Risk Disclosure Statements

You are advised to read the following risk disclosure statements carefully.

These risk disclosure statements are not and are not intended to be a complete list of all the risks and considerations relevant to any investments, transactions or services provided, or your decision to invest in such products.

You must be aware that investments can be complex and may involve a high risk of loss. In light of the risks, you should invest or undertake transactions only if you understand the nature of the investments and the contracts (and contractual relationships) into which you are entering as well as the extent of your exposure to risks.

You should carefully consider whether the investments or transactions are appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. Prior to investing or entering into a transaction, you should consult your own legal, regulatory, tax, financial and/or accounting advisors or such other professional advisors to the extent you consider it necessary and appropriate, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of the investment or transaction) based upon your own judgment and advice from those advisors you consider necessary.

1. RISK OF SECURITIES TRADING

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. RISK OF TRADING FUTURES AND OPTIONS

The risk of loss in trading futures contracts or options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

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 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 gazetted 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 of GEM stocks.

4. RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client assets received or held by us 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 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.

5. RISK OF PROVIDING AN AUTHORITY TO REPLEDGE YOUR SECURITIES COLLATERAL ETC.

There is risk if you provide us with an authority that allows us to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of our settlement obligations and liabilities.

If your securities or securities collateral are received or held by us in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.

Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if we issue you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority.

You are not required by any law to sign these authorities. But an authority may be required by us, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. We should explain to you the purposes for which one of these authorities is to be used.

If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although we are responsible to you for securities or securities collateral lent or deposited under your authority, a default by us could result in the loss of your securities or securities collateral.

A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If you do not require margin facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

6. RISK OF PROVIDING AN AUTHORITY TO HOLD MAIL OR TO DIRECT MAIL TO THIRD PARTIES

If you provide us with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of your account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

7. RISK OF MARGIN TRADING

The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with us. Market conditions may make it impossible to execute contingent orders, such as “stop-loss” or “stop-limit” orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.

8. RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE STOCK EXCHANGE OF HONG KONG LIMITED

The securities under the Nasdaq-Amex Pilot Program ("**PP**") are aimed at sophisticated investors. You should consult us 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.

9. ADDITIONAL RISK DISCLOSURE FOR FUTURES AND OPTIONS TRADING

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. 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. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

FUTURES

Effect of "Leverage" or "Gearing"

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

Risk-reducing orders or strategies

The placing of certain orders (e.g. "stop-loss" orders, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

OPTIONS

Variable degree of risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS

Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you may become obliged to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

Suspension or restriction of trading and pricing relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair value".

Deposited cash and property

You should familiarise yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

Commission and other charges

Before you begin to trade, 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.

Transactions in other jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

Currency risks

The profit or loss in transactions in foreign currency-denominated contracts (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 contract to another currency.

Trading facilities

Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

Electronic trading

Trading on an electronic trading system may differ from trading on other electronic trading systems. 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 or is not executed at all.

Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with applicable rules and attendant risks.

10. RISK OF TRADING IN COMMODITIES FUTURES AND OPTIONS

The risk of loss in trading commodities futures and options is substantial. In addition to the risk disclosure statements above, trading in commodities futures and options can be highly speculative and carries inherent risks not ordinarily experienced in less volatile investment arrangements. Commodity markets may move abruptly or unpredictably and substantial losses may be incurred. You should therefore study and understand commodities futures and options before making any trades, and carefully consider whether such trading is suitable in light of your own experience, objectives, financial resources and other relevant circumstances.

11. RISK OF TRADING OTHER DERIVATIVE PRODUCTS

Derivative products are investments where the return is dependent on the performance of some underlying financial instruments. Typical financial instruments include market indices, equities, interest rates, fixed-income instruments, foreign exchange or a combination of these or the occurrence of any credit event in respect of a credit derivative. Derivative products may carry a high degree of risk and may not be suitable for many members of the public, as the risks associated with the financial instruments may be interconnected. Thus, the extent of loss due to market movements can be substantial. You should understand the inherent risks involved. You should evaluate the various risks associated with each financial instrument separately and consider the derivative product as a whole. You should note that in respect of derivative products, buyers can only assert their rights against the issuer. Particular attention should be paid to issuer risk and that a total loss of investment is possible if the issuer defaults.

