Notice of Amendment to OCBC Wing Hang Bank Limited Securities Margin Client Agreement (Personal / Joint / Corporate Account)

Dear Customer,

With effect from **31 December 2020** ("**Effective Date**"), OCBC Wing Hang Bank Limited Securities Margin Client Agreement (Personal / Joint / Corporate Account) ("**Agreement**") shall be amended as follows:

1. The original Clause 4 is replaced by the following:

   4.1 A statement of account will be sent or made available to the Client every month or at regular intervals as determined by the Bank from time to time. No statements will, however, be sent or made available to the Client for the Account where during the relevant period, there is no transaction or any revenue or expense item in the Account and the Account does not have any outstanding balance or holding of positions or collateral for the entire month. The Bank has the sole and absolute discretion to provide or make available to the Client the statement in whatever form and by whatever means.

   4.2 Client is required in respect of the Account now or hereafter kept by the Bank to verify the correctness of the transaction details contained in each statement of account received from the Bank and within 90 days after the time when they should have been received to notify the Bank in writing of any alleged omissions from or debits wrongly made to or inaccurate entries in the Account as so stated. At the end of said 90 days the statement of account shall be conclusive and binding on the Client save and except in situations where the Client can prove the statement of account contains (a) unauthorized transactions arising from forgery or fraud and in relation to which the Bank has failed to exercise reasonable care and skill and (b) unauthorized transactions arising from forgery or fraud or negligence of the Bank's agents, officers or employees; however, subject always to the Bank's right to correct any errors contained therein at any time notwithstanding the aforesaid, and the Bank shall be free from all claims in respect of the Account.

2. The original Clause 15.10 is replaced by the following:

   Any electronic Transaction confirmation generated by the Services should be construed as indicative only. An official contract note and/or account statement will be sent or made available by the Bank to the Client for final confirmation of Transactions. The Bank has the sole and absolute discretion to provide or make available to the Client the final confirmation of Transactions in whatever form and by whatever means.

3. The following new content is added to the end of Clause 16.7:

   Where statements, confirmations, contract notes or other documents are made available to the Client in electronic form, the Client acknowledges and agrees that the Bank does not warrant the timeliness, security, secrecy or confidentiality of the same electronically transmitted through any applicable internet service provider, network system or other equivalent system in any jurisdiction.

4. The following definition is added to Clause 1.2 of SCHEDULE: FOREIGN LAW REQUIREMENT:

   "*CRS" means the Common Reporting Standard for automatic exchange of financial account information in tax matters, developed by the Organization for Economic Co-operation and Development and any associated similar or analogous legislation, treaty, regulation, instruction or other official guidance of any Government Authority in any jurisdiction.*

5. The original definition of "Foreign Law Requirement" to Clause 1.2 of SCHEDULE: FOREIGN LAW REQUIREMENT is replaced by the following:

"Foreign Law Requirement" means any obligation imposed on the Bank and/or any Bank Group Company pursuant to any future or present:

(i) foreign laws (including foreign laws in respect of which the Bank and/or the Bank Group Company in its/their sole and absolute discretion considers itself/themselves bound and including laws and regulations of the PRC);

(ii) Hong Kong laws (including Hong Kong laws whether or not that implement Hong Kong's obligations under an agreement with a foreign government (including the government of the PRC), regulator, regulatory authority, tax authority or global organization (or among other than one of the above));

(iii) under agreements entered into between the Bank and/or the relevant Bank Group Company and a foreign government (including the government of the PRC) or regulator; or

(iv) guidelines, guidance, rules, regulations, demands, codes, notices or circulars issued by any legal, regulatory, government, tax or law enforcement body, or self-regulatory organization within or outside of Hong Kong in respect of (i) to (iii).

For the avoidance of doubt, this definition includes any obligation or requirement applying to the Bank and/or any Bank Group Company pursuant to FATCA and/or CRS and as amended or introduced from time to time.

