

Important Notes and Risk Disclosures

Risk Disclosures

Our Wealth Management Services involve investment in Funds. Investment involves risks. These risk disclosures will inform you of the risks that may arise as a result of using our Wealth Management Services. You may also read in conjunction with the **Wealth Management Services Terms** for details of the risks.

1.1 Risks involved in the Wealth Management Services in general

(A) Risk of Investment

(1) Investment involves risks. Value of investments may go up as well as down. Past performance of investment products may not be indicative of future performance. There is always the potential of losing money when you invest. You may not get back the amount invest and the worst case will result in loss of your entire investments.

(B) No Guarantee

Investment in funds, whether as a one-time Funds Transactions or as a part of GoWealth Digital Wealth Advisory Services is different from placing moneys on deposit with a bank. Funds provide no guarantee of return or yield on investment.

(C) Risk of Securities Trading

(1) The Wealth Management Services involve investment in Funds. Since Fund is a kind of securities, you should understand the risks associated with securities trading.

(2) 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 as a result of buying and selling securities.

(3) For risks involved in investment in Funds, please refer to Section 1.2 below or the Wealth Management Services Terms for details .

(D) Transaction Costs

Before making any investments, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. Transaction costs (including but not limited to commission, fees and other

charges) charged by us or third parties and any relevant tax liabilities should be considered before making an investment decision because they will affect your net returns from the investment.

(E) Conflict of Interest

(1) We will normally be paid by the fund manager a commission or rebate for arranging transactions of Funds. This applies both for one-time Funds Transactions and GoWealth Digital Wealth Advisory Services

(2) For example, we may receive monetary and/or non-monetary benefits (such as mark-up, commission, retrocession fees) from any Fund which we solicit or recommend you to acquire.

(F) Counterparty Risk

If issuers and counterparties fail to make payments on the underlying investments held by a Fund, the Fund will suffer from losses which will affect the value of the Fund and your investment return. In addition, the value of the underlying investments held by a Fund is dependent on the financial condition or credit rating of the relevant issuers. The value of the Fund may be negatively affected if the financial condition or credit rating of a relevant issuer deteriorates.

(G) Risk of Custody and Risk of Assets Received or Held outside Hong Kong

(1) Your assets may be held or registered in our name (or our nominee) with custodians or in the central securities depositories in Hong Kong or elsewhere. There may be risks in leaving your assets in our safekeeping. For example, if we are holding your investment and we become insolvent, you may experience significant delay in recovering the investment.

(2) On the other hand, your assets received or held by us or our nominee outside Hong Kong are subject to the applicable laws and regulations of the relevant jurisdiction outside Hong Kong which may be different from the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) and the rules made thereunder. Consequently, such assets may not enjoy the same protection as that conferred on customer assets received or held in Hong Kong.

(H) Currency Risk

(1) You may be investing in a Fund which is denominated in foreign currency. The profit or loss in transactions in the foreign currency-denominated Fund (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the Fund to another currency.

(2) FX Transactions may take place when using our Wealth Management Services. Please refer to Section 1.4 below or the Wealth Management Services Terms for details of the risks involved in FX Transactions.

(I) Electronic and Online Trading Risks

(1) Wealth Management Services are being offered through the App and are subject to electronic trading risks and online trading risks.

(2) Trading on an electronic trading system may differ from other forms of trading. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system

including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions, execution of your order is delayed or is not executed at all.

(3) Online trading may be subject to interruption, transmission blackout, delayed transmission due to Internet traffic or incorrect data transmission due to the public nature of the Internet. There may also be a time lag in transmission of information, instruction and communication via the Internet. This may subject instructions to non-execution, delays or error in execution or execution at prices different from those indicated on the Internet.

(J) Cybersecurity Risks

(1) We are susceptible to cybersecurity and related risks. In general, cyber incidents may arise from internal or external sources and can result from deliberate cyberattacks or unintentional events.

(2) Cyberattacks include (i) unauthorized access through "hacking", malicious software coding or other means to digital systems for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption, and (i) attacks which do not involve unauthorized access, for example, causing denial-of-service attacks on websites (making network services unavailable to intended users).

(3) Cyber incidents may cause disruptions and affect our business operations, potentially resulting in financial losses, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

(4) While we have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks may have not been identified.

(5) Also, similar adverse consequences could result from cyber incidents affecting a Fund which you are investing, the issuers of the underlying equities, bonds or other interests in which such Fund may invest, counterparties with which such Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers), and other parties.

