

RESPECTIVE RISK DISCLOSURE STATEMENTS

The risk disclosure statement forms an integral part of the Terms and Conditions for Securities Trading Accounts. You should read this statement carefully.

Where we are providing the Services to you or for your Account, you should inform yourself and be aware of the risks generally and, in particular, the risks warnings set out below. However, please note that not all of the following risk disclosures may be relevant to your particular circumstances or the services currently provided to you.

You should further note the following is not an exhaustive list of all the risks of engaging us to provide the Services and/or Accounts.

You should, therefore, carefully consider whether the transactions you are proposing to enter into are suitable for you in light of your own experience, financial position and investment objectives. You should be aware that this is your sole responsibility.

SCHEDULE 1 – RISK OF SECURITIES TRADING

1. 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.
2. Any representation of past performance is not necessarily a guide to future performance.
3. Where investments involve exposure to foreign currencies, changes in rates of exchange may cause the value of the investments to fluctuate up or down.
4. Investments in emerging markets need careful and independent assessment by you of each investment and the risks (including without limitation sovereign risk, issuer risk, price risk, liquidity, risk, legal and tax risks). Further, you should be aware that, while such investments can yield high gains, they can also be highly risky as the markets are unpredictable and there may be inadequate regulations and safeguards available to investors.
5. HS Securities is entitled to act upon your instructions and you cannot assume that HS Securities will warn you if your instructions are ill-timed or inadvisable for any reason or if the instructions are likely to cause you loss.
6. Before you make any investment, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

SCHEDULE 2 – RISK OF TRADING MAIN BOARD STOCKS

1. PRODUCT KNOWLEDGE AND RISK TOLERANCE

Before trading in any security, investors should carefully read the most up-to-date prospectuses/listing documents, financial statements, announcements and other information published either on the issuers' websites, HKEx corporate (<http://www.hkex.com.hk>) and HKEx news websites (<http://www.hkexnews.hk>) to learn about the product features and risk factors involved. Investors should not trade any security unless it suits their investment objectives, financial resources and risk tolerance.

2. PRICE AND LIQUIDITY RISKS

The price of any security may go up or down so there is an inherent risk that losses may be incurred as a result of buying and selling securities. Security prices may also fluctuate due to various market factors, and investors' exposure to risk may vary according to the type of orders they input (e.g. short selling orders, market orders, at auction orders), the way the transaction is financed (e.g. margin financing) and the nature of the security product concerned (e.g. whether it is leveraged or issued with a fixed expiry date). Liquidity of securities may also fluctuate, resulting in situations where an investor may not be able to buy or sell the security in a timely manner at their preferred price range if the turnover volume were to drop significantly.

3. COUNTERPARTY RISK

Some securities such as structured products and exchange traded funds may carry exposure to counterparty risk of financial intermediaries involved in structuring or managing the products concerned or providing liquidity to support trading of the securities.

SCHEDULE 3 – RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

Growth Enterprise Market (GEM) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid. You should make the decision to invest in GEM stocks only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Current information on

GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. GEM companies are usually not required to issue paid announcements in gazette newspapers. You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading GEM stocks.

SCHEDULE 4 – RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client 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 Securities and Futures Ordinance (Cap. 571) and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.

SCHEDULE 5 – RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE STOCK EXCHANGE OF HONG KONG LIMITED

The securities under the Nasdaq-Amex Pilot Programme (“PP”) are aimed at sophisticated investors. You should consult the licensed or registered person and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

SCHEDULE 6 – RISKS OF TRADING IN EXCHANGE TRADED DERIVATIVES PRODUCTS

This risk disclosure statement does not purport to disclose or discuss all of the risks, or other significant aspects, of conducting transactions or of the transactions conducted. Exchange traded derivatives products involve high risks and is not suitable for all types of investors. Prior to trading in any exchange traded derivatives products, you should consider the suitability of the transaction to your particular circumstances and financial position. You should also have a thorough understanding of the product as well as the terms and conditions of the product being offered and consult your brokers or other professional advisors where necessary. HS Securities owes no duty to exercise any judgment on your behalf as to the merits or suitability of any transactions, security or instruments.