6. The original clause 7.2 C of Risk Disclosure Statement is re-named as "B. Exchange Traded Funds("ETFs") and Future-based ETFs traded in the Exchange" and the following type of ETFs is added after Synthetic ETFs:

Futures-based ETFs

Futures-based ETFs are passively-managed index funds traded on an exchange which aim to replicate the performance of an underlying index by investing in futures contracts.

Excess return index and total return index

A futures-based ETF may track a spot market index or a futures index. Typically, a futures index tracked by a futures-based ETF is either an excess return index or a total return index.

- *An excess return index measures the changes in the prices of the underlying futures contracts during the period that they are held by the ETF as adjusted by, the gain or loss incurred from rolling the futures contracts as they approach maturity.*
- *A total return index measures the changes in prices of the futures contracts and the gain or loss incurred from rolling the futures contracts, as well as the notional interest earnings from the ETF's cash holding and margin deposits based on various assumptions.*

Benefits and risks of investing in futures-based ETFs

As one of the different types of ETFs, futures-based ETFs have the key benefits of a typical ETF, such as easy to trade, diversified, transparent and cost-effective. At the same time, it also benefits from the use of futures contracts in gaining exposure to a wide range of underlying assets including commodities (such as precious metals and other physical commodities), fixed income securities and equities. However, investing in futures-based ETFs is subject to common risks of ETFs as well as relevant risks involved in futures funds.

7. The following content is added after the part named as "Risk involved in trading ETFs" of the original clause 7.2 C of Risk Disclosure Statement:

Specific risk involved in trading Futures-based ETFs

(I) Risk of rolling futures contracts: *Futures contracts are binding agreements that are made through futures exchanges to buy or sell the underlying assets at a specified time in the future. "Rollover" occurs when an existing futures contract is about to expire and is replaced with another futures contract representing the same underlying but with a later expiration date. When rolling futures contracts forward (ie. selling near-term futures contracts and then buying longer-term futures contracts) in a situation where the prices of the longer-term futures contract are higher than that of the expiring current-month futures contract, a loss from rolling (ie. a negative roll yield) may occur. Under such circumstances, the proceeds from selling the near-term futures contracts will not be sufficient to purchase the same number of futures* *contracts with a later expiration date which has a higher price. This may adversely affect the NAV of the futures-based ETF.*

(II) Risk of statutory restrictions on number of futures contracts being held: *There is a statutory position limit restricting the holding of futures contracts traded on the recognized exchange company to no more than a specific number of such futures contracts. If the holding of such futures contracts of a futures-based ETF grows to the limit, this may prevent the creation of units of the ETF due to the inability to acquire further futures contracts. This may lead to differences between the trading price and the NAV of the ETF units listed on the exchange.*

(III) Key Risks involved in futures and options funds:

(a) Futures contracts/options risk

Basis risk: The prices of futures contracts/options may not always go in line with/be perfectly correlated to the value of the underlying assets in the spot markets. For example, an increase in the spot price of the underlying asset may not cause the NAV of the futures and options fund to rise by the same magnitude. In fact, the NAV of the futures and options fund may not change at all or may even fall.

Volatility risk: With substantial investment in futures contracts and options, the funds' prices may be subject to the risk of very volatile price movements of futures contracts and options. Futures contracts/options price movements may be caused by other factors such as changes in government policies, supply and demand, changes in interest rates and economic conditions. Futures contracts'/options' prices are highly volatile, and so are prices of the futures and options funds. Furthermore, many futures and options funds may invest in futures contracts/options with underlying asset classes such as commodities and foreign currencies which are generally more volatile. Besides, some futures exchanges may impose limits on daily futures price movement. In this case, even if a futures and options fund tries to close out its futures position to limit loss, the orders may not be executed due to such limits.