Credit risk

Your investment is subject to the creditworthiness of your counterparty in the derivative transaction (which is not us) and there is no assurance of protection against a default by your counterparty. The value of derivative products depends on the ability of the issuer to perform its obligations under the relevant term sheets. These obligations (including but not limited to the delivery to you in accordance with the terms and conditions of the derivative products either the underlying asset or the cash settlement amount upon exercise, expiry or maturity, as the case may be) are the unsecured obligations of the issuer and of no other person. If the issuer of any derivative products or a trading counterparty becomes unable to meet its obligations, then such investments may become worthless and any trading costs and profits may become irrecoverable.

Market risk

Derivative products involve a high degree of risk. The value of derivative products will be affected by a number of market variables that change from time to time, such as interest rates, foreign exchange rates, time value, volatility and liquidity of the markets, political or economic conditions, and other inter-related factors which affect the performance of the markets generally.

A derivative product is a product linked with underlying assets and its value may derive from and depend on the return of the underlying assets. The value of the underlying assets may go down as well as up and past performance is not necessarily a guide to future performance. Changes in the value of the underlying assets may result in changes to the price and/or the repayment value of the derivative products and income derived therefrom (if any). The value of derivative products may fall as rapidly as it may rise or become worthless at or before maturity. You may risk losing all or a significant proportion of your investment.

Liquidity risk

It is not possible to predict if and to what extent a secondary market may develop in any derivative products or at what price such derivative products will trade in the secondary market or whether such market will be liquid or illiquid.

If any derivative products are not listed or traded on any exchange, it may be difficult to obtain pricing information for such derivative products and the liquidity of these derivative products may also be adversely affected.

Currency risk

The derivative products and/or the underlying assets may comprise transactions in foreign currency-denominated contracts. The profits or loss in such transactions (whether they are traded in your home jurisdiction or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency. Exchange controls imposed by the relevant authorities may also adversely affect the applicable exchange rate and result in the receipt of a reduced principal.

Event risk

The value and/or the settlement of the derivative products may be affected by the occurrence or existence of certain events such as (but not limited to) credit performance of the reference entities, mergers and disposals, trading suspension, price source disruption, material change in the calculation and/or composition of indices comprising a basket of indices etc. In certain circumstances, you may risk losing all or a significant proportion of your investment.

Performance of underlying assets

An investment in the derivative products is not the same as an investment in the underlying assets and you have no rights in respect of such underlying assets. However, the performance of the underlying assets will have a direct effect on the value of the derivative products. We have not performed, and will not perform any investigation or review of the underlying assets. We do not make and will not make any guarantee or express or implied warranty in respect of the performance of the underlying assets, nor the selection thereof.

Potential conflicts of interest

Members of the ICBCI Group and their affiliates may from time to time engage in transactions involving the underlying assets as principal and as agent. Such transactions may have a positive or negative effect on the value of the underlying assets and consequently upon the value of the relevant derivative products. Members of the ICBCI Group and their affiliates may also provide services to companies and affiliates of companies that comprise the underlying assets of the derivative products.

The above represents only some of the risks generally associated with investing in the derivative products and does not purport to disclose all of the risks and all of the significant aspects of the derivative products. You should carefully read the contents of the relevant offering documents and terms sheets to understand the features of and the specific risks associated with the derivative products. Where in doubt, you should consult your own legal, regulatory, tax, financial and/or accounting advisors or such other professional advisors to the extent you consider it necessary and appropriate before making any investment decision.

12. RISK OF TRADING NON-TRADITIONAL FUNDS

Non-traditional funds may take a variety of forms, and each particular case may involve different risks. A common type of a non-traditional fund is hedge fund. Hedge funds represent speculative investments and involve very high levels of risk in aiming to make a profit. Due to the complexity involved, hedge funds are only suitable for investors who are able to understand and bear the risks involved. Compared to other types of mutual funds, information on hedge funds and how underlying assets are managed is limited and infrequent. Most hedge funds are subject to minimal or no regulations or investor protection rules and therefore there is no guarantee that an investor's legal rights will be enforceable. The performance of hedge funds substantially depends on the expertise of individual managers who may decide to exit from that role. Some hedge funds may use a single advisor or employ a single strategy, which could mean a lack of diversification and higher risk. A hedge fund and its managers may be subject to various conflicts of interest. The portfolio managers of hedge funds receive performance-linked bonuses and often have a personal stake in the funds. Hedge funds generally demand high minimum investments and that there may be restrictions to and exit penalties imposed fees payable for early redemption. Hedge funds are typically long tenured with options to be extended. The liquidity and tradability of non-traditional investments can vary substantially and provisions regarding trading frequency and holding periods may change frequently and rapidly.

