide ongoing maintenance and support services for the operation of the Website or Mobile Application or such other Services or business as may be required by the Manager.
- 8.4. Without prejudice to the generality of the foregoing, and during the continuance of its appointment, the Manager shall be empowered to:
  - 8.4.1. identify, review and evaluate investment and realisation opportunities for the Customer;
  - 8.4.2. make, purchase, sell or otherwise dispose of any of the Authorised Investments at such time and at such prices and on such terms as it sees fit, to exchange or convert all or any part of the Portfolio for or into any investment, to instruct the remitting of monies from the Portfolio for any purpose related to the management of the Portfolio pursuant to the Agreement and otherwise to deal with the Portfolio as the Manager in its absolute discretion considers advisable and generally to exercise all powers in relation to the Portfolio;
  - 8.4.3. in the event the Manager invests in collective investment schemes as part of the Authorised Investments, and the managers of such collective investment schemes suspend dealing due to extreme market volatility or substantial redemption as permitted under the relevant product placing memorandums, the Manager may exercise its discretion to suspend or limit the Customer's redemption Instructions to facilitate an orderly disposal of the Customer's investments.
  - 8.4.4. based on information as may reasonably be available to it, monitor the performance and supervise the maintenance of the Authorised Investments and, as circumstances may require to determine and implement changes in such investments;

- 8.4.5. issue all instructions and authorizations to the Custodian or sub-custodian, as the case may be regarding Authorised Investments and money therein in the ordinary course of business and to pay, or authorise the payment and reimbursement of, sales commissions, if necessary;
- 8.4.6. negotiate, enter into, and perform all contracts, agreements and other undertakings as may in the opinion of the Manager be necessary or advisable or incidental to the carrying out of the objectives of this Agreement in accordance with the values regulations and practices of relevant markets;
- 8.4.7. to prepare material for inclusion in reports of the Customer as may be reasonably required by the Customer or as required by law;
- 8.4.8. carry out all the actions as set out in the Customer Money Standing Authority and the Customer Securities Standing Authority; and
- 8.4.9. exercise such rights, powers, privileges and other incidents of ownership or possession with respect to any Authorised Investments including the right to vote securities and other like matters relating to the Authorised Investments.

8.5. The Manager may delegate any or all of its powers, duties, services and responsibilities under this Agreement to an Affiliate of the Manager or any other person as the Manager may appoint and may provide information about the Customer and the Portfolio to any such person, but the Manager's liability to the Customer for all matters so delegated shall remain. No additional fees shall be imposed for such services except as otherwise agreed.

8.6. The Manager may employ agents (including Affiliates) to perform any administrative, dealing or ancillary services (including, but not limited to, back-office processing and reconciliation of trades and maintenance of records) required to enable the Manager to perform its duties and services in accordance with this Agreement.

#### **9. Additional deposit and withdrawal from the Account**

9.1. The Customer may deposit additional funds in the Account or withdraw from the Account at such time and on such terms and conditions as set out in these Terms and Conditions.

#### **10. Important information for account holders**

##### **10.1. Exclusion of liability**

10.1.1. The Customer agrees that the Manager, the Custodian and their respective nominees (and a reference to "the Manager" in this section shall be a reference to the Manager, the Custodian or their respective nominees, as the case may be) shall not be liable for any loss, damage or expense suffered or incurred by the Customer (including but not limited to losses suffered as a result of the exercise by the Manager of the powers or discretions conferred on it by these Terms and Conditions, and whether in its capacity as administrator of the Customer's Account, or otherwise, as the case may be), which is not due to the deliberate fault or negligence of the Manager. In any event, the Manager shall not be liable, whether in tort, in contract or otherwise, for any consequential or indirect losses of any kind, including loss of profits or for punitive damages. The Manager shall not be imputed with notice or knowledge of any information the Customer may have communicated to the Customer's Financial Adviser Representative. Transactions carried out by the Manager in accordance with the Customer's Instructions, made or given or purporting to be made or given by the Customer or by any other person on the Customer's behalf, shall be binding on the Customer for all purposes regardless of the circumstances prevailing or the nature of the transaction or arrangement or the amount of money involved and notwithstanding any error or misunderstanding or lack of clarity in the terms of such Instructions or other communications. The Customer shall indemnify and hold the Manager harmless against any and all loss, damage, costs, charges and/or expenses suffered and/or incurred by the Manager as a result of acting or relying on any of the Customer's Instructions made or given or purporting to be made or given by the Customer or by any other person on the Customer's behalf (in whatsoever form given).

10.1.2. The Manager accepts no responsibility and shall have no liability whatsoever to the Customer:

10.1.2.i. in relation to the Customer's receipt of advice or recommendation from the Customer's Financial Adviser Representative. The Customer acknowledges the importance of seeking independent financial advice with respect to any investment the Customer may wish to make; and

10.1.2.ii. for any costs, expenses, disbursements, liabilities, obligations, penalties, claims, demands, actions, proceedings, judgement, suits, losses (including any consequential loss and any loss of investment opportunity), or damages of whatsoever nature suffered or incurred by the Customer as a result of, or in connection with, any Transaction made or omitted to be made, on the basis of any information provided by the Manager.

10.1.3. The Manager makes no warranties or representations, implied or otherwise not expressly set out in these Terms and Conditions and, to the fullest extent permitted by law, all such warranties and representations, whether implied or otherwise, not expressly set out in these Terms and Conditions are excluded.

10.1.4. To the fullest extent permitted by the law, the Customer acknowledges and agrees that the Manager shall not be liable to the Customer for any damages, losses or expenses, whether arising out of contract or tort

(including but not limited to direct, indirect, incidental, special or consequential damages or economic loss) arising out of or in connection with these Terms and Conditions, the electronic services or any other service provided by the Manager, including but not limited to the following events or matters:

- 10.1.4.i. any acts beyond the control of the Manager, including, without limitation, acts of God, acts or regulations of any governmental or supra-national authority, war or national emergency, accident, fire, lightning, equipment failure, telecommunication line equipment failure, riot, strikes, lock-outs, industrial disputes (whether or not involving the Manager's employees) or epidemics or infectious diseases;
- 10.1.4.ii. any defect, deficiency or malfunction in and/or any breakdown, disruption or failure of any telecommunications, computer or other electronic equipment or system (whether or not owned, operated or maintained by the Manager or any other person and whether or not used in the provision or operation of any service by the Manager), including but not limited to:
  - 10.1.4.ii.1. the inability or failure of any such equipment or system to accept and/or recognise and/or properly and accurately store, process and/or transmit dates or data incorporating or relying on dates, or the processing, storage and/or transmission of any inaccurate date or data by virtue of such inability or failure of any such equipment or system;
  - 10.1.4.ii.2. the failure of any such equipment or system to accept, recognise or process any instruction or other instruction;
  - 10.1.4.ii.3. a breakdown in or the failure of any website, the Website or Mobile Application through which the Manager may offer any of the Services;
- 10.1.4.iii. any cessation, interruption or delay in transmission or any wrongful interception of any instruction through any telecommunications, computer or other electronic equipment or system (whether or not owned, operated or maintained by the Manager or by any other person and whether or not used in the provision or operation of any service by the Manager);
- 10.1.4.iv. the corruption or loss of any data stored in any equipment, terminal or system or instruction or in the course of transmission through the internet, any computer or any electronic or telecommunications system used by the Manager or any other person whether or not in connection with any Account or the provision or operation of any service, including any errors generated in the transmission of any data or instruction;
- 10.1.4.v. the cessation or interruption of the availability or operation of any service, including the electronic services;
- 10.1.4.vi. the failure or refusal of the Manager or any other person to accept or honour any instruction or other instruction; and
- 10.1.4.vii. any failure on the part of the Manager to perform its obligations or duties to the Customer caused by or arising from any one or more of the events or matters set out in any one or more of the foregoing sub-paragraphs.

10.1.5. The Customer's Financial Adviser Representative is not an agent of the Manager and has no authority to bind the Manager in any way. The officers and employees of the Manager are not authorised to make any representation or bind the Manager in any way that is inconsistent with these Terms and Conditions. The Manager does not make any expressed or implied recommendation concerning any investment available through the Customer's Account. Any information provided in relation to any investment available through the Customer's Account is furnished without regard to the investment objectives, financial situation or particular needs of any particular person and in deciding on any Transaction the Customer shall do so entirely on the Customer's own assessment of the merits of any such Transaction.

10.1.6. The Customer agrees that the limitations in this section 10 shall survive and apply even if any limited remedy specified in these Terms and Conditions is found to have failed its essential purpose. The Customer is aware that circumstances could arise in which the remedies and limitations on liability set forth herein may appear insufficient to the Customer. In the light of the overall agreement reached hereunder, the Customer agrees that the limited remedies and liabilities of the Manager set out herein are part of a reasonable allocation of the risks and benefits of the agreement between the parties taking all relevant factors into consideration and the availability and costs of insurance with respect to the said risks.

