Terms of Business

Charles Wilson LLP

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Our Firm and You

1. Charles Wilson LLP ("We", "our" or "us") is a law firm in Hong Kong regulated by the Law Society of Hong Kong. These Terms apply to our legal practice. These Terms and our Engagement Letter form our Engagement Agreement.

2. The Engagement Letter ("Letter") sets out the scope of our representation and identifies you as our sole client(s) for the purpose of this matter and the Engagement Letter. We do not represent any persons or entities, including your subsidiaries and affiliates, unless named in the Letter. Our advice and work is provided solely for your benefit and relates only to the matters set out in our Engagement Agreement.

3. The Terms apply as soon as we start acting on your instructions, regardless of whether you have signed the Letter.

4. We also do not intend any of the Terms, other than those dealing with our limitation of liability, to be enforceable by any person who is not a party to the Engagement Agreement. We do not require consent from third parties to rescind, vary, waive, assign, novate or otherwise dispose of all or any of our respective rights or obligations under the Engagement Agreement.

5. We will take instructions, materials and documents from the individual(s) set out in the Letter and anyone you authorize to provide instructions on your behalf.

Our Working Relationship

6. Effective representation requires open and honest communication throughout our relationship. We need you to provide us with clear and timely instructions, relevant information and documents, and make yourself available for consultation.

7. You should carefully check for any insurance policies that might relate to the work we do for you, and notify your insurers promptly to protect your rights. Unless you tell us about these policies and provide us with copies, we cannot be responsible for advising you about the existence or applicability of insurance coverage.

8. You agree that we may communicate with you using any reasonable method, including email and instant messaging software. Email and instant messaging software may not be the absolutely secure method of communication, may be copied and held by various computers as it passes between us, and could be intercepted. Although we take great care to protect our communications from unauthorized access, viruses, and other associated risks, we cannot guarantee the security of these communications.

9. Generally, communications between a lawyer and client regarding legal advice are privileged and confidential. Be aware that you may jeopardize these protections by disclosing communications to others.

Advance Clearance of Conflicts of Interest

10. We represent a wide variety of entities and individuals, some of whom may be, for instance, your borrowers, investors, shareholders, creditors, or other parties with conflicting interests in a litigation, arbitration, bankruptcy, insolvency or other matter. These kinds of representation could present a conflict of interest under applicable rules. As a condition of our representation of you, you agree that, without further notice, we may represent other clients in matters, even if they are directly adverse to you, as long as: (1) those matters are not substantially related to our representation of you; or (2) we screen our lawyers and professionals who have such information from any involvement in the adverse representation. Of course, we will not use any confidential information about you in any way inconsistent with our professional responsibilities.

11. If we are instructed by more than one client in the same case, you and the other clients accept that:

    (i) we are requested to represent all clients;

    (ii) information that we receive from one client regarding matters of the same case would not be considered confidential with respect to the other clients;

    (iii) if an irresolvable dispute or conflict of interest arises between any two or more clients, we may not be able to continue representing them or any one of them, and we may even need to completely withdraw from the matter; and

    (iv) unless otherwise expressly agreed in writing, all clients are jointly and severally responsible for our fees in the same case.

Legal Fees and Costs

12. Our billing rates are set out in the Letter, but may be adjusted from time to time. You will be charged at the rates in effect at the time services are performed.

13. We may also charge and you agree to pay for costs including travel, delivery services, imaging, printing, court fees, and other expenses. For items we purchase in bulk or through fixed fee arrangements, such as computerized legal research, technology, and support services, we will charge you a rate reasonably apportioned to you.

14. Our invoices are payable when delivered on the terms set out in the Letter or applicable Terms and you remain responsible for paying them even if you have an arrangement with a third party for payment.

15. Where there is more than one client identified in the Letter you agree that you and the other client(s) are jointly and severally liable for all legal fees and costs arising out of this engagement.

16. We may need to advance costs on your behalf and you agree to reimburse us promptly. You agree that we may engage experts or third parties, such as counsel, lawyers or local agents, on your behalf to be paid directly by you; in these cases we will consult you before doing so.

17. We may invoice you on an interim basis for the minimum legal fees and costs you will have to pay for the work rendered during the invoice period. These interim invoices, which do not constitute your final bill, are payable when delivered.

18. Unless expressly stated otherwise, estimates we provide are subject to change and not binding on us.

19. All our legal fees and the fees and costs of any experts or third parties that we state or estimate exclude any sales, use, excise, transfer, value-added or similar taxes; those taxes will be included in our invoices to you and are payable by you. If you or another payer of those fees, costs and taxes is required, on account of any taxes, to make any deduction when paying our invoices, you must include such amount in the overall payment so that we receive a net sum equal to our full invoiced amount.