Investment strategies of non-traditional investments can be complex and are normally high risk. Due to leverage, a small movement in the market can result a significant gain/loss. You may risk losing all or a significant proportion of your investment. You should seek independent professional advice about the particular risks involved and study and understand carefully the information memorandum and subscription agreement and other information on the relevant investments. You should fully understand and agree to assume the risks involved and the exposure to potential loss (which could involve a complete loss of your investment) before investing.

13. RISK OF TRADING BONDS

When trading in bonds, you will need to consider the issuer's creditworthiness as this determines the bond's ability to pay principal and interest. The bonds' credit rating is a reflection of the issuer's creditworthiness. Bond prices move in opposite direction to interest rates. When the interest rate rises, the price of a fixed rate bond will normally drop in the secondary market. The longer the life of the bond, the more sensitive will its price be to changes in interest rates. For foreign currency denominated bonds, any fall in that foreign currency will reduce the amount the bondholder will receive in local currency.

The value of the bond is determined by the quality of the credit and the likelihood of default. A bond issue with little or no default risk will trade at relatively low yields whereas one with higher default risk has to offer a higher yield to compensate the bondholders for the higher risk.

14. RISK OF INVESTING IN RENMINBI-DOMINATED PRODUCTS

Renminbi ("**RMB**") is currently not freely convertible in Hong Kong, and is subject to foreign exchange controls and restrictions (for example, the PRC government regulates conversion between RMB and foreign currencies). Conversion of RMB through banks in Hong Kong is subject to certain restrictions, and conversion may be subject to multiple currency conversion costs. In particular, the conversion of RMB by an individual in Hong Kong is subject to a daily limit. If an individual investor intends to convert an amount of RMB from/to another currency exceeding such daily limit, he should allow sufficient time for the conversion.

For RMB products which are with underlying investments which are not RMB-denominated, such products will be subject to multiple currency conversion costs involved in making investments and liquidating investments, as well as the RMB exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements. For RMB products with a significant portion of non-RMB-denominated underlying investments, there is a possibility of not receiving the full amount in RMB upon redemption. This may arise if the issuer is not able to obtain sufficient amount of RMB in a timely manner due to the exchange controls and restrictions applicable to the currency.

The value of RMB against other currencies may be affected by a wide range of factors and may fluctuate substantially, which may adversely affect the return on the investment when RMB is converted into the investor's home currency. There is no guarantee that RMB will not depreciate.

The liquidity of RMB products may be adversely affected by the limited availability of RMB outside the PRC and the exchange control and restrictions on the conversion of RMB. Particularly, secondary market for RMB related products may not be well developed and you may not be able to find a buyer, or the sale price could be much lower than the amount you invested and hence suffer significant loss.

15. EMERGING MARKETS

Investing in or entering into transactions in emerging markets carry heightened risks due to the developing nature of the economies and inadequate regulations/safeguards available to investors. Changes in political, economic and foreign policies of emerging markets may have a greater effect than on more mature markets. The profit outlook for foreign investors may fluctuate dramatically due to country risks such as government intervention in markets in the form of exchange control laws or restrictions in the repatriation of profits, or other events such as natural disasters, fluctuations in commodity prices and/or exchange rates and political upheavals. The relative market volatility is heightened by frequent dependence on commodities price trends and the tendency for slower recovery from adverse economic events.

Emerging markets may have a different settlement or clearance procedures. There may also be a lack of standardised settlement regulations that could prevent you from transacting at your preferred time or price. You should be aware that regulatory supervision and legal protection of your rights may be adversely different to that of more mature or transparent financial systems.

When investing in or entering into transactions involving emerging markets, you confirm that you rely on your own independent assessment of the risks (including but not limited to sovereign risk, issuer risk, price risk, political risk and liquidity risk) involved and that we have not made any representations or warranties as to the creditworthiness or performance of any issuer. You should make an independent appraisal and investigations into the creditworthiness and performance of the relevant issuer. You should consult your own legal, regulatory, tax, financial and/or accounting advisors or such other professional advisors to the extent you consider it necessary and appropriate before making any investment decision.