**10.2. The customer's liability**

10.2.1. The Customer agrees to pay on demand all fees and charges relating to the Customer's Account. The Customer also agrees to indemnify the Manager, the Custodian and their related entities and respective nominees, their respective officers and employees against any claims, liabilities, expenses, losses or costs (including legal costs on a full indemnity basis) suffered or incurred by them as a result of:

- 10.2.1.i. Any default by the Customer of the Customer's obligations under these Terms and Conditions;
- 10.2.1.ii. The performance by them of their obligations, or exercise by them of powers conferred under these Terms and Conditions (including acting on the Customer's Instructions, notices or requests and incurring fees and charges) not arising from their own negligence, fraud or wilful default;
- 10.2.1.iii. Any infringement by the Customer of any intellectual property, including trademarks, copyrights, rights of

confidence or other rights, of any person or entity;

10.2.1.iv. The enforcement of these Terms and Conditions and/or the recovery of any sums owed by the Customer in respect of the Customer's Account;

10.2.1.v. Claims of third parties which may be brought or asserted in respect of the Customer's Account and/or these Terms and Conditions;

10.2.1.vi. The acts of the Customer's agents, attorneys or Financial Adviser Representatives;

10.2.1.vii. The Customer's failure to comply with Applicable Laws when making any investment through the Customer's Account; or

10.2.1.viii. Otherwise in connection with the Customer's Account and these Terms and Conditions, unless they arise solely from the Manager's fraud, Gross Negligence or wilful misconduct.

10.2.2. This obligation is a continuing obligation, independent of the Customer's other obligations under any agreement which the Customer may have with the Manager. It continues after termination of the Customer's Account

**10.3. Risks**

10.3.1. As with any investment, there are risks involved with the Customer's investments made through the Customer's Account. The Customer acknowledges that:

10.3.2. All investments carry a risk component. The Customer should carefully consider any investment decisions under the Customer's Account and obtain any independent advice which the Customer considers necessary in making such investment decisions. Portfolio values may rise and fall and the Customer may not receive:

10.3.2.i. a return of some or all of the Customer's capital;

10.3.2.ii. a particular rate of return on capital; or

10.3.2.iii. any return at all.

10.3.3. The Customer is responsible for ensuring that the investments made by the Customer meet the Customer's investment objectives and that the Customer is in compliance with Applicable Laws when making any investment. The Customer represents and warrants that the Customer understands and is fully aware of the risks involved in investing (including investments into units of any of the Funds).

10.3.4. If the Customer gives the Manager an Instruction and the Customer does not satisfy the minimum transaction requirements set by the Manager, the Manager will:

10.3.4.i. endeavour to aggregate the Customer's investments with those of other investors to meet such minimum transaction requirements; or

10.3.4.ii. effect the Customer's Instructions on receipt of instructions from other investors, which when aggregated with the Customer's Instructions, meet or exceed the minimum transaction requirements.

10.3.5. Delays in any Transaction may occur if an Instruction does not provide sufficient details for the Manager to act on the Instruction. This can also occur if the correct signatures are not provided, or where Instructions are illegible or incomplete.

10.3.6. The Manager shall bear no liability or responsibility whatsoever to the Customer for any error, misstatement or omission in any prospectus, offering document or report or any other material prepared by or issued by any fund manager or Fund. The Customer acknowledges that the Customer has read, will read or obtain from the Manager, or the relevant fund manager or Fund up-to-date versions of any prospectuses, offering documents or materials supplied by the relevant fund manager or fund that might exist on the date of the Transaction. The Customer acknowledges and agrees that the Manager shall bear no liability or responsibility to the Customer for any error, misstatement or omission in any prospectus, offering document, report or any other material prepared by or issued by any relevant fund manager or Fund, or wilful action or omission, default, fraud or negligence by the relevant fund manager.

10.3.7. The Manager accepts no responsibility and will bear no liability to the Customer for giving any recommendation or advice to the Customer as to whether to invest or not to invest in any Transaction, or in connection with the performance of any Fund. The Customer acknowledges the desirability and importance of seeking independent financial or professional advice with respect to any dealings or investments or investment opportunities. The Customer acknowledges that any dealings or investments under the Account are solely and exclusively made by the Customer based on the Customer's own judgement and after the Customer's own independent appraisal and investigation into the risks associated with such dealings or investments have been made.

10.3.8. The Customer acknowledges and accepts the risks set out in Annex 2 (Risk Disclosure Statement) which forms part of this Agreement.

10.3.9. We may notify you in writing of any changes to the risks set out in the Risk Disclosure Statement. Unless you object to such changes and terminate your Account and/or this Agreement within thirty (30) calendar days, you will be deemed to have expressly agreed and accepted such changes and the amended Risk Disclosure

Statement shall supersede the previous Risk Disclosure Statement to form part of the Agreement.

**10.4. Opting-out from prompt notifications of each system login.**

The Customer agrees to opt out from receiving notification in any form, including but not limited to emails and push notifications on the Mobile Application, for each and every login to the Account through the Website or the Mobile Application. The Customer also acknowledges that he/she has received, read and understood the risk disclosure statement in paragraph 23 of Annex 2 (Risk Disclosure Statement), which provides for the risks that may arise in connection with opting-out from such notifications.

**11. Representation and warranties**

- 11.1. The Customer hereby makes the following representations and warranties to the Manager, which shall continue in full force and effect throughout the term of the Agreement:
  - 11.1.1. (for individuals) the Customer is of full legal age and has the legal capacity to execute, deliver or perform the Agreement and to make the investments envisaged thereby;
  - 11.1.2. (for corporations) the Customer has been duly organised and validly existing under the laws of the country in which it is established or incorporated, with full power and authority to enter into and perform its obligations under the Agreement;
  - 11.1.3. neither the Customer, nor any person interested either actually or prospectively in the Account (where relevant) ("Interested Person"), is a US Person;
  - 11.1.4. the Customer is tax-compliant in all the jurisdictions that he/she/it operates in;
  - 11.1.5. the funds deposited in the Account are from legitimate sources in connection with the Customer's regular personal or business activities and which do not constitute the benefits of money laundering or other criminal conduct or are derived from illegal activities, whether under the Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong), the Organised and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) or otherwise, and all disclosures representatives and nominees made by the Customer in the Agreement are true and accurate in all respects;
  - 11.1.6. the Customer's name does not and has not at any time appeared on the list of Specially Designated Nationals and Blocked Persons maintained by Office of Foreign Assets Control of the United States of America or on any lists or resolutions issued by the United Nations (whether through the Security Council or otherwise) pursuant to which dealings with persons specified therein are prohibited, restricted or discouraged;
  - 11.1.7. the information set out in the Agreement and in the Annexes and any other information provided from time to time to the Manager are true, complete and not misleading. The Manager is entitled to rely fully on such information and representations unless and until the Manager receives notice of any such change from the Customer;
  - 11.1.8. the Customer acknowledges that the Manager may be required to furnish monthly statement of accounts containing certain types of information to the Customer pursuant to the SFCMR, the SFCSR and the SFO;
  - 11.1.9. the Customer agrees to instruct and authorise the Custodian or sub-custodian, as the case may be, directly to carry out any foreign exchange transaction in relation to the Portfolio; and
  - 11.1.10. such other representations and warranties required in the Agreement.
- 11.2. The Customer undertakes to notify the Manager of any change from time to time with respect to any information, representations, warranties, covenants, agreements and confirmations provided pursuant to this Agreement, and to provide such further information, representations, warranties, covenants, agreements and confirmations as the Manager may reasonably require from time to time.
- 11.3. The Manager hereby makes the following representations and warranties to the Customer, which shall continue in full force and effect throughout the term of this Agreement:
  - 11.3.1. the Manager has been duly organised and is validly existing under the laws of Hong Kong, with full power and authority to enter into and perform its obligations under this Agreement;
  - 11.3.2. the Manager will devote, during the term of this Agreement, such time to the conduct of the business of the Manager as is necessary to provide the services contemplated by this Agreement;
  - 11.3.3. the Manager will maintain all governmental and regulatory licences, registrations and approvals required by law as may be necessary to continue to perform its obligations under this Agreement;
  - 11.3.4. the Manager will comply with such securities and other laws, regulations and policy statements as are applicable to the Manager, the investment of the Account or its other obligations hereunder; and
  - 11.3.5. the Manager undertakes to notify the Customer of any material change to its name, address, licensing status and the services it provides and the remuneration it receives under this Agreement.

**12. Conflicts**

- 12.1. The Services of the Manager to the Customer are not deemed exclusive. Nothing in the Agreement shall in any way be deemed to restrict the right of the Manager from performing investment management or other services for any other person or entity, and the performance of such services for others shall not be deemed

to violate or give rise to any duty or obligation to the Customer. The Manager may retain for its benefit all fees and other monies payable thereby.