1.2 Risks involved in Investment Funds

(A) General Investments Risks

All Fund investments carry the risks identified in Section 1.1 above. Set out in this Section are additional risks associated with Fund investments.

(B) Investment Risk

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

(C) Risks of Underlying Assets

Each Fund is generally subject to the same risk factors as those relating to its underlying assets. For example, the value of a Fund that invests in high yield bonds may be negatively affected if there is a default of any underlying high yield bonds that the Fund invests in or if the interest rate changes.

(D) Concentration Risk

Investing in Funds concentrated on only one or a few market sectors, asset classes or markets may involve greater concentration risk than investing in Funds that have greater diversification.

(E) Leverage Risk

Some Funds may utilize financial instruments and techniques with embedded leverage. As a result, small movement in the market or in the level or price of an underlying investment in the Fund will have a magnified effect on value of the Fund and, consequently, on the returns on your investment, which may be beneficial or detrimental.

(F) Derivatives Products Risk

(1) Some Funds may utilise derivatives such as warrants, futures, options and forward contracts for hedging, efficient portfolio management and investment purposes. However, it can also be detrimental to the Fund's performance if the fund manager's prediction regarding the direction of movement of the relevant investment is incorrect. In adverse situation, the use of derivatives may become ineffective and the Funds may suffer significant losses.

(2) The Fund may use derivatives extensively for investment purposes and may therefore suffer significant loss.

(3) The investment decision is yours but you should not invest unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives.

(G) Complex Products Risk

(1) Some investment are difficult to value accurately because there are no publicly available prices. The only time it is possible to obtain an accurate price is when the investment is sold and that price may differ from previously reported values.

(2) Such investments include derivatives or funds which invest in derivatives. They also include illiquid investments for which there is no secondary market and there may be a limited number of other investors interested in such products. It may therefore be difficult to sell such investments.

(3) Some investment funds will only permit subscriptions and redemptions on specified dealing days. Dealing days may be restricted to weekly or monthly trading or for even longer periods. In some cases funds will not permit any redemptions and you must hold the investment for a fixed period. Without daily subscriptions and redemptions it may take long periods before you are able to convert your investment into cash.

(4) For complex products described as having been authorized by the SFC, SFC authorization does not imply official recommendation and such authorization is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance.

(5) Where past performance information is provided, past performance is not indicative of future performance.

(6) Some complex products are only available to professional investors.

(7) Investors should read the offering documents and other relevant materials to understand the key nature, features and risks of a complex product and are advised to seek independent professional advice before making any investment decision and should have sufficient net worth to be able to assume the risks and bear the potential losses of trading the product.

(8) Some investment are difficult to value accurately because there are no publicly available prices. The only time it is possible to obtain an accurate price is when the investment is sold and that price may differ from previously reported values.

(9) Such investments include derivatives or funds which invest in derivatives. They also include illiquid investments for which there is no secondary market and there may be a limited number of other investors interested in such products. It may therefore be difficult to sell such investments.

(10) Some investment funds will only permit subscriptions and redemptions on specified dealing days. Dealing days may be restricted to weekly or monthly trading or for even longer periods. In some cases funds will not permit any redemptions and you must hold the investment for a fixed period. Without daily subscriptions and redemptions it may take long periods before you are able to convert your investment into cash.

(H) Risk with Payment of Dividends out of Capital

Some Funds may distribute dividends to be paid out of capital of the Funds. A high distribution yield for a fund may not necessarily lead to positive or high returns on the total investment since it will decrease the available capital of the Fund for investment in the future and may therefore reduce the capital growth. Any distributions of dividends out of the capital may result in an immediate reduction of the Fund's net asset value per unit.

(I) Emerging Market Risk

Some Funds may invest in markets which (i) may be subject to a higher than usual risk of political or economic instability, (ii) may not be subject to accounting, auditing and financial reporting standards and practices comparable to those applicable in more advanced countries, and/or (iii) may be less government supervision, legal regulation and less well-defined tax laws and procedures than in countries with more advanced securities markets. The capital of and income from such Funds may be affected detrimentally by fluctuations in currency rates, exchange control and fiscal regulations. As a result, the shares of such Funds may be subject to substantial price volatility.

(J) Risk specific to Equity Fund

(1) An equity Fund invests in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

(2) The stock of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

(3) High market volatility and potential settlement difficulties in certain markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of a Fund.