16. TRANSACTIONS IN OTHER JURISDICTIONS

Transactions on markets in jurisdictions other than Hong Kong ("**Foreign Jurisdictions**"), including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. The value of, or income deriving from, investing in Foreign Jurisdictions may be more volatile and less liquid than investing in Hong Kong and could be adversely affected by changes in currency rates of exchange, foreign tax practices, foreign laws and regulations, government policies and the local and/or international political environment.

Before you invest or enter into a transaction, you should enquire about any rules relevant to your particular transaction as well as the nature or risks of such investment. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You are responsible for enquiring and ensure that you are aware of the details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you invest or enter into a transaction. In addition, there may be restrictions for non-residents, repatriation of capital investments and profits and there may be withholding or additional forms of tax.

You should only undertake transactions or investments in the markets of any Foreign Jurisdiction if you understand the nature of transactions or investments in such Foreign Jurisdiction, and the extent of your exposure to risks. In particular, investing or transacting in the markets of Foreign Jurisdictions may not be regulated by the Hong Kong regulators and may not be covered by the compensation fund established under the Securities and Futures Ordinance. Further, the recovery of the monies invested and any profits or gains may be reduced, delayed or prevented by exchange controls, debt moratorium or other rules and regulations imposed by the relevant government or regulatory bodies in the Foreign

Jurisdiction You should carefully consider if the transactions are suitable having regard to your financial situation, investment experience, risk tolerance (including the risk of loss of capital), investment objectives and any other factors as you consider relevant. You should seek independent professional advice as you see fit before making any investment decision.

For transactions in which your money, securities and/or any other assets are held with any bank, exchange, depositary, clearing house, broker, agent, intermediary or any other institution in any Foreign Jurisdiction ("**Foreign Institutions**"), in the event of insolvency the applicable legal and regulatory regime might be different from that of Hong Kong. In those situations your money, securities and/or any other assets may be treated differently from the treatment which would apply if your money, securities and/or any other assets were held in Hong Kong. We will not be liable for any loss, damage, liability, cost, claim or expense arising from or in connection with the solvency, acts or omissions of such Foreign Institutions.

In the event of insolvency of any Foreign Institution, there is a risk of a shortfall arising on the money, securities and/or assets available to meet your claim as a creditor, and any of your money, securities and/or assets held with a Foreign Institution may be subject to a security interest, lien or right of set-off in favour of such Foreign Institution.

17. OFF-EXCHANGE TRANSACTIONS

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you enter into any off-exchange transactions, you should familiarise yourself with applicable rules and attendant risks.

18. ELECTRONIC TRADING

Electronic trading facilities for electronic trading are supported by computer-based component systems for order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary.

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. 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 or is not executed at all.

The risks involved in electronic trading include the following: (a) access to the internet services may be limited or unavailable during periods of peak demand, market volatility, systems upgrades or maintenance or for other reasons; (b) transactions conducted through the internet 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; (c) your instructions may not be executed or may be delayed so that they are executed at prices different from those prevailing at the time when your instructions were given; (d) communications and personal data may be accessed by unauthorised third parties; or (e) your instructions may be executed without being subject to human review; (f) there may be system failure which may result in your instructions not being executed; or (g) your lack of internet experience may result in your instructions not being executed or executed with error; or (h) the same instructions may be issued for more than once because the system could not promptly indicate completion of the transactions. We accept no responsibility for any loss which may be incurred by you as a result of such interruptions or delays or access by third parties.

Further, it is not usually possible to cancel an instruction after it has been given, thus you should exercise caution before placing any orders. Any attempt made by you to cancel an order is simply a "request to cancel". Whilst we will use our reasonable efforts to process your "request to cancel", we will not be liable to you if we are unable to change or cancel the order.

The internet is a global wireless network for the public and it is not controlled by any organisation. The internet is an inherently unreliable medium of communication and such unreliability is beyond our control. Any communication or data transmitted through the internet may not be secure or traceable, and may be accessed by unauthorized third parties. We will not be liable to you for any possible leakage of data information.

There may also be a risk that some people use a similar name to our company or imitate our electronic trading website layout and server in the internet to embezzle clients' data information. You are responsible for installing reliable security software or appropriate settings on your computer to prevent or warn yourself of any risks that may exist.