- 12.2. The Manager may enter into transactions on behalf of the Customer in any circumstances where the Manager is a party or has a direct or actual knowledge of a material beneficial interest in such transaction, provided that (i) the Manager has provided adequate disclosure of its interest; and (ii) the transaction complies with the Investment Policies as attached in the applicable Annexes.
- 12.3. In particular, in the context of the Instant Withdrawal Programme or Netting Arrangements, the Manager may enter into transactions on behalf of the Customer in circumstances where the counterparty may be CPL, a related corporation of the Manager. In such an event, pricing of relevant units will be the same as if the transactions were executed in the ordinary course outside of such Instant Withdrawal Programme or Netting Arrangements.
- 12.4. The Manager has no obligation to buy or sell for the Account any Authorised Investments that it may buy or sell for the account of other customers but shall seek in good faith to allocate investment opportunities fairly among all its customers. Similar Authorised Investments held in the Account may also be held by other customers for which the Manager or any of its Affiliates act as a manager or an adviser. The Manager may invest the Portfolio in Authorised Investments that are managed or advised by the Manager.
- 12.5. The Customer acknowledges that other customers of the Manager and customers of the Manager's Affiliates and their respective officers, directors and employees may have an interest in an Authorised Investment which is purchased or sold by the Manager on behalf of the Customer. The Customer agrees that the Manager may engage in transactions on behalf of the Customer which may be inconsistent with transactions recommended to, or engaged in by the Manager on behalf of other customers of the Manager, or customers of the Manager's Affiliates, or transactions engaged in by such Affiliates, their respective officers, directors or employees.
- 12.6. The Customer consents and agrees that, to the extent permitted by Applicable Law, the Manager may (but is not required to) aggregate investment sale and purchase orders for the Account with similar orders being made contemporaneously for other accounts managed by the Manager or with accounts or Affiliates of the Manager if, in the Manager's reasonable judgement, such aggregation is reasonably likely to result in an overall economic benefit to the Account.

### **13. Introduction or referrals**

- 13.1. The Customer may have been introduced to the Manager by a third party. For the avoidance of doubt, the Manager does not accept responsibility for any conduct, action, representation or statement of such a third party.
- 13.2. Where a Customer requests to be connected to a third party Financial Adviser Representative for financial advice, the Customer agrees that such Financial Adviser Representative constitutes an Affiliate of the Manager, and the Manager may share such information in relation to the Customer as the Financial Adviser Representative may require or expect in order to provide such financial advice.
- 13.3. The Customer who has been referred to the Manager by third party accepts that;
- 13.3.1. The third party shall not in any way be regarded as an agent or representative of the Manager and the Manager accepts the Customer only on the basis that the Manager does not accept and will accept no responsibility for any conduct, action, representation or statement of the third party;
- 13.3.2. The third party may be receiving remuneration or an introducing fee from the Manager and the Manager may share its fees, commissions and/or charges with the third party and any other third party or otherwise reward such third party for such introduction in relation to the Customer.
- 13.3.3. The third party may not be permitted to provide the Customer with any advisory service, other than to the extent or carrying out introducing activities;
- 13.3.4. The third party may not be permitted to receive or deal with any money or property from the Customer in relation to this introducing activity;
- 13.3.5. The third party is not permitted to use any trade names, trademarks, intellectual properties in relation to the Manager or distribute any advertising, promotional or marketing materials in relation to the Manager; and
- 13.3.6. The third party is not authorised to make any representation that the third party is a representative or agent or enters into or concludes any transaction or contracts on behalf of the Manager.

- 13.4. The Customer acknowledges and agrees that in respect of remuneration that is offered to the Manager, including commission, fees and other benefits ("Remuneration"), in respect of the services provided to the Customer pursuant to such introductions or referrals, or where agreed between the Manager and the Customer, to the Customer's agent, service provider or asset manager, from time to time, the Manager may choose to apply such Remuneration to its own benefit or pay such Remuneration to the Customer's agent, service provider or asset manager and has no obligation to account to the Customer for all or any part of such Remuneration.

#### **14. Fees and charges**

14.1. In consideration of the Services agreed to be provided by the Manager under this Agreement, the Customer agrees to pay the Manager a management fee in relation to the Managed Account of Funds as may be agreed between the Customer and the Manager from time to time. The management fee in relation to each strategy or product will be calculated in accordance with the Annexes of this Agreement ("Management Fee"). For examples of calculating the applicable Management Fee, please refer to paragraph 6 of Annex 1 of this Agreement.

14.2. The Manager reserves the right, in its absolute discretion and from time to time, to vary its fees, charges, expenses and/or interest due to the Manager from the Customer under this Agreement. Such variation in fees, charges, expenses and/or interest shall be notified to the Customer in accordance with these Terms and Conditions. Further, the Manager reserves the right to vary and/or waive, in its absolute discretion and from time to time as it deems fit, the minimum transaction amounts applicable to the relevant Account as prescribed by the Manager from time to time.

14.3. The Customer agrees to pay all costs and expenses (including all taxes, commissions and fees from time to time incurred) in connection with the Account. The Customer further agrees to indemnify the Manager on demand against all costs, expenses, liabilities, claims, demands or proceedings to act in relation thereto or as a result of its acting in good faith on instructions given or purportedly given by any such person.

14.4. In cases where the total fees, bank charges or transaction costs exceed the value of any amount due to the customer, the manager reserves the right to void the amount in its entirety. No cash alternative will be offered to the Customer.

14.5. The Manager may charge to and recover from the Account any fees, costs, expenses and the amounts due to it hereunder. The Manager shall have a lien over the Portfolio for all amounts payable to it by the Customer whether present or in the future, actual or contingent and in whatever currency. The Manager may at any time, without prior notice to the Customer, realise (whether through a sale or disposal in such manner and on such terms as it sees fit and at the Customer's expense) any part of the Portfolio and may apply the proceeds (or any other amounts held to or payable to the Customer) in or towards settlement of such amounts and the Custodian or sub-custodian shall be authorised to convert any sum from one currency to another at such rates of exchange as the Custodian or sub-custodian sees fit for this purpose.

14.6. The Manager shall be entitled to receive and retain for its own absolute use and benefit (without any liability to account to the Customer) any rebates, fees, other payments or benefits which it receives in connection with or derives from any transaction involving the Portfolio.

14.7. The Customer acknowledges and agrees that in respect of Remuneration that is offered to the Manager in respect of the Services provided to the Customer where agreed between the Manager and the Customer, the Manager may choose to apply such Remuneration to its own benefit and has no obligation to account to the Customer for all or any part of such Remuneration.

#### **15. Performance incentive**

15.1. In consideration of the Services to be provided by the Manager pursuant to this Agreement, the Manager shall be paid a performance fee in relation to the relevant strategy or product as may be agreed between the Customer and the Manager from time to time in accordance to Annexes of the Agreement ("Performance Fee").

15.2. As the Performance Fee may be paid based on unrealised appreciation, the Customer hereby acknowledges that such appreciation may not necessarily be realised. The payment referred to in section [15.1](#) above shall be paid, taking into account any distributions, withdrawals and capital contributions in accordance with the applicable Annexes, made to the Portfolio in respect of the relevant calendar year.

#### **16. Losses and liabilities**

16.1. The Manager makes no representation, warranty or guarantee as to the performance of the Portfolio. The Manager will manage the Portfolio, subject to the provisions of this Agreement, in accordance with its usual business practice and will not be liable for any loss resulting from any decline in value of the Portfolio, the exercise of any of the Manager's rights and discretions or the performance of any of its duties hereunder, any error of judgement or error of fact or, except to the extent they are caused by the Manager's own wilful default, fraud or Gross Negligence.

16.2. The Manager shall not be responsible for or liable to investigate the credit worthiness or status of any issuer, guarantor or other person liable in respect of any Authorised Investment, the validity or binding effect thereof or of any related document or any similar matter.

16.3. The Customer will hold harmless and will indemnify the Manager against all actions, proceedings, claims, costs, damages, expenses and liabilities that may be brought against, suffered or incurred by the Manager, its directors or its officers as a result of or in connection with the performance of its duties under the terms of the Agreement, except to the extent they are caused by the Manager's own wilful default, fraud or Gross Negligence.

**17. Termination of the Customer's Account**

17.1. This Agreement constituted by these Terms and Conditions between the Customer and the Manager in respect of the Customer's Account will continue until it is terminated in accordance with these Terms and Conditions. The Customer's Account may be terminated by the Manager without notice for any reason, including but not limited the following events:

- 17.1.1. The Customer fails to comply with any of its obligations herein or under any Account or Transaction;
- 17.1.2. An encumbrancer takes possession or a receiver and manager is appointed over any of the Customer's property or assets;
- 17.1.3. The Customer makes any voluntary arrangement with creditors or become subject to an administration order;
- 17.1.4. The Customer is the subject of a petition presented or an order made or a resolution of winding-up, to place the Customer in bankruptcy, in judicial management or to take any similar or analogous action;
- 17.1.5. where applicable, the Customer ceases, or threatens to cease, to carry on business;
- 17.1.6. any of the Customer's representations, warranties or statements hereunder or in the Instructions or in any document delivered pursuant to the Account has not been complied with or is incorrect or incomplete in any respect; or
- 17.1.7. The Manager forms the view, in good faith, that it should take action in order to preserve its rights or interests in relation to any Account or under its relationship with the Customer.
- 17.1.8. The Customer operates the Account in any manner which is deemed by the Manager to be outside of its intended use.
- 17.1.9. The Manager decides to cease the operation of the Managed Account of Funds or the Services.