Money We Hold for You

20. If we handle funds for you, we will deposit that money with a regulated financial institution and manage it in accordance with applicable laws and professional regulations. We are not responsible for any loss of funds so deposited and managed.

21. If we require you to deposit money with us to cover future legal fees and costs, this amount is not an estimate of the total expense for your matter. Any money deposited will be applied to your invoices and any unused portion will be returned to you when your matter is completed.

22. Where we hold your money in respect of a particular matter, we will not account to you for any interest earned thereon unless otherwise required by the Solicitors' Accounts Rules (including any amended or replacement rules or guidance thereof) of the Law Society of Hong Kong for the time being in force. Without prejudice to the foregoing, you may separately agree with us as to the application of your money or interest on the money.

Privacy, Data Protection and Regulation

23. We are often asked for information about our experience, including our clients and the matters we handle. You consent to our public disclosure that you are a client, as well as a general description of your matters.

24. If you give us confidential information but then do not instruct us (or if we cannot act for you), you consent to us acting for another client on any matter to which your confidential information is relevant to the extent allowable under applicable laws.

25. In the course of acting for you, we may require you to give us personal information. Anti-money laundering, anti-bribery, antiterrorist and similar laws applicable in some jurisdictions require our compliance with client identification, verification, and other rules in jurisdictions with those requirements. The rules may apply to you and any individuals who instruct us on your behalf and we may not be able to represent you until we have all the information we need for these purposes. We will collect, use, and disclose the personal information only in accordance with privacy protection laws.

26. We will handle personal data you send to us about you, your employees, agents, contractors or other individuals in accordance with data protection standards equivalent to or higher than those required by law.

27. You consent to us processing such personal data for the purposes of providing you with legal services, preparing our marketing material and all other legitimate business purposes. Where we process personal data in acting on any matter for you, we do so as a data user, meaning that we take responsibility for the processing of the data in compliance with the applicable data protection legislation. We require that appropriate technical and organizational measures are taken against unauthorized or unlawful processing of personal data and against accidental loss, destruction, or damage of personal data.

28. Law or regulations may require us to report to a governmental or regulatory authority our knowledge or suspicion that certain criminal offences have been committed, regardless of whether our client or a third party committed the offence. In these circumstances, we may not be able to discuss these reports with you because of restrictions those laws and regulations impose on us and we may have to stop acting for you. You agree that we are not responsible for any adverse consequences you may suffer as a result of our compliance with these laws and regulations.

29. We act in accordance with all applicable professional, ethical and business standards and do not tolerate bribery or corruption in any form. We have adequate procedures in place to prevent and report any suspected instances of bribery and corruption arising internally and in respect of our dealings with you and third parties.

Your File and Our Records Retention

30. We may maintain a Client File throughout the engagement, consisting of one or more files containing correspondence, agreements, pleadings, and other documents. We will provide the Client File to you during or at the conclusion of a matter, at your request, and we may charge you for doing so. You agree that, absent professional obligations or written direction from you to the contrary, we may dispose of all records relating to the representation seven years after we last performed work on the matter, or later if specified in the Letter, without further notice to you. You also agree that we need not keep documents containing our lawyer work product, mental impressions, notes, drafts, and emails and those documents will not be considered to be part of the Client File.

Termination

31. You may terminate the engagement at any time for any reason; we may terminate the engagement at any time, consistent with our ethical obligations. We expressly reserve the right to stop acting for you, and you expressly consent to our right to terminate, if you fail to pay for amounts invoiced or requested on account of costs.

32. You remain responsible for paying legal fees and costs related to work performed before the end of the engagement.

Completion of Engagement

33. Our representation of you will end when we have completed the services described in the Letter or, unless otherwise agreed, after six months of furnishing no billable services to you, without the need for further written confirmation.

Limitation on Liability

34. Our financial liability to you arising in connection with each matter on which you, or your agents, engage us will not exceed:

    (i) HK $20,000,000; or

    (ii) if greater, three times the total legal fees (excluding taxes and disbursements) invoiced and received by us for that matter; or

    (iii) the financial liability limit otherwise stated or agreed in the Letter.

Translations

35. If we use or prepare a translation, you should be aware that words and legal concepts used in one language may not have equivalents in another. Subject to applicable laws and regulations, you should not assume that any translation exactly replicates the original text.

Entire Agreement

36. The Engagement Agreement cannot be modified by any policies, procedures, guidelines, correspondence, or other document from you unless agreed to in writing by us. If there is a conflict between the Terms and the Letter, the provisions of the Letter shall prevail. If any part of an Engagement Agreement is held to be illegal, invalid or unenforceable, it shall not form part of the agreement and the balance shall remain enforceable and shall not be affected.