19. INVESTOR COMPENSATION FUND

The liability of the Investor Compensation Fund established under section 236 of the Securities and Futures Ordinance will be restricted to valid claims as provided for in the Securities and Futures (Investor Compensation-Claims) Rules, and will be subject to the monetary limits specified in the Securities and Futures (Investor Compensation-Compensation Limits) Rules, and other restrictions specified in the Securities and Futures Ordinance. Accordingly, there is no assurance that any loss sustained by reason of a default committed by a broking member will necessarily be recouped from the Investor Compensation Fund in full, in part or at all.

The Investor Compensation Fund shall not apply to you if you sustain a loss by reason of a default committed by a broking member of Hong Kong Mercantile Exchange Limited ("**HKMEx**"), clearing member of HKMEx or other applicable member of HKMEx in respect of HKMEx contracts. Further, foreign securities trading is not regulated by The Stock Exchange of Hong Kong and will not be covered by the Investor Compensation Fund.

20. RISK OF NON-SEGREGATION OF THE CLIENT'S ASSETS

We shall engage a third party clearing agent (which may or may not be a member of the ICBC International Group) to clear HKMEx contracts for and on behalf of you. By requesting us to provide services for trading on HKMEx, you expressly authorise us to deliver or procure the delivery of your money, commodities and/or any other assets to the non-segregated account maintained *via* the third party clearing agent in respect of such HKMEx contracts, whether for clearing or settlement or otherwise. You acknowledge and agree that your money, commodities and/or any other assets will not be held separately from and may be co-mingled with the money, commodities and/or any other assets of our other clients, other clients of the third party clearing agent or of the third party clearing agent itself and there is no assurance that your money, commodities and/or any other assets will not be used to meet the default of such other clients or of the third party clearing agent.

ICBC 工银国际

Appendix A

Additional Risk Disclosure Statements for Exchange-Traded Derivative Products

You are advised to read the following risk disclosure statements carefully. These risk disclosure statements are not and are not intended to be a complete list of all the risks and considerations relevant to any investment in exchange-traded derivative products or services provided or your decision to invest in such products. Additional information is provided upon request.

Derivative transactions are complex and may involve a high risk of loss. In light of the risks, you should invest or undertake such transactions only if you understand the nature of the investments and contracts (and contractual relationships) into which you are entering as well as the extent of your exposure to risks. Trading in exchange-traded derivative products is not suitable for many members of the public. You should carefully consider whether the investments or transactions are appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. Prior to investing or entering into a transaction you should consult your own legal, regulatory, tax, financial and/or accounting advisors or such other professional advisors to the extent you consider it necessary and appropriate, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of the investment or transaction) based upon your own judgment and advice from those advisors you consider necessary.

General Major Risks of Structured Products

Issuer Default Risk
If a structured product issuer becomes insolvent and defaults on their listed securities, you will be considered as an unsecured creditor and will have no preferential claims to any assets held by the issuer. You should therefore consider carefully the financial strength and creditworthiness of the issuer before investing. For uncollateralized structured products which are not asset backed, in the event that the issuer becomes insolvent or goes into bankruptcy, **you could lose your entire investment**. You should read the listing documents to determine if a product is uncollateralized.

Gearing Risk
Structured products often involve a high degree of gearing, so a relatively small movement in the price of the underlying assets results in a disproportionately large movement in the price of the structured product. You should be aware that the value of a structured product may fall to zero **resulting in a total loss of the initial investment**.

Price Fluctuations
Structured products can be volatile instruments and may be subject to considerable fluctuations in value and other inherent risks in investing in the products, including changes in the economic and/or political environment. The value of the structured products can fall as rapidly as it may rise depending on factors including but not limited to market supply and demand. The price of a structured product may not match its theoretical price due to outside influences. As a result, the actual traded price of a structured product can be higher or lower than its theoretical price.

Expiry Considerations
Structured products have an expiry date after which the issue may become worthless. You should be aware of the expiry time horizon and choose a product with an appropriate lifespan for your trading strategy. In particular, the value of a derivative warrant will decay over time as it approaches its expiry date, therefore, derivative warrants should not be viewed as long term investments.