17.2. The Customer may terminate the Customer's Account at any time by sending the relevant instructions to the Manager requesting for closure of the Customer's Account. In order to terminate an account, all prior Investments must be redeemed and withdrawn from the Account.

17.3. If the Customer's Account is terminated, the Manager may (but is not obliged to) immediately or at any time thereafter, do any one or more of the following:

- 17.3.1. finalise any incomplete aspects of the Customer's instructions in respect of the Customer's Account received up to and including the termination date;
- 17.3.2. reserves the right to charge as a fee an amount equal to any proceeds arising from the Customer's investments which is attributable to or accrues to a Customer's Account following the closure or termination of such Account;
- 17.3.3. deduct any outstanding fees and charges owed to the Manager from the sale or redemption proceeds of the Customer's investments in the Customer's Account to settle such outstanding fees and charges in respect of the Customer's Account;
- 17.3.4. continue to charge the Customer's Account with fees and charges for Transactions between the termination date and the date on which all assets in the Customer's Account are disposed of or have been transferred in accordance with the Customer's written instructions given separately to the Manager; and/or
- 17.3.5. exercise such other authority and powers that may have been conferred upon the Manager by these Terms and Conditions.

17.4. The Manager will follow the Customer's Instructions on the disposal of the Customer's investments in the Customer's Account. If the Manager does not receive the Customer's Instructions concerning disposal of assets in the Customer's Account, then the Manager may transfer investments in the Customer's Account to the Customer, or dispose or redeem the investments in the Customer's Account and pay the proceeds to the Customer.

17.5. The Customer's Account is determined to be dormant if it contains no holdings and value after 9 calendar months, or if there has not been any access to the Account through the Mobile Application for a period of 2 years. If the Manager determines in good faith that they have made repeated attempts to but remain unable to trace the Customer thereafter, or take Instruction from the Customer, the Customer agrees that the Account will be terminated and instructs the Manager to facilitate the utilisation or transfer of all assets in the Account or otherwise held by the Manager together with any property as may from time to time continue to accrue to those monies and property in any manner the Manager so wishes. Thereafter, the Customer shall have no right whatsoever to claim such monies and property and the Customer is deemed to have waived and abandoned all their rights to such assets and any other property as may accrue to it in the Manager's favour.

**18. The Annexes**

18.1. The Annexes attached hereto form part of this Agreement.

**19. Correspondence**

19.1. Any reports, notices or other communications given to the Customer hereunder will be sent through secured electronic mail, via the Mobile Application. Any such notice shall be deemed to have been sent at the time of

transmission or in the case of any other mode of communication.

- 19.2. Any notices or advice or confirmation sent to the Customer through secured electronic mail via the Mobile Application or via such other methods in circumstances as may be determined by the Manager from time to time at its sole discretion. Any such advice or confirmation shall be deemed to have been received by the Customer immediately after transmission or (in the case of any other mode of communication) at the time of dispatch, and it is the Customer's duty to check such advice or confirmation.
- 19.3. Where the Manager receives any instructions via telephone, the Manager shall not be obliged to act until its receipt of confirmation of such instructions in writing or such other form as may be acceptable to the Manager.
- 19.4. Any notice or communication to be given by the Customer to the Manager must be in the English or Chinese Language (unless otherwise stated by the Manager or in these Terms and Conditions) and in writing and be delivered personally, or by post or secured electronic mail to such address as the Manager may provide on the Websites or Mobile Application from time to time. Any such notice shall be deemed to have been received by the Manager only upon actual receipt by the Manager.

## **20. Recording**

- 20.1. The Customer authorises the Manager and any of their Affiliates to record any telephone conversation or any electronic communication conducted between the Customer and the Manager, to retain such recordings and use them in such manner as the Manager considers appropriate. The recording shall be admissible in evidence in legal proceedings and shall have the same probative value as a written original document. The Manager shall not challenge or dispute the admissibility, reliability, accuracy or the authenticity of the contents of such records and the Customer hereby waives any right (if any) to so challenge or dispute. The Customer agrees that the recordings made by the Manager shall be conclusive evidence of the contents and shall be binding to the Customer.

## **21. Data protection**

- 21.1. The Manager's privacy policy, as may be amended, supplemented and/or substituted from time to time, is a standalone document to these Terms and Conditions and shall apply to all personal data that you provide to the Manager or that the Manager has obtained from any other sources or that arises from the Customer's relationship with the Manager (or group of companies). The Manager's privacy policy is available at the Website.
- 21.2. The Customer hereby consents to the Manager collecting, using, disclosing and processing of the Customer's personal data in accordance with the Manager's privacy policy and these Terms and Conditions.
- 21.3. Where the Customer has linked to or referenced a preferred Financial Adviser Representative through the Mobile Application the Customer hereby consents to the Manager disclosing the Customer's personal data to the Financial Adviser Representative.
- 21.4. In order to process, administer and/or manage the Customer's relationship and/or Account, the Manager will collect, use and disclose the Customer's personal data.
- 21.5. The Customer authorises the Manager and any of their Affiliates to record any telephone conversation or any electronic communication conducted between the Customer and the Manager, to retain such recordings and use them in such manner as the Manager considers appropriate. The recording shall be admissible in evidence in legal proceedings and shall have the same probative value as a written original document. The Manager shall not challenge or dispute the admissibility, reliability, accuracy or the authenticity of the contents of such records and the Customer hereby waives any right (if any) to so challenge or dispute. The Customer agrees that the recordings made by the Manager shall be conclusive evidence of the contents and shall be binding to the Customer.
- 21.6. The Customer hereby consents and agrees that information supplied on the Agreement and otherwise received in connection with the Agreement (including any information concerning the Customer and the Portfolio obtained from other sources from time to time) may be held by the Manager, its agents, custodians and its Affiliates, including the Customer's linked, assigned or nominated Financial Adviser Representative and each of the foregoing persons may collect, use, disclose, process and maintain such personal data for the following purposes:
  - 21.6.1. purposes of administering or managing the Portfolio, including disclosure to the Custodian or sub-custodian;
  - 21.6.2. carrying out the Customer's instructions or responding to any enquiry purporting to be given by the Customer or on the Customer's behalf
  - 21.6.3. dealing in any other matters relating to the Portfolio (including the mailing of reports or notices);
  - 21.6.4. forming part of the records of the recipient as to the business carried on by it;
  - 21.6.5. observing any legal, governmental or regulatory requirements of any relevant jurisdiction (including any disclosure or notification requirements to which any recipient of the data is subject), such as carrying out due diligence or other screening activities (including but not limited to those designed to combat financial crime,

"know-your-customer", anti-money laundering, counter-terrorist financing or anti-bribery);

21.6.6. managing the Manager's infrastructure and business operations and/or to carry out or perform administrative, operational and technology tasks (including technology infrastructure maintenance and support, and business continuity management as well as complying with policies and procedures that may be required by law or that may have been put in place by the Manager, including those relating to auditing, finance and accounting, billing and collections, IT systems, mobile applications, obtaining legal services, data and website hosting, training, and records, document and print management);

21.6.7. to provide a database to enable the Manager to evaluate the suitability of other products or services and to thereafter dispatch information on other products or services to the Customer, including invitations to events and seminars, whether provided by the Manager, any connected person of the Manager, or any third party except where the Customer has expressed its preference not to be provided such information; and

21.6.8. sending the Customer by postal mail or by any electronic means or financial statements or other statements or communication relating to the Manager or the Portfolio (to the extent any financial statement or communication may be sent to the Customer) and in so doing processing such personal data for such purpose, and in the case of postal mail, the Customer consents to such necessary personal data of the Customer being printed on an envelope that is capable of being seen by the public in order for the envelope to be delivered to the Customer's usual place of correspondence (collectively, the "**Purposes**"). The Customer also consents and agrees that in carrying out one or more of the above, the Manager and/or its Affiliates may need to or will disclose Customer's personal data to certain third parties, whether located within or outside Hong Kong, as such third parties would then be processing the personal data for one or more of the above Purposes. The Customer, if submitting information relating to another individual, represents and warrants that it has the authority to provide that information to the Manager, it has informed the individual about the collection, use, disclosure, processing and maintenance of his personal information for the above Purposes as well as such third parties to whom such personal information may be disclosed by the Manager, as set out above, and the individual agrees and consents to the same. All such information may be retained and used after the termination of the Agreement. In this regard, the Customer undertakes to do all such acts and deeds as the Manager may reasonably request and to execute sign and deliver any document instrument or notice if required to do so by the Manager for the purpose of ensuring compliance by the Manager and/or the Customer with applicable prevailing data protection and other analogous laws in Hong Kong or elsewhere from time to time. Inquiries concerning the collection, use or disclosure of such personal information may be directed to the Manager.

## **22. Information relating to the manager, statements and execution authorisation**

22.1. The Customer agrees that it will authorise the Manager and persons duly authorised by the Manager severally to execute and deliver all such documents, agreements and instruments and to otherwise perfect and do all such acts and things which are necessary to give full effect to any of the provisions and powers contained herein including, but not limited to, the sale, disposition and other realisation by the Manager and to give instructions to the Custodian or sub-custodian on all matters related to this Agreement (which shall include instructions on payment of the Manager's fees payable herein, costs and related expenses). Unless acting under the Customer's Instruction, the Customer agrees that it will undertake to ratify and confirm all and whatever acts and things the Manager shall do or cause to be done by virtue of this provision on the Customer's behalf.