Legal Fees and Charges

37. Save where a fixed fee is agreed, we will maintain a detailed record of the time spent on a matter by each individual in the firm. Each individual has a specified hourly charging rate and records time in minimum units of six minutes (the charged value of which is 10 per cent of the applicable hourly rate). Our charges are calculated primarily by reference to the time spent on the matter, including advising, attending on you and others, drafting and negotiating documents, drafting and dictating letters and file notes, research, correspondence, electronic communications, telephone calls, time spent in court, traveling, waiting time and time spent in supervising the matter. We may also take into consideration such matters as the importance of the matter to you, its value, its complexity, its uniqueness and the urgency with which it may need to be undertaken.

38. In addition to our own professional fees, any bills delivered will include disbursements and out-of-pocket expenses incurred or to be incurred on your behalf during the conduct of the matter. These may include without limitation counsels' and advocates' fees, agents' and experts' fees, traveling expenses, search fees, stamp duty, registration fees, courier fees, court fees, costs draftsmen's fees (even where we use internal costs draftsmen), photocopying, stationery and document finishing, secretarial support outside normal business hours, company searches and other

database research fees and use of video-conferencing facilities. These will generally be itemized separately in our bills.

39. Unless otherwise agreed by us, all bills will be rendered in Hong Kong dollars or United States dollars.

40. Where other professionals are engaged to act on your behalf (such as other lawyers, accountants, surveyors, experts etc), whether in Hong Kong or abroad, we may require you to contract with them and to pay their charges directly (other than the charges of barristers). We will engage them with care but we will not be held responsible for any act or omission of those professionals.

41. Charges in Contentious Matters:

    (i) The costs of the proceedings are always at the discretion of the court or the arbitrator, but the generally adopted approach is that the unsuccessful party is ordered both to bear their own costs and to pay a contribution towards their opponent's costs. If an award for costs is made in your favor against another party, this does not affect your primary responsibility for payment of all costs and disbursements you incur with us.

    (ii) The amount awarded by the court or the arbitrator and recoverable from the other party will usually be less than the costs actually incurred. The proportion of your costs, which are recoverable from your opponent, will vary, depending upon the type of case, the relevant court and a number of other factors. In relation to certain types of case, even if you are successful, you may not be entitled to recover any of your costs or you may only be entitled to recover costs on a fixed scale. In relation to more significant cases, or in relation to arbitration, as a general rule you should not expect to recover more than 50–65 percent of your actual costs depending on the particular circumstances but it could be more or less than that. In addition, actual recovery of any award is dependent upon your opponent's ability to pay. If your opponent is legally aided, you may not recover any costs at all. This could mean that you still have to pay all our costs even if you win your case. Conversely, if you lose, you will have to pay not only the full amount of our costs and disbursements but also any costs awarded against you for the benefit of your opponent.

    (iii) If the court orders us to pay any costs because of the way in which you instructed us to conduct a matter, or because you did not put us in funds or give us adequate and timely instructions, we may charge those costs to you.

    (iv) At the end of a non-trial hearing , the court may assess its costs and order a party to pay them immediately. If the court makes this sort of order against you, and we do not hold enough funds for you in our client account, we will not advance such payment for your account, and you must provide the balance in time for us to pay within the deadline, or you must arrange payment to the court directly.

Invoices

42. Our policy is to bill monthly, except that we reserve the right to change the frequency of billing and the time for payment. If you disagree with any invoice, please contact us immediately, otherwise we will understand that the invoice is agreeable to you. All interim bills rendered by us will be interim statute bills, unless otherwise agreed in respect of a specific bill (An interim statute bill is a self-contained bill which is final in nature but covers an interim period). We may also deliver disbursement only bills on an interim basis.

43. If you are not happy with our bill, you may be entitled to have our charges reviewed by the court. This is called taxation and the procedure is set out in sections 67, 68 and 69 of the Legal Practitioners Ordinance, Cap 159 ("LPO").

44. We may charge you interest on any invoice not paid within one month after delivery. Interest will accrue daily on any unpaid amounts at the rate of 5 percent per annum and is payable on demand. We reserve the right to forthwith terminate our engagement and issue our final invoice.

Conflicts of Interest

45. "Conflict Rules" means the Law Society of Hong Kong's rules relating to conflicts of interest stipulated in the Professional Guide. The Conflict Rules apply to us.

Insurance Coverage

46. We are covered by professional indemnity insurance satisfying the requirements of the Solicitors (Professional Indemnity) Rules, Cap 159M and also insurance issued by Aon Hong Kong Limited of 34/F One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong.