Margin risk & liquidity risk: If the market moves against the futures position, the futures and options funds may be required to pay additional margins, to maintain the trading positions on short notice. The fund may need to liquidate its assets at unfavorable prices in order to meet these margin calls and suffer substantial losses. Some futures and options funds can only be redeemed at limited intervals (e.g. monthly). If you invest in such a fund, you may not be able to cash in on your investment at your desired price or when you are in need of cash.

(b) Leverage risk:

Trading of futures contracts and options may carry a high degree of risk. The amount of initial margin/premium for entering into futures contracts/options is small relative to the value of futures contracts/options so that transactions are leveraged. In this way, a small change in contracts prices may result in magnified profit or loss, depending on the extent of leverage employed by the funds. A futures and options fund may or may not be leveraged. Although a futures and options fund may not invest all of its assets in futures contracts/options, where a futures and options fund is leveraged, the fund may lose all of its assets in its entirety due to the leverage effect of futures contracts/options. You should pay attention to the leverage level of a futures and options fund in which you invest, as well as the attendant risks.

(c) Model risk

The performance of futures and options fund depends mainly on success of its investment strategy, which is generally model-based. However, the use of model does not guarantee positive performance and any unexpected changes in market could hurt the model's performance. Moreover, it is not guaranteed that the model can be fully executed in an accurate and timely fashion.

(d) Performance fee risk

The manager of a futures and options fund may charge a performance fee, which is payable to the manager annually if a pre-determined net appreciation of the fund's NAV is achieved. As the performance fee usually accrues on a daily basis and if payable, is deducted from the fund's net assets value on a daily basis, this gives rise to the risk that an investor redeeming his/her units may still need to bear a performance fee in respect of those units, even though a loss in the investment capital has been suffered by such redeeming investor.

(e) Counterparty risk

When a futures and options fund invests in options or other derivative instruments that are traded over-the-counter, the fund will be subject to the risk of default of its counterparties in performing any of their obligations. It may result in losses to the fund.

8. The following content is added after the whole part of original clause 7.2D Listed Equity Linked Instruments ("ELI") of Risk Disclosure Statement:

D Leveraged and Inverse Product ("L&I Products") traded in the Exchange

L&I Products are issued in the form of Exchange traded Funds ("ETFs") as a type of collective investment *schemes but they are in fact derivative products.*

Leveraged Products typically aim to deliver a daily return equivalent to a multiple of the underlying index return that they track. Inverse Products typically aim to deliver the opposite of the daily return of the underlying index that they track. In overseas markets, they are commonly known as Leveraged and/or Inverse ETFs.

To produce the specified leveraged or inverse return, L&I Products have to rebalance their portfolios, typically on a daily basis. As such, they do not share the buy-to-hold characteristics of conventional ETFs. Investors should understand how the performance of L&I Products is likely to be affected when they are held for more than one trading day and its compounding effect. They should be aware that any small variation in the underlying index return may have a large effect on the value of the product you hold.

Investors should note the following salient features about L&I Products:

- *It is not advisable to hold L&I Products for longer than the rebalancing interval, typically one day;*
- *L&I Products are designed as a trading tool for short-term market timing or hedging purposes, and are not intended for long term investment;*
- *L&I Products are only suitable for sophisticated trading-oriented investors who constantly monitor the performance of their holdings on a daily basis; and - the performance of L&I Products, when held overnight, may deviate from the underlying indices.*

The risk of loss in trading in L&I Products is substantial. In particular, they are not suitable for investors who are unfamiliar with the features and risks of L&I Products, as they are designed for daily investment results, and/or investors who are looking for a long-term investment and cannot actively monitor their holdings.

Therefore, L&I Products are normally not suitable for many members of the public who wish to invest in collective investment schemes or ETFs as a low risk exchange-listed product in order to diversify their investment risks. The regulatory authorities have, taking into account their special risk profile, prohibited and/ or discouraged the use of margin finance for investment in L&I Products. Investors must carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Whilst they are listed, there is no assurance that a liquid market always exists for the L&I Products concerned. A higher liquidity risk is involved if the product involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of the products may result in losses. Therefore, they can be more difficult and costly to unwind early, when the instruments provide access to a restricted market where liquidity is limited.