22.2. The Customer agrees to verify the correctness of all details contained in each account statement, or any statement or document sent to them and inform us by email to support.hk@chocolatefinance.com within 14 days from the date of such document of any discrepancies, omissions or errors. The Manager will attempt to resolve such discrepancies in a timely manner for so long as such discrepancies remain outstanding, using, without limitation, any updated data produced during the period in which such discrepancies remain outstanding. Upon the expiry of this period, the details in such documents shall be conclusive evidence against the Customer (save for manifest or clerical error) without further proof, except as to any alleged errors so notified, that such details are correct, but subject always to the Manager's right to amend or delete from time to time, any details wrongly inserted by the Manager. Except as provided in this paragraph, and provided that the Manager is not fraudulent or wilful default, the Manager shall be free from all claims in respect of any Account or the details of the transactions or services contained in such documents.

22.3. The Manager has the right, upon giving reasonable notice to the Customer, to reverse any entry, demand refund, and/or debit the Account in respect of any overpayment or wrongful credit reflected in the Account.

22.4. Without prejudice to any of the foregoing the Manager may at any time without prior notice to the Customer, to rectify any clerical errors that may have been made.

22.5. The Customer hereby understands, acknowledges and agrees that in order to comply with any applicable anti-money laundering and the prevention of the financing of terrorism regulations, the Manager may require detailed verification of the Customer's identity and the source of the payment of monies. The Manager reserves the right to request such information as is necessary to verify the identity of the Customer and its beneficial owners (if any) and the source of the payment, and to comply with anti-money laundering and

anti-terrorism rules under Applicable Laws. In the event of delay or failure by the Customer to produce any information required for verification purposes, the Manager may refuse to accept any deposits in the Account, terminate this Agreement and/or refuse to pay any withdrawal proceeds. Neither the Manager nor its delegates shall be liable for any loss suffered by the Customer as a result of the rejection or delay of any deposit or payment of withdrawal proceeds, compulsory withdrawal, or termination of the Agreement.

22.6. The Customer agrees that the Customer shall be required to, upon demand by the Manager and in a timely manner: (a) provide any form, certification or other information, as may be requested by and in a form acceptable to the Manager, that is necessary for the Manager: (i) to prevent withholding or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Manager receives payments; or (ii) to satisfy reporting or other obligations under the US Tax Code and the Treasury regulations promulgated thereunder or the IRO; (b) to update or replace such form, certification, or other information in accordance with its terms of subsequent amendments; and (c) otherwise comply with any reporting obligations imposed by the United States or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

22.7. The Customer hereby understands, acknowledges and agrees that the Manager may disclose such information and/or produce such forms, certifications and/or such other documents as the Manager may in its sole discretion determine to be necessary to the Treasury Department, the Inland Revenue Department of Hong Kong, the SFC and/or such other government division or department and/or statutory body as may be required to satisfy the Manager's reporting or other obligations under the US Tax Code and the Treasury regulations promulgated thereunder or under the IRO.

22.8. The Customer acknowledges and agrees that if, and to the extent that, the Manager is required to make any payment, withholding or deduction as a consequence of the Customer failing to comply in a timely manner with the requirement in the preceding representation and warranty in section 11, the Manager shall be entitled to, at its sole discretion, withhold all or a portion of the amounts payable in respect thereof to the Customer if the Manager is required under the laws of the United States or as a consequence of any agreement between the Manager and the Treasury Department or similar government division or department to withhold any payments as a consequence of the Customer failing to comply in a timely manner with the requirement in the preceding representation and warranty. The Customer agrees to hold harmless and to indemnify the Manager against any amount of payment, withholding or deduction referred to in section [14](#) that is in excess of such amount as may be outstanding to the Account.

22.9. The Customer acknowledges and agrees that in the event the status of the Customer or any Interested Person changes from a non-US Person to a US Person, the Customer shall immediately notify the Manager and the Customer shall be required to, upon demand by the Manager and in a timely manner, provide any form, certification, representation, confirmation or other information, as may be requested by and in a form acceptable to the Manager.

22.10. The Customer acknowledges and agrees that the Manager may in its sole discretion terminate the Agreement with immediate or subsequent effect by written notice if the Customer fails to comply in a timely manner with the requirement in the preceding representation and warranty in section [11](#), whereupon the Manager shall be entitled to receive all fees and other monies accrued up to the date of such termination.

22.11. The Customer acknowledges and agrees that the Manager shall not be responsible for or liable to the Customer for any loss to the Customer arising as a result of any act or omission or any error of judgment not amounting to actual fraud in complying with the Manager's reporting or other obligations under the US Tax Code and the Treasury regulations promulgated thereunder or under the IRO.

### **23. Currency conversion**

23.1. The Manager is entitled in its sole and absolute discretion, or if the Manager agrees, the Customer may elect by giving notice to the Manager, to convert any sum received by the Manager (whether for credit into the Customer's Account or in payment of any sum due to the manager) to a currency supported within the account or the currency in which payment is to be made, as the case may be, at rate of exchange determined by the Manager at the relevant time.

23.2. The Manager, whether at its discretion or on the Customer's instructions, at any time at a rate determined by the Manager in its sole and absolute discretion, convert any amount in any account or standing to the Customer's credit to any other currency for holding in the account or for the purpose of carrying out the Customers' instruction or exercising the Manager's rights under this Agreement.

23.3. There may be a gain or loss during the conversion of currency and the Customer accepts that they are subject to exchange rate risk. Exchange rate losses, negative interest and the cost of conversion (where applicable) shall be borne by the Customer. The Manager will have no responsibility or liability for any diminution in the value of funds due to exchange rate fluctuations, foreign exchange controls, restrictions on convertibility, requisitions, involuntary transfers, distraints of any character, exercise of governmental or military powers, war strikes, or other causes beyond the Manager's reasonable control.

### **24. Force majeure**

- 24.1. The Manager shall not be responsible for the loss of or damage to any property of the Customer in the possession of the Manager or for any failure to fulfil its duties hereunder if such loss, damage or failure shall be caused by or directly or indirectly due to war damage, terrorist or enemy action, the act of any government or other competent authority, riot, civil commotion, rebellion, storm, tempest, accident, fire, lock-out, strike, power failure, computer failure or error, breakdown or delay in communications, unavailability of prices or disruption of relevant markets or other causes, whether similar or not, beyond the control of the Manager, provided that the Manager shall use all reasonable efforts to minimise the effects of the same.
- 24.2. The Manager shall not be liable for any failure to perform or delay in performing the Services or its duties under the Agreement during any period, if such failure or delay is caused directly or indirectly due to war damage, terrorist or enemy action, the act of any government or other competent authority, riot, civil commotion, rebellion, storm, tempest, accident, fire, lock-out, strike, power failure, computer failure or error, breakdown or delay in communications, unavailability of prices or disruption of relevant markets, or other causes, whether similar or not, beyond the control of the Manager, provided that the Manager shall use all reasonable efforts to minimise the effects of the same.

#### **25. Intended use policy**

- 25.1. The Chocolate Managed Account is an investment product with its primary objective being income generation and wealth preservation. Further, to cater to this objective, the Manager has established a set of intended uses and the Customer shall strictly adhere to such intended uses and any failure in adhering to such intended uses shall be deemed as a breach. In the event of any breach, the Manager may, at its sole discretion, without any notice to the Customer, suspend or terminate the Customer's Account; and may notify and report such breach to the relevant authorities under the Applicable Laws and regulations.
- 25.2. For the purpose of this section, the intended uses, amongst others, include: (i) accumulating short-term savings through lump sum or regular deposits; (ii) allowing the Manager, as per the Customer's request, to invest the subscription monies deposit via the Mobile Application and into the Chocolate Managed Account; (iii) executing redemptions or withdrawals only after the subscription monies has been invested to be eligible for any and all benefits offered by or through the Manager.
- 25.3. For avoidance of doubt, the Customer shall not use the Mobile Application or effect Transactions in the Chocolate Managed Account to defeat the intended use described above including, but not limited to, effecting several transactions in the Chocolate Managed Account to avail or qualify for or arbitrage between promotions or offerings by the Manager, its Affiliates or any other financial service providers

#### **26. General**

- 26.1. The Manager shall be entitled at any time and from time to time to disclose to governmental or regulatory authorities any information within its knowledge relating to the Customer, which information is reasonably required by governmental or regulatory authorities, whether such information has been acquired by the Manager pursuant to, or in connection with the Agreement or otherwise.
- 26.2. These Terms and Conditions and Annexures may be modified or amended by the Manager, at the Manager's sole discretion, with or without prior notice to the Customer, and the Customer's continued use of the Service shall constitute their acceptance of such modifications or amendments without reservation. No failure, delay, relaxation or indulgence on the part of the Manager in exercising any power or right conferred upon it in these Terms and Conditions shall operate as a waiver of such power or right, nor shall any single exercise of any such power or right preclude any other or future exercise thereof, or the exercise of any other power or right under these Terms and Conditions.
- 26.3. If any provision of these Terms and Conditions is held or interpreted by any governmental authority or court of competent jurisdiction to be illegal or invalid under present or future laws or regulations effective and applicable during the term of these Terms and Conditions, such provisions shall be fully separable and these Terms and Conditions shall be construed as if such illegal or invalid provision had never comprised a part of these Terms and Conditions and the remaining provisions of these Terms and Conditions shall remain in full force and effect and shall not be affected by the illegal or invalid provision or by its severance from these Terms and Conditions.
- 26.4. All questions pertaining to the construction and interpretation of the Agreement and relating to the performance of any of the obligations or duties set forth herein by either of the parties hereto shall be determined in accordance with the laws of Hong Kong.
- 26.5. In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between the Customer and the Manager in relation to this Agreement or the provision of the Services, the Manager is required to enter into a Financial Dispute Resolution Scheme process with the Customer, if such scheme is in force. This does not apply to any dispute as to the contractual terms of any Fund, which the Customer must resolve directly with the relevant Fund.
- 26.6. Subject to section 26.5, each party irrevocably agrees that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of

or in connection with this Agreement or its subject matter or formation.