Complaints

47. If we are unable to resolve the matter between us according to our complaints policy, we are regulated by the Law Society of Hong Kong, which also provides complaints and redress mechanisms through Law Society regulation.

Retention of Records

48. We will retain files for the minimum period recommended by the Law Society of Hong Kong and we reserve the right to destroy files if they are not required after that time.

Data Protection

49. We may be required to process personal data as defined in the Personal Data (Privacy) Ordinance, Cap. 486 (the "Ordinance") ("Personal Data"). In relation to Personal Data provided to us to enable us to advise you, we are the data user (as defined in the Ordinance) in relation to such processing.

50. In relation to Personal Data provided to us to enable us to act for you, to open files relating to your matters and to render bills to you and collect sums due, we are data users. Prior to opening any file, we may undertake a search. If you are an individual, we undertake a search which confirms your address, date of birth and details of any civil judgments against you. If you are a company, the search is made against your company, but will show the details recorded at Companies Registry in respect of your directors, shareholders, ultimate beneficial owners and company secretary. We reserve the right to conduct credit reference searches against you at any time during the course of our relationship, although our usual practice is to conduct such searches only at the outset and/or in the course of seeking to recover sums due. A record may be kept by the third-party agencies of the fact that a search has been made.

51. As part of the service we offer, we may wish to send you information by post, fax or electronic means, including email and instant messaging software, relating to legal developments and the legal and related services we offer. By accepting our Engagement Letter and these Terms of

Business, you consent to us sending you such material by post, fax or electronic means. You may revoke this consent at any time by notifying us in writing.

52. In relation to the information you provide to us about your contact personnel, we are data users and we will use such information in the course of our relationship. Where we conduct seminars or other events jointly with a third party, we may occasionally make available the relevant database listing to that third party, but only for the purpose of avoiding duplication of invitations.

Affiliate Assistance Authorization

53. You agree and irrevocably authorise us, to the extent permitted by applicable laws and practice rules, to arrange, at our discretion, personnel of our firm's branches, representative offices, associated law firms, offices of the same legal group or brand and our partners' global affiliates (including secretarial companies, trust companies, service consulting companies) ("Affiliate Service Personnel") to assist in undertaking and providing integrated ancillary services or particular services under the Engagement Letter requiring the involvement of Affiliate Service Personnel, but we shall exercise overall control and bear ultimate responsibility for all services. You further acknowledge and agree that, in respect of the particular services under the Engagement Letter, subject to the terms of the specific engagement, fees for services provided by such Affiliate Service Personnel will generally be charged in accordance with our standard fee rates and recovered from you as disbursements.

Governing Law and Jurisdiction

54. The terms of an Engagement shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region and the parties submit to the exclusive jurisdiction of the Hong Kong courts. However, we may, at our sole option, refer the claim, dispute or difference to arbitration in Hong Kong before a single arbitrator in accordance with the UNCITRAL Arbitration Rules as at present in force. The appointing authority shall be the Hong Kong International Arbitration Centre.

LLP

55. As our name suggests, partners of our firm, subject to the provisions of Part IIAAA of the LPO, now carry on the practice of law with a degree of limited liability. In general, partners are not personally liable for the negligent or wrongful acts or omissions or misconduct (collectively "default") of another partner or of an employee, agent or representative of the firm. However, each partner is personally liable for his or her own default, and for the defaults of those employees, agents or representatives he or she directly supervises in respect of a particular matter. The limitation on a partner's liability also does not apply if the partner knew of the default of another person at the time of its occurrence and failed to exercise reasonable care to prevent its occurrence.

    The limitation on a partner's liability also does not extend to the partner's interest in the firm's property from claims made against the firm. The firm continues to be liable for the defaults of its partners, associates, employees, agents and representatives, and accordingly there is no reduction or limitation on the liability of the firm.

    A law firm must satisfy several requirements under the LPO in order to practise with limited liability, including the following. The firm must inform a client of the identity of at least one overall supervising partner ("OSP") for each matter it handles for the client not later than 21 days after the

firm accepts instructions on the matter and must keep the client informed of the identity of at least one OSP for the matter throughout the time that the matter is handled by the firm.

The firm also must maintain, in addition to the statutory professional indemnity cover which is currently of HK $20 million per claim, a top-up insurance policy of not less than HK $10 million per claim.

A client may also request for the provision of the names of all other OSPs and partners responsible for supervising particular parts of his Matter.

The explanation above is only a brief summary of how the liabilities of partners are affected by our firm becoming an LLP. For details, you should refer to Part II AAA of the LPO.