(K) Risks specific to Bond Fund

(1) Credit and default risks: If the issuer of any underlying bonds becomes bankrupt, the Fund may suffer losses.

(2) Interest Rate Risk: The value of the bond may fall if the market interest rate rises. As a result, the value of a Bond Fund may fall.

(3) Risks for High Yield Bond Fund:

Such Funds will invest in higher yielding bonds rated lower than investment grade, which may be considered speculative and can include bonds that are unrated or in default. As a result, investment in such Funds is accompanied by a higher degree of credit risk than Funds which invest in higher rated, lower yielding securities.

(L) Risks specific to Money Market Fund

As mentioned above, investing in Funds are not the same as placing funds on deposit with a bank. The Funds have no obligation to redeem units at their offering value and such Funds are not subject to the supervision of the Hong Kong Monetary Authority. You may not get back the original amount invested in the Funds.

1.3 Risks involved in the GoWealth Digital Wealth Advisory Services

(A) General Investments Risks and Fund Risks

All GoWealth Digital Wealth Advisory Services carry the risks identified in Section 1.1 and 1.2 above. Set out in this Section are additional risks associated with GoWealth Digital Wealth Advisory Services.

(B) Risks of Investment in Portfolio

(1) All investments involve risks. The value of the Portfolio may increase or decrease. Whilst we recommend a Portfolio to you using algorithms and methodologies which we consider to be appropriate, we do not guarantee that the Portfolio will achieve your Wealth Management Goal;

(2) We construct Portfolio using algorithms and methodologies which we consider to be appropriate. Such process is algorithm and rule-based instead of attempting to recommend position taking with respect to the direction of markets. Our algorithms and methodologies may use historic market data when making recommendation. However, there is no guarantee that a recommendation based on historic market data will produce the desired results in the future, and if market dynamics change, the effectiveness of algorithms and methodologies may be limited;

(3) The performance of the Portfolio is highly dependent on the performance of individual Funds which comprise the Portfolio. There is no assurance that the Portfolio recommended to you will achieve your Investment Goal;

(4) Whilst we regularly test and monitor the algorithm, inadvertent errors or bugs may occur and in such case, we will suspend the GoWealth Digital Wealth Advisory Services. Accordingly, there is no assurance that the algorithm will always behave correctly; and

(5) All performance data and statistics provided in relation to our Wealth Management Services, including but not limited to the Probability of Success are derived based on historic market data and methodologies which

are formulated based on various assumptions. They do not reflect or project actual investment performance of the Portfolio or performance of any Funds in the Portfolio and are not guarantees of future results.

(6) If an alternative recommendation matching your Customer Investment Profile (CIP) with higher possible target wealth is available as per Clause 5.4 of the Wealth Management Services Terms, upon your confirmation to discover a new Model Portfolio, our algorithm will return a Model Portfolio with higher possible target wealth based on your CIP. However, the Probability of Success to achieve the higher target wealth may be lower, since this new Model Portfolio may come with larger fluctuations and the risks associated with this Model Portfolio may be higher, although the Model Portfolio matches with your risk appetite and risk capacity. Although both the original and alternative recommendations are considered suitable to you, the risks associated with the two recommendations may be different and you should carefully consider before investing.

(C) We shall not be liable to you for any expenses, losses or damages which you may suffer or incur as a result of the failure of the algorithms to construct the composition and weightings of the Funds in the Portfolio to achieve your Wealth Management Goal or if we suspend the GoWealth Digital Wealth Advisory Services in accordance with this Clause, provided we have exercised reasonable skills and care in testing and maintaining the algorithms.

(D) You acknowledge and agree that:

(1) after you purchase the Portfolio, if you change your Wealth Management Goal, we may advise you to redeem the Portfolio which you have purchased. If you decide to retain all or part of the original Portfolio, such Portfolio may no longer be suitable for you. We shall not be liable for any expenses, loss or damages which you suffer or incur as a result of your decision to retain the original Portfolio; and

(2) if you redeem part of your Portfolio, the Portfolio may no longer be suitable for you or may not be able to achieve your Wealth Management Goal.

(E) Market Risks

The purchase of Funds will take place as soon as possible after your Instructions have been received. It is possible that market conditions have changed when the actual purchase of Funds takes place.

The value of the Funds in a Portfolio may go up or down. Also, the Funds in a Portfolio may become valueless due to adverse market conditions, termination of Funds, etc. The Funds in a Portfolio can perform differently from each other at any given time or over the long term. Fluctuations in the value of one or more Funds in a Portfolio could affect the value of the Portfolio. This will also affect the ability of the Portfolio to produce the desired result to achieve your Investment Goal, and the Portfolio may become no longer suitable for you.