- 26.7. The Agreement supersedes any previous agreement between the parties in relation to the matters dealt with herein and represents the entire understanding between the parties in relation thereto.
- 26.8. A person who is not a party to this Agreement has no right to enforce any term of this Agreement under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- 26.9. Any term, condition, stipulation, provision, covenant or undertaking contained herein which is illegal, prohibited or unenforceable shall be ineffective only to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof.

**27. Complaints**

- 27.1. Where a Customer has received advice from a Financial Adviser Representative, Customers are advised to contact the Financial Adviser Representative that sold them the product to lodge any complaint. Where a Customer has opened an Account directly with the Manager, he/she should first seek to resolve any complaint directly with the Manager. If a Customer is not satisfied with the Financial Adviser Representative or Manager's response, the Customer may choose to refer the case to Financial Dispute Resolution Scheme ("FDRC"). FDRC is a non-profit organisation which acts in an independent and impartial manner to resolve financial disputes between financial institutions and their customers (individuals, sole proprietors, or small limited companies or partnerships that meet the prescribed criteria).

# Annex 1

## Chocolate Managed Account Product Summary

### 1. Portfolio Name: Chocolate Managed Account

1.1. Available for Cash in Hong Kong Dollar (HKD) or such other currency made available by the Manager

### 2. Risk Classification

2.1. Conservative

### 3. Investment Objective

3.1. The investment objective of this portfolio is primarily to deliver income as well as wealth preservation, by investing in a portfolio of short duration fixed income funds and money market funds. The objective is to provide yield enhancement in excess of fixed deposit rates.

### 4. Investment Parameters

4.1. The CMA portfolio will comprise collective investment schemes (Funds) which are authorised by the SFC. The Manager intends to invest in Funds with a minimum of HKD 600 million equivalent in assets under management (AUM) to provide stability and liquidity for effective portfolio management.

4.2. To achieve the investment objective, the CMA portfolio will invest into short duration fixed income funds and money market funds. The CMA portfolio will not invest into equity funds.

4.3. The CMA portfolio shall be diversified over a minimum of three funds.

4.4. The CMA portfolio may invest into the clean-fee or institutional share classes of these Funds where available. The portfolio will invest in Funds that will be hedged to the respective portfolio currency.

### 5. Definitions for this Annex 1

**Qualifying Threshold:** HKD300,000, as it applies to the portfolio currency selected by the Customer. The Qualifying Threshold may be amended by the Manager from time to time subject to notification via the Mobile Application and/or at [www.chocolatefinance.com](http://www.chocolatefinance.com).

**Chocolate Rate(s):** The Chocolate Rate is a rate set by the Manager and may be amended by the Manager from time to time at its sole discretion, subject to notification via email and/or the Mobile Application and/or at [www.chocolatefinance.com](http://www.chocolatefinance.com). The Chocolate Rate is calculated on a compounded basis. For the purposes of fee determination, the Chocolate Rate applied for balances above the Qualifying Threshold shall be the same as that applied at the Qualifying Threshold.

**Notional Balance:** The Customer's Notional Balance is the Customer's net subscriptions plus daily accruals arising from the application of the Chocolate Rate.

**Portfolio Performance:** Annualised percentage change in net asset value. For Customer's subscriptions and redemptions occurring on any day, Portfolio Performance shall be calculated on the Customer's subscriptions and redemptions on a money weighted basis.

**Net Asset Value or NAV:** At any given time, the aggregate value of all assets of the relevant Account or portfolio expressed in the base currency of the Account or portfolio.

**Hurdle Return:** The overall internal rate of return implied by the application of Chocolate Rate to the Notional Balance. This is illustrated by an example as follows:

Notional Balance	HKD360,000
Chocolate Rate	3% up to HKD300,000 and 2.7% thereafter
Hurdle Return	$(3\% \times \text{HKD}300,000 + 2.7\% \times \text{HKD}60,000) / \text{HKD}360,000 \times 100 = 2.95\% \text{ p.a.}$

For the purposes of Hurdle Return calculation on the customer's Notional Balance, the Chocolate Rate of 3% p.a. on the first HKD300,000 of the relevant portfolio currency and 2.7% p.a. on the next HKD60,000 is aggregated and assumed to have held onto the investment over one year period as shown in the formula above.

For the avoidance of doubt, the Chocolate Rate(s) published on the Mobile Application and/or at [www.chocolatefinance.com](http://www.chocolatefinance.com) shall prevail and shall supersede such Chocolate Rate(s) as may be shown herein.

### 6. Fees

6.1. The Chocolate Managed Account adopts an approach whereby no fees are payable until such time the CMA portfolio has achieved the relevant Hurdle Return.

6.2. The Management Fee, if any, is determined based on a fulcrum performance fee mechanism, subject to a floor of 0%

and a cap of 2% of the Customer's Net Asset Value.

- 6.3. This is effected via a base management fee of 1%, plus/minus a performance adjustment. The performance adjustment is based on the difference between the Portfolio Performance and the Hurdle Return less 1%. The performance adjustment is subject to a minimum of -1% and a maximum of 1%. See Table 1 for an illustration of the fulcrum performance fee mechanism.
- 6.4. The Management Fee shall accrue daily and is deducted annually. All fees payable shall be made by means of a redemption or deduction of units of the underlying funds of the Customer's portfolio. In the event of a full redemption by the Customer, the accrued Management Fee will be calculated and deductible at the time of redemption.
- 6.5. The Manager may at its sole discretion choose to change the frequency of its fee deductions from time to time.
- 6.6. In the event the Manager is unable to effect the redemption for the fees on a pro-rata basis, the Manager shall in its sole discretion select one or more of the underlying funds of the Customer's portfolio to effect such said redemption.

**Table 1: Example of Management Fee Payable for HKD CMA Portfolio**

	Year 1	Year 2	Year 3
<b>Portfolio Performance (A)</b>	3.7%	1.7%	<b>7.2%</b>
<b>Hurdle Return (B)</b>	3.0%	3.0%	<b>3.0%</b>
<b>Base fee (C)</b>	1.0%	1.0%	1.0%
<b>Performance adjustment (D)</b> (A) - (B) - 1% (Subject to minimum of -1% and maximum of +1%)	(3.7% - 3.0% - 1.0%) = -0.3%  (Subject to minimum of -1% and maximum of +1%)	(1.7% - 3.0% - 1.0%) = -2.3%  Subject to -1.0% floor = -1.0%	(7.2% - 3.0% - 1.0%) = 3.2%  Subject to 1% cap = 1.0%
<b>Management Fee (E)</b> (C) + (D)	1.0% - 0.3% = 0.7%	1.0% - 1.0% = 0%	1.0% + 1.0% = 2%
For simplicity, the above example assumes that the base fee and performance adjustment are calculated based on calendar year end NAV per unit.			

Effectively,

- Where the Portfolio Performance is less than the Hurdle Return of the relevant portfolio currency, the Management Fee payable is 0%. (Base fee of 1% - 1% performance adjustment = 0%, as per the Year 2 example)
- Where the Portfolio Performance is above the Hurdle Return of the relevant portfolio currency, the Management Fee shall be the Portfolio Performance less the Hurdle Return, subject to a Management Fee cap of 2% per annum.

# Annex 2

## Risk Disclosure Statement

### IMPORTANT – PLEASE READ CAREFULLY

The Customer should read this risk disclosure statement carefully. The statement forms an integral part of the account documentation and terms and conditions governing the Account with the Manager. By entering into this Agreement, the Customer acknowledges that the Customer has received and read this risk disclosure statement in a language of the Customer's choice (English or Chinese) and confirms understanding of the risks which may arise in connection with the investments and transactions relating to the Customer's Account.