There may be disparity between the performance of the L&I Product concerned and the performance of the underlying indices due to, for instance, failure of the tracking strategy, currency differences, fees and expenses.

L&I Products may currently be traded, cleared and settled in Hong Kong dollars, Renminbi and/or US dollars. Investors trading with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the product price.

Like ETFs, the risk of L&I Products can include counterparty risk, market risk, tracking errors, trading at discount or premium, and liquidity risk.

The specific risks presented by L&I Products necessarily depend upon the terms of the issued product and your circumstances. In general, however, they all involve some combination of market risk, credit risk, funding risk, operational risk, risk of rebalancing activities and intraday investment risk.

1. *Market risk is the risk that the value of a transaction will be adversely affected by fluctuations in the level or volatility of or correlation or relationship between one or more market prices, rates or indices or other market factors or by illiquidity in the market for the relevant transaction or in a related market.*
2. *Credit risk is the risk that a counterparty will fail to perform its payment or other obligations when due.*
3. *Funding risk is the risk that, as a result of mismatches or delays in the timing of cash flows due from or to the counterparties in the relevant transaction in question or related hedging, trading, collateral or other transactions, the parties or a party to the relevant transactions will not have adequate cash available to fund current obligations.*
4. *Operational risk is the risk of loss arising from inadequacies in or failures of the issuer's and/or your internal systems and controls for monitoring and quantifying the risks and contractual obligations associated with the transaction in question, for recording and valuing the portfolio and related transactions, or for detecting human error, systems failure or management failure.*
5. *Risk of rebalancing activities: There is no assurance that L&I Products can rebalance their portfolios on a daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the rebalancing activities.*
6. *Intraday investment risk: Leverage factor of L&I Products may change during a trading day when the market moves but it will not be rebalanced until day end. The L&I Product's return during a trading day may be greater or less than the leveraged/opposite return of the underlying index.*

Although L&I Products are listed as ETFs, the Hong Kong Stock Exchange does not endorse any product or bear any responsibility and/or liability for any of their existence or performance.

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

Inverse products vs short selling (for inverse products only): Investing in inverse products is different from taking a short position. Because of rebalancing, the performance of inverse products may deviate from a short position in particular in a volatile market with frequent directional swings.

You should therefore study and understand L&I Products before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives.

This brief statement does not disclose all of the risks and other significant aspects of trading in L&I Products. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. You should not construe this generic disclosure statement as business, legal, tax or accounting advice or as modifying applicable law. You should consult your own business, legal, tax and accounting advisers with respect to proposed L&I Product transactions and you should refrain from entering into any transaction unless you have fully understood the terms and risks of the transaction, including the extent of your potential risk of loss.

The information in relation to this Clause 7 "Risk Disclosure Statement – Exchange Traded Derivative Products and/or Structured Products" is quoted from, including but not limited to the website of Hong Kong Exchange and Clearing Limited ("HKEx").
For further information, please refer to the website of HKEx (http://www.hkex.com.hk/eng/index.htm), Hong Kong Monetary Authority (https://www.hkma.gov.hk/eng/) and Securities and Futures Commission (https://www.sfc.hk/web/EN/index.html).

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Please note that the revised Agreement shall be binding on you if you continue to maintain the Account(s) (as defined in the Agreement) with the Bank on or after the Effective Date.

If you decline the revised Agreement, you have the right to terminate our Services (as defined in the Agreement) before the Effective Date.

Should you have any enquiries, please feel free to contact any of our branches or customer service hotline at 2815 9919.

Thank you for your support and we will continue to provide you quality services.

OCBC Wing Hang Bank Limited

26 November 2020

(The English version of this Notice shall prevail whenever there is discrepancy between the English and the Chinese versions.)