(F) Suitability

(1) Under the Code of Conduct, and in accordance with Section 3 of the Wealth Management Services Terms, we will take reasonable steps to ensure the recommendation or solicitation is suitable in all the circumstances. This is not a guarantee that your investment will increase in value.

(2) The suitability assessment we undertake takes into account information which is available to us at the time the assessment is made at the time we execute your Instruction or the initial investment of a Standing Instruction. It cannot account for any subsequent changes to that relevant information we have taken into account. Relevant information includes but is not limited to changes to market conditions, foreign exchange

rates, interest rates, geopolitical developments (e.g. foreign relations between countries) and your personal information and circumstances.

(3) Changes to any of those factors and others, taken individually or in combination may affect the suitability of an investment after it has been made, making it no longer suitable.

(4) Without derogating from Clause 3.3 of the Wealth Management Services Terms, we shall not be liable to you for any expenses, losses or damages which you may suffer or incur if the Portfolio fails to achieve your Investment Goal under any circumstances.

(G) Risks associated with recommendation and switching of Portfolio(s)

(1) We are not obligated to review and shall not keep under review the performance of your Portfolio(s). Our obligation in relation to suitability applies up to the time when the relevant assessment is made. It is not a continuing obligation and it does and cannot take into account market conditions and the performance of your investments. It is your responsibility to monitor the performance of your investments.

(2) If you notify us of any change in your relevant information we may, but are not obligated to, recommend a revised Model Portfolio in accordance with Clauses 7.4 to 7.10 of the Wealth Management Services Terms.

(3) We will not perform any action as recommended in the alert unless you instructed us to do so. If you do not provide relevant Instruction to us or if there is any delay in providing such Instructions, your holding of Funds may become no longer suitable for you and you should bear such consequences. When you receive such alerts from us, you should consider such implications and make your own risk assessment, seek professional advice where necessary and make your own decision. When making your decision, you should also consider the transaction costs (including but not limited to commission, fees and other charges) to be incurred as they will affect your value of investment.

(4) When we process your Instruction, while the intention is to keep the market value of your relevant investment unchanged by having estimated proceeds from selling and buying Funds largely the same, the actual execution may deviate from the intention. This may result in an increase or decrease of market value of your relevant investment.

(5) The purchase of Funds will take place as soon as possible after the sale of Funds has been processed. It may be possible that market conditions have changed when the purchase of Funds takes place and we will need to charge additional subscription fees for purchase of the Funds. Additional funding will be required from you where the actual sales proceeds of the Funds are insufficient to fund the purchase of Funds (which for the avoidance of doubt, includes the payment of subscription fees). If you fail to provide additional funding, some or all of the Funds may not be purchased and you will only have a partially executed model Portfolio which may not be able to achieve your Investment Goal and may not be suitable for you. You should take into consideration such implications and make your own risk assessment and seek professional advice, where necessary.

(H) Partial Execution Risks

Due to various reasons such as market conditions, suspension of trades, drastic movements of prices, temporary suspension of Wealth Management Services, we may not be able to execute Instruction to purchase or sell all the Funds comprising a model Portfolio in full. As a result, you will only have a partially executed Portfolio which may not be able to achieve your Investment Goal and/or Target Wealth and the Portfolio may not be suitable for you. You should take into consideration such implications and make your own risk assessment and seek professional advice, where necessary.

(I) Termination/Suspension of the GoWealth Digital Wealth Advisory Services

(1) We may terminate or suspend the GoWealth Digital Wealth Advisory Services in our sole and absolute discretion. Upon termination or during the period of suspension of the GoWealth Digital Wealth Advisory Services, all the services under the GoWealth Digital Wealth Advisory Services (including but not limited to recommendation of a Model Portfolio to achieve your Investment Goal, provision of any alerts to switch your investment from one Portfolio to another or rebalance your holding of Funds in the Portfolio, and receiving, processing or executing any Instructions in relation to any Portfolio) will become unavailable.

(2) You understand and agree that if such services become unavailable, your holding of Portfolio may no longer be suitable for you and may not be able to achieve your Investment Goal and/or Target Wealth.