The risk disclosure statement does not disclose or purport to disclose all the relevant risks, or other significant aspects of conducting transactions or the receipt of the Services. The Customer should only undertake a transaction only if the Customer understands its nature, the contractual relationship into which the Customer is entering, and the nature and extent of the Customer's exposure to risk. The Customer should be comfortable with taking such risks. The Customer should also consider whether a transaction is appropriate for the Customer in light of the Customer's experience, objectives, financial resources and other relevant circumstances, and consult the Customer's own independent professional advisors as the Customer considers appropriate, prior to entering into any transaction.

1. This statement is to inform the Customer that there are risks involved in placing monies and assets with the Manager for investment on the terms of the Agreement entered into with the Manager in addition to the risks associated with the Authorised Investments. As Customer assets will be invested in underlying funds, the Customer will be indirectly exposed to the risks associated with such funds. Some of the potential risks are set out below. In each case, the exposure will be limited to the investment in the relevant underlying fund. In particular, the Customer should be aware of the following:
  2. **Reliance on the management of underlying funds**
  - 2.1. Although the Manager will monitor the performance of each of the Customer's investments under Managed Account of Funds, each underlying fund's management bears primary responsibility to manage the day-to-day operations. The Manager has no ability to control the manner in which such investment managers make investments or whether they will act in accordance with any disclosure documents or descriptive materials on the underlying funds given by them. Furthermore, there can be no assurance that the existing management team of an underlying fund, or any new team, will be able to successfully operate the underlying fund.
  3. **Past performance**
  - 3.1. Portfolio managers of the underlying funds may have extensive investment management experience, but past performance of such expertise is not necessarily indicative of the relevant fund's future results. There can be no assurance that profits will be achieved or that substantial losses will not be incurred.
  4. **Potential loss of investment**
  - 4.1. The Customer acknowledges and is fully aware that the investments are not bank deposits and there is no guarantee or representation made that investments in the underlying funds will be profitable and the return derived from them can fluctuate. As is true of any investment, there is a risk that an investment in the underlying funds may be lost entirely or in part.
  5. **Market risk**
  - 5.1. Financial markets are increasingly volatile. The Net Asset Values of an underlying fund are influenced by, amongst other things, interest rates, changing supply and demand relationships, trade, fiscal and monetary exchange control programmes and policies of governments, national and international political and economic events and policies. Market volatility of large enough magnitude may sometimes weaken what is deemed to be a sound financial basis for investing in a particular market. Investment expectations may therefore fail to be realised in such instances.
  6. **Suspension of redemptions**
  - 6.1. The redemption of interests in underlying funds may be suspended or prevented by the management of the relevant underlying fund at any time in the event that certain circumstances, such as market disruptions, or restriction or suspension of dealings on any exchange, arise.
  7. **High risk investment strategies**
  - 7.1. Assets in the Account may be invested in underlying funds which invest in and actively trade in securities, and other financial instruments using investment strategies and techniques with significant risk characteristics such as margin transactions, options, forward and futures contracts, leverage and derivatives. In certain circumstances, these strategies and techniques can amplify losses and may result in losing substantially more money than the actual cost of such instruments.

**8. Interest rate risk**

8.1. During periods of very low interest rates, an underlying fund may be unable to maintain positive returns or pay dividends to investors. Very low interest rates may magnify interest rate risk. Changing interest rates may have unpredictable effects on markets, result in heightened market volatility and detract from an underlying fund's performance to the extent an underlying fund is exposed to such interest rates. Additionally, under certain market conditions in which interest rates are low and the market prices for an underlying fund's securities have increased, an underlying fund may have a very low or even negative yield. A low or negative yield may cause an underlying fund to lose money in certain conditions and over certain time periods. An increase in interest rates will generally cause the value of debt securities held by an underlying fund to decline, may lead to heightened volatility in the fixed-income markets and may adversely affect the liquidity of certain fixed-income investments, including those held by the underlying fund. Because rates on certain floating rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations of the underlying funds to the extent that it invests in floating rate debt securities. The previously historically low interest rate environment heightens the risks associated with rising interest rates.

**9. Currency risk**

9.1. The Net Asset Value per participating share will be computed in the base currency of the underlying fund whereas an underlying fund's investments may be acquired in other currencies. The value in terms of the base currency of the investments of an underlying fund, which may be designated in any currency, may rise and fall due to exchange rate fluctuations of individual currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. It may not be possible or practicable to hedge successfully against the consequent currency risk exposure in all circumstances.

**10. Investments in debt instruments**

10.1. Underlying funds may make opportunistic investments in debt instruments. There is a risk that issuers may not be able to make timely payments of interest and principal and may default on such payments. Debt instruments are subject to both actual and perceived measures of creditworthiness. The downgrading of a rated debt instrument or adverse publicity and investor perception involving the issuers could decrease the value and liquidity of the relevant debt instruments, particularly in a thinly traded market. An economic recession may adversely affect an issuer's financial condition and the market value of the debt instruments issued by such an entity. The issuer's ability to service its debt obligations may be adversely affected by specific issuer's developments or operations, or the issuer's inability to meet specific projected business forecasts. All this may impact the valuation of the underlying funds or result in the underlying fund experiencing losses.

**11. Derivatives risks**

11.1. Subject to compliance with the requirements in the CIS Code, an underlying fund may from time to time utilise derivatives, including without limitation, both exchange-traded and over-the-counter futures, options and contracts for difference as part of its investment policy. These instruments are highly volatile and expose investors to a high risk of loss. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position and thus limit loss. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. An underlying fund may also sell covered and uncovered options. To the extent that such options are uncovered, the underlying fund could incur an unlimited loss.

**12. Illiquid investments**

12.1. Subject to compliance with the requirements in the CIS Code, an underlying fund may invest part of its assets in illiquid assets and may not be able to readily dispose of such illiquid assets. In some cases, an underlying fund may be contractually prohibited from disposing of such assets for a specified period of time.

**13. Trading and settlement risks**

13.1. The trading and settlement practices of some of the markets in which an underlying fund may invest may not be the same as those in more developed markets, and this may increase settlement risk and/or result in delays in realising investments made by an underlying fund. In addition, an underlying fund will be exposed to credit risk on parties with whom it trades and will bear the risk of settlement default. Investors should be aware, however, that this may result in a loss to an underlying fund if a transaction fails to settle and the Manager will not be liable for such loss

**14. Repatriation of capital, dividends, interest and other income risks**

14.1. In some situations, it may not be possible for an underlying fund to repatriate capital, dividends, interest and other income from certain countries, or it may require government consent to do so. An underlying fund could be adversely affected by the introduction of the requirement for any such consent, or delays in or the failure to grant any such consent, for the repatriation of funds or by any official intervention affecting the process of settlement of transactions which may in turn affect the repatriation of funds. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new

restrictions.

**15. Leverage**

15.1. Subject to compliance with the requirements in the CIS Code, the operations and investments of an underlying fund may be financed with secured and unsecured borrowing. However, the use of leverage exposes an underlying fund to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the sub-fund not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the sub-fund's cost of leverage related to such investments. In the event of a sudden, precipitous drop in value of an underlying fund's assets, the sub-fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the sub-fund.

15.2. Further, in the event that the sub-fund is unable to repay the principal or interest on such borrowing, the pledged assets may be disposed of by the lender. If the price received by the lender is insufficient to satisfy the outstanding due to the lender in full, the sub-fund may have to dispose of its investments to raise cash for payment of the shortfall to the lender. There may be an adverse effect on the Net Asset Value of the sub-fund if such disposal is effected during any period when general market conditions are unfavourable.

15.3. An underlying fund may make investments in third party hedge fund products which may use leverage as part of their strategy which are not subject to the requirements of the CIS Code. While leverage presents opportunities for increasing the total return on such investments, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment could be magnified to the extent leverage is utilised and may result in a substantial loss to such investment.

**16. Emerging market risks**

16.1. An underlying fund may invest in (i) securities of companies located in emerging countries or issued by the governments of such countries, (ii) currencies of emerging countries or (iii) derivatives with underlying exposure to the credit, interest rate and/or currencies of emerging countries. Investing in emerging countries involves certain considerations not usually associated with investing in developed countries, including security and economic considerations, such as greater risks of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds or capital, imposition of licensing requirements or removal of licences, nationalisation and general social, political and economic instability; the small size of the markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; currency restrictions or inconvertibility, certain government policies that may restrict the investment opportunities; and problems that may arise in connection with the clearance and settlement of trades or the ability to remove funds from such country. In addition, the economies of emerging countries are often characterised by frequent and occasionally drastic intervention by governments and such governments may exercise significant control over the country's economic growth. Governments may play a substantial role in regulating industries and financial markets and may exercise significant control over a particular industry's development (including financial markets) through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. The economies of such countries can also be impacted by taxation and volatile inflation rates and fluctuations in the value of its currency. Certain emerging countries may have restrictions or controls with respect to foreign investment in securities. These restrictions or controls may at times limit or preclude foreign investment in certain issuers and may increase the costs and expenses of such investment or prevent the sale, transfer, unwind or hedging of certain securities. Accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries and, consequently, less information is available to investors in companies located in these countries than is available to investors in companies located in more developed countries. There is often less regulation, generally, of the securities markets in emerging countries than there is in more developed countries. Placing securities with a custodian in an emerging country may also present considerable risks.

