

## Renminbi Product Trading Service and Related Risk Disclosure Statements

### Renminbi Product Trading Service

To broaden the scope of services offered, we are pleased to inform our clients that Emperor Securities Limited is ready to offer Renminbi product trading service to our clients.

Settlement of Renminbi products trades (including transaction levy, trading fee, stamp duty, CCASS fee and commissions, if any) will be in Renminbi. We will refer to the exchange rate quoted by other banks in determining the exchange rate as adopted by us for the purpose of settlement and exchange arrangement, and such exchange rate will be shown in the daily statement of accounts to be sent to the clients.

**When the clients do not have enough Renminbi in the account for settlement on settlement date, we will have absolute discretion to convert the available funds in any currency into Renminbi for settlement.**

By trading the Renminbi Products, clients shall be deemed to have acknowledged the following risk disclosure statements.

### Risk Disclosure Statements for Renminbi Products

Below risk disclosure statement cannot disclose all the risks involved. Clients should undertake their own research and study before trading or investing in the relevant product. Clients should carefully consider whether trading or investment is suitable in light of their own financial position and investment objectives.

1. **Renminbi currency risk** - Renminbi is not freely convertible at present and conversion of Renminbi through banks in Hong Kong SAR is subject to certain restrictions. For Renminbi products which are not denominated in Renminbi or with underlying investments which are not Renminbi denominated, such products will be subject to multiple currency conversion costs involved in making investments and liquidating investments, as well as the Renminbi exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operating expenses).

The Mainland China government regulates the conversion between Renminbi and other currencies. If the restrictions on Renminbi convertibility and the limitations on the flow of Renminbi funds between Mainland China and Hong Kong SAR become more stringent, the depth of the Renminbi market in Hong Kong SAR may become further limited.

2. **Exchange rate risks** – the value of the Renminbi against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the Mainland China and international political and economic conditions and by many other factors. For Renminbi products, the value of the investment in Hong Kong dollar terms may decline if the value of Renminbi depreciates against the Hong Kong dollar.
3. **Interest rate risks** – the Mainland China government has gradually liberalized the regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. For Renminbi products which are, or may invest in, Renminbi debt instruments, such instruments are susceptible to interest rate fluctuations, which may affect the return and performance of the Renminbi products.
4. **Liquidity risk** – Renminbi products may suffer significant losses in liquidating the underlying investment, especially if such investments do not have an active secondary market and their prices have large bid / offer spread.
5. **Limitation on the provision of Renminbi funding** – If the clients do not have sufficient Renminbi funding to subscribe Renminbi products, subject to compliance with all applicable laws, rules and regulations, we may assist the clients to convert other currencies to Renminbi. However, we do not guarantee that it can provide sufficient Renminbi funding for the clients due to the limitation on the flow of Renminbi funds in Hong Kong SAR. We may unwind the clients' trade due to insufficient Renminbi funding and the clients' investment may be adversely affected if the clients suffer losses due to settlement failure.
6. **Limited availability of underlying investments denominated in Renminbi** – For Renminbi products that do not have access to invest directly in Mainland China, their available choice of underlying investments denominated in Renminbi outside Mainland China may be limited. Such limitation may adversely affect the return and performance of the Renminbi products.
7. **No guarantee for projected returns**– For some Renminbi investment products, their return may not be guaranteed or may only be partly guaranteed. Clients should read carefully the statement of illustrative return attached to such products and in particular, the assumptions on which the illustrations are based, including, for example, any future bonus or dividend declaration.
8. **Long term commitment to investment products** – For Renminbi products which involve a long period of investment, if the clients redeem the clients' investment before the maturity date or during the lock-up period (if applicable), the clients may incur a significant loss of principal where the proceeds may be substantially lower than the clients' invested amount. The clients may also suffer from early surrender / withdrawal fees and charges as well as the loss of returns (where applicable) as a result of redemption before the maturity date or during lock-up period.
9. **Credit risk of counterparties** – For Renminbi products invested in Renminbi debt instruments which are not supported by any collateral, such products are fully exposed to the credit risk of the relevant counterparties. Where a Renminbi product may invest in derivative instruments, counterparty risk may also arise as the default by the derivative issuers may adversely affect the performance of the Renminbi product and result in substantial loss.
10. **Possibility of not receiving Renminbi upon redemption** – For Renminbi products with a significant portion of non-Renminbi denominated underlying investments, there is a possibility of not receiving the full amount in Renminbi upon redemption. This may be the case if the issuer is not able to obtain sufficient amount of Renminbi in a timely manner due to the exchange controls and restrictions applicable to the currency.