(J) Disposal of the Portfolio

You may dispose all or part of your holding of Funds in your Portfolio. If you dispose part of your interest of Funds in the Portfolio, your remaining holding of Funds may no longer be suitable for you and may not be able to achieve your Investment Goal and/or Target Wealth. If you dispose all of your holding of Funds in your Portfolio, we will not and shall be released from any obligation to provide any alerts to you in respect of such Portfolio.

(K) Regulatory Risks

If any of your holding of Funds in the Portfolio results in any actual or potential non-compliance with any applicable laws, rules and regulations, subject to the applicable laws, rules and regulations, we may have to force sell such holding. Your remaining holding of Funds may no longer be suitable for you and may not be able to achieve your Investment Goal and/or Goal Target.

(L) Investment Strategy Risks

You understand that the investment strategy risk of the Portfolio covered by our Wealth Management Services may vary according to your Customer Risk Rating ("CRR") and Customer Investment Profile ("CIP"). The more aggressive your CRR and CIP is, the more likely it is that a recommended Model Portfolio, presented to you in the App may contain larger weights in riskier Funds or classes of Funds.

(M) Concentration Risks

The Portfolios may achieve a limited degree of diversification only. A Portfolio may be concentrated on only one or a few market sectors, asset classes or markets. This could have negative impact on their performance. A less diversified Portfolio may be more sensitive to economic, business, political or other changes and this may lead to sizeable fluctuation in the value of your holding in a Portfolio.

1.4 Risks involved in FX Transactions

(A) Foreign Exchange Risk

Foreign exchange markets are subject to unpredictable fluctuations and may be affected by complex political and economic risks. Therefore, if you (i) convert Hong Kong dollars to any other Specified Currencies and (ii) convert any other Specified Currencies to Hong Kong dollars in any FX Transactions, such FX Transactions will be subject to risk arising from exchange rates fluctuation. As a result, you may suffer losses.

(B) Counterparty Risk

We enter into FX Transactions under the FX Terms on a principal-to-principal basis and you are therefore subject to the risk that we fail to perform our obligations under the FX Terms.

Client Order Best Execution Disclosure Statement (the “Statement”)

This document summarises the information on order execution when you (as a client) trade with WeLab Bank Limited (“WeLab”, the “Bank”, “we”, or “us”) in relation to the dealing in securities for wealth management investment products.

This Statement aims to disclose to you the circumstances where best execution will be provided by us; our best execution principles and guidelines; and how we take into account best execution factors when we execute orders for different types of financial instruments and in certain circumstances.

1 Agency Trades

The obligation to provide best execution will always arise in circumstances where we enter into a trade for you and on your behalf (i.e. acting on an agency basis).

2 Best Execution Factors

Where best execution applies to your transaction, we will consider a range of factors when determining how each of your order will be executed. Please note that we may prioritize certain factors over others on a case-by-case basis, in accordance with your specific instructions and/or the then prevailing market conditions, aiming at fulfilling our best execution obligations to you. The key best execution factors include the following:

- Price;
- Cost;
- Speed of execution;
- Likelihood of execution;
- Size and nature of the order; and
- Any other relevant factors.

Where we receive an order from you that includes a specific instruction in relation to the handling and execution of the order, we will follow that instruction so far as is reasonably possible when executing the trade, subject to our legal, compliance and regulatory obligations. It should be noted that by giving us specific instructions to execute your order in a particular way means that it may not be possible to follow the Guidelines and that your trade may not be executed on the best available terms in the circumstances. By following your specific instructions, we will nevertheless have satisfied best execution obligations notwithstanding that we may not have followed the Guidelines.

3 Application of Execution Factors

Below we list the transaction types within the wealth management service provided by the Bank that are subject to the Guideline and the details of how we can obtain the best possible result on execution of the orders.

- Investment Funds / Mutual Funds
Each fund has its own dealing procedures. These are set out in its prospectus or offering document. We will comply with those procedures, including the cut-off time submitting orders. If it is not possible to comply with the cut-off time on the day you give us instructions, because of the timing of your instruction, your order will be submitted on the next available dealing day.
- Other products
Based on the current business of the Bank's wealth management services, the relevant products covered by the Guideline are investment / mutual funds. The Bank will further update this Statement accordingly upon the commencement of new services offering.

4 Governance and Review Process

The Bank will assess the best execution outcome for transactions that falls in-scope for us to provide best execution. This Statement may be updated from time to time in order to address changing regulatory, industry, business and other developments.

Should you have any queries in relation to this Statement, please contact us at <+852 3898 6988> or <wecare@welab.bank>

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

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