**17. Volatility risk**

17.1. An underlying fund's investment may involve the purchase and sale of relatively volatile securities in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by the portfolio.

**18. Credit risk**

19. The portfolio's investments in debt securities may be subject to adverse changes in the financial condition of particular issuers, or in general economic conditions, or both, or an unanticipated rise in interest rates, which may impair the ability of particular issuers to make payments of interest and principal, especially if the issuer is highly leveraged. Such issuers' ability to meet their debt obligations may also be adversely affected by specific corporate developments, or an issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. Also, an economic downturn or an increase in interest rates may increase the perceived potential for default by particular issuers of these securities, depending on their prevailing perceived credit quality and/or assigned credit ratings by widely recognised ratings agencies.

**20. Algorithms risk**

20.1. The portfolio's investments in debt securities may be subject to adverse changes in the financial condition of particular

issuers, or in general economic conditions, or both, or an unanticipated rise in interest rates, which may impair the ability of particular issuers to make payments of interest and principal, especially if the issuer is highly leveraged. Such issuers' ability to meet their debt obligations may also be adversely affected by specific corporate developments, or an issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. Also, an economic downturn or an increase in interest rates may increase the perceived potential for default by particular issuers of these securities, depending on their prevailing perceived credit quality and/or assigned credit ratings by widely recognised ratings agencies.

**21. Risks of securities trading**

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

**22. Risks of Customer assets received or held outside Hong Kong**

Customer 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 SFO and the rules made thereunder. Consequently, such Customer assets may not enjoy the same protection as that conferred on Customer assets received or held in Hong Kong.

**23. Risks of opting out from notification of each login**

The Customer will not receive prompt notifications for each and every system login. Disabling receiving prompt notifications of each system login can expose the Customer to risks of not being able to detect or stop potential unauthorised logins, hacking activities, other abnormal activities in a timely manner. This may result in the Customer failing to take measures to reduce or mitigate potential risks and be unable to protect the Customer's Account.

**24.** The above should not be considered to be an exhaustive list of the risks which potential investors should consider before investing. In opening an Account, the Customer hereby acknowledges and confirms that it understands the nature and contents of this risk disclosure statement.

## ANNEX 3

### CUSTOMER MONEY STANDING AUTHORITY

#### **Standing Authority under Securities and Futures (Client Money) Rules (Chapter 571I of the Laws of Hong Kong)**

This authority is given to the Manager pursuant to the Securities and Futures (Client Money) Rules and covers money held or received by the Manager in Hong Kong (including any interest derived from the holding of the money which does not belong to Manager) from time to time in one or more segregated account(s) on behalf of the Customer ("Monies").

Unless otherwise defined, all terms used in this authority shall have the same meaning as in the Securities and Futures Ordinance (*Cap 571 of the Laws of Hong Kong*) and the Securities and Futures (Client Money) Rules, as the same are amended from time to time.

The Customer authorizes the Manager, in its sole discretion and without prior notice to or consent, confirmation or direction from the Customer, to:

1. combine or consolidate or net off any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by the Manager from time to time on behalf of the Customer and the Manager may transfer all or any portion of the Monies to, and/or between, such segregated account(s) to satisfy the Customer's obligations or liabilities to the Manager, whether such obligations and liabilities are actual, contingent, primary or collateral, secured or unsecured, or joint or several;
2. debit, pay or transfer all or any portion of the Monies interchangeably between any of the segregated accounts maintained at any time by the Manager.

This authority is given to the Manager in consideration of the Manager agreeing to continue to maintain securities cash account(s) for the Customer.

This authority is given without prejudice to other authorities or rights which the Manager may have in relation to dealing with the Monies in the segregated accounts.

The Customer agrees to indemnify the Manager, and to keep the Manager indemnified from and against any and all losses, damages, demands, claims and proceedings of whatever nature that the Manager may suffer or incur as a result of or in connection with any act, transfer or transaction undertaken pursuant to this authority.

The Customer may revoke this authority by giving the Manager written notice addressed to Customer Support at the Manager at support.hk@chocolatefinance.com or such other address the Manager may notify to the Customer for this purpose. Such notice shall take effect upon the expiry of fourteen (14) days from the date of the Manager's actual receipt of such notice.

This authority shall be valid and effective for a period of 12 months after it is given and shall expire thereafter.

The Customer understands that this authority shall be deemed to be renewed on a continuing basis without the Customer's prior written consent if the Manager issues the Customer a written reminder of such impending expiry and proposed renewal (on the same terms and conditions) at least 14 days prior to the expiry of the then prevailing authority and the Customer does not object to such deemed renewal before such expiry date.

Where this authority is deemed to have been renewed, the Manager will give the Customer a written confirmation of the renewal of this authority within one (1) week after the expiry of the previous authority.

If there is any difference in interpretation or meaning between the Chinese and English version of this authority, the Customer agrees that the English version shall prevail.

The Customer confirms that they have read this authority and understands and agrees with the contents of this authority.

## ANNEX 4

### CUSTOMER SECURITIES STANDING AUTHORITY

#### **Standing Authority under Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong)**

This authority is given to the Manager pursuant to the Securities and Futures (Client Securities) Rules and covers Customer securities received or held by the Manager from time to time on behalf of the Customer ("Customer Securities").

Unless otherwise defined in this authority, capitalized terms used in this authority shall have the same meaning as in the Customer agreement entered into between the Customer and the Manager ("Agreement") and all other terms used in this authority shall have the same meaning as in the Securities and Futures Ordinance (*Cap 571 of the Laws of Hong Kong*) and the Securities and Futures (Client Securities) Rules, as the same are amended from time to time.

The Customer authorizes the Manager, in its sole discretion and without prior notice to or consent, confirmation or direction from the Customer, to:

1. deposit or transfer any Customer Securities in or to account(s) of the Customer referred to in section 5(1)(a) of the Securities and Futures (Client Securities) Rules;
2. deposit or transfer any Customer Securities with or to or interchangeably between any custodian(s) and/or intermediary(ies) licensed or registered for dealing in securities and/or clearing house(s), upon such terms as may be agreed by the Manager but subject to Applicable Laws;
3. upon such terms as may be agreed by the Manager but subject to Applicable Law, register or re-register any of the Customer's securities in the Manager's name or the name of any nominee appointed by the Manager;
4. sell, dispose of or otherwise deal with any Customer Securities to give effect to Instructions of the Customer or otherwise as provided or permitted by the Agreement;
5. sell, dispose of or otherwise deal with any Customer Securities on prevailing market conditions if such sale, disposal or dealing is required by any applicable law, rule, regulation or order or any direction, guideline, notice or restriction (whether or not having the force of law) issued by any competent authority, government agency, exchange or body or is otherwise for the protection of the Manager and the Customer;
6. deal with any Customer Securities in such manner as the Manager considers appropriate to facilitate the provision of securities related services to the Customer or to execute any instruction given to the Manager by the Customer taking into account any legal or regulatory requirement or prevailing market practice applicable to the Manager from time to time; and
7. do all acts and things which are necessary for or incidental to the performance of the above activities or any of them.

The Customer declares, undertakes and warrants that the Customer has the absolute ownership of the Customer's Securities free from all liens, charges and encumbrances (save and except those that may be created under the Agreement) during the continuance in force of this authority.

The Customer agrees and acknowledges that:

- (a) this authority is given to the Manager in consideration of the Manager agreeing to or to continuing to provide services to the Customer under the Agreement;
- (b) this authority is given by the Customer without prejudice to other authorities or rights which the Manager may have in relation to dealing in the Customer Securities in the segregated accounts, or the Manager's right to dispose or initiate a disposal of the Customer's securities in settlement of any liability owed by or on the Customer's behalf to the Manager or a third person; and
- (c) a third party may have rights to the Customer Securities which the Manager must satisfy before the same can be returned to the Customer.

The Customer agrees to indemnify the Manager and to keep the Manager indemnified from and against any and all losses, damages, expenses, demands, claims and proceedings of whatsoever nature that the Manager may suffer or incur as a result of or in connection with any transaction undertaken in pursuance of this authority.

The Customer may revoke this authority by giving the Manager written notice addressed to Customer Support at the Manager at [support.hk@chocolatefinance.com](mailto:support.hk@chocolatefinance.com) or such other address the Manager may notify to the Customer for this purpose. Such notice shall take effect upon the expiry of fourteen (14) days from the date of the Manager's actual receipt of such notice.

This authority shall be valid and effective for a period of 12 months after it is given and shall expire thereafter.

The Customer understands that this authority shall be deemed to be renewed on a continuing basis without the Customer's prior written consent if the Manager issues the Customer a written reminder of such impending expiry and proposed renewal (on the same terms and conditions) at least 14 days prior to the expiry of the then prevailing authority and the Customer does not object to such deemed renewal before such expiry date.

Where this authority is deemed to have been renewed, the Manager will give the Customer a written confirmation of the renewal of this authority within one (1) week after the expiry of the previous authority.

If there is any difference in interpretation or meaning between the Chinese and English version of this authority, the Customer agrees that the English version shall prevail.

The Customer confirms that they have read this authority and they understand and agree with the contents of this authority.