Liquidity Risk
It is not possible to predict the liquidity of structured products. The fact that the structured products may be listed does not necessarily lead to greater liquidity than if they were not listed. Further, in respect of structured products traded on The Stock Exchange of Hong Kong Limited (the “**Exchange**”),

the Exchange requires all structured product issuers to appoint a liquidity provider for each individual issuer. The role of liquidity providers is to provide two way quotes to facilitate trading of the products. The liquidity provider may be the only market participant for some products and therefore the secondary market may be limited. In the event that a liquidity provider defaults or ceases to fulfil its role, you may not be able to buy or sell the product until a new liquidity provider has been assigned.

Foreign Currency Risk
Investors trading structured products 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 structured product price. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets which are affected by various factors. Exchange controls imposed by the relevant authorities in the relevant jurisdiction may also adversely affect the applicable exchange rate.

Exchange Trading Risk
For transactions in relation to investments involving contracts or instruments which are traded on an exchange, the risk of loss may increase if certain events (such as disruption of the normal market operations or conditions of the relevant exchange or clearing house, suspension or restriction of trading certain contracts or instruments and/or other events which affect the closing out of such transactions or the liquidating of the relevant positions) occur.

Additional Risks Relating to Callable Bull/Bear Contracts ("CBBCs")

CBBCs are a type of structured product that tracks the performance of an underlying asset without requiring investors to pay the full price required to own the actual asset. They are issued either as Bull or Bear contracts with a fixed expiry date, allowing investors to take bullish or bearish positions on the underlying asset. CBBCs are issued by a third party, usually an investment bank, independent of the Exchange and of the underlying asset. CBBCs may be issued with a lifespan of 3 months to 5 years and are settled in cash only.

CBBCs are issued with the condition that during their lifespan they will be called by the issuers when the price of the underlying asset reaches a level (known as the "call price") specified in the listing document. If the call price is reached before expiry, the CBBC will expire early and the trading of that CBBC will be terminated immediately. The specified expiry date from the listing document will no longer be valid.

Mandatory Call Risk
CBBCs are not suitable for all types of investors and investors should consider their risk appetite prior to trading. In any case, you should not trade in CBBC unless you understand the nature of the product and are prepared to lose the total amount invested since a CBBC will be called by the issuer when the price of the underlying asset hits the call price and trading in that CBBC will expire early. You will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. You should also note that the residual value can be zero. Brokers may charge their clients a service fee for the collection of the residual value payment from the respective issuers.

In general, the larger the buffer between the call price and the spot price of the underlying asset, the lower the probability of the CBBC being called since the underlying asset of that CBBC would have to experience a larger movement in the price before the CBBC will be called. However at the same time, the larger the buffer, the lower the leverage effect will be.

Once the CBBC is called, even though the underlying asset may bounce back in the right direction, the CBBC which has been called will not be revived and you will not be able to profit from the bounce-back.

In addition, in respect of CBBCs traded on the Exchange, the mandatory call event ("**MCE**") of a CBBC with overseas assets as underlying may be triggered outside the Exchange's trading hours.

Movement with underlying asset

Although the price of a CBBC tends to follow closely the price of its underlying asset, but in some situations it may not. Prices of CBBC are affected by a number of factors, including its own demand and supply, funding costs and time to expiry. It should be noted when the underlying asset of a CBBC is trading at a price close to its call price, the change in the value of CBBC may be more volatile and disproportionate with the change in the value of the underlying asset.

Funding Costs Risk

The issue price of a CBBC includes funding costs and issuers will specify the formula for calculating the funding costs of their CBBC at launch in the listing documents. Since the funding costs for each CBBC issue may be different as it includes the issuer's financing/stock borrowing costs after adjustment for expected ordinary dividend of the stock (if the underlying is a Hong Kong stock since the CBBC will not be adjusted for ordinary dividend) plus the issuer's profit margin, you are advised to compare the funding costs of different issuers for CBBC with similar underlying assets and terms. The funding costs will gradually be reduced over time along with the CBBC in the secondary market as the CBBC moves towards expiry.

In general, the longer the duration of the CBBC, the higher the total funding costs will be since it is similar to investors borrowing for a longer tenure to trade in the underlying asset.

When a CBBC is called, the CBBC holders will lose the funding cost for the full period since the funding cost is built into the CBBC price upfront at launch even though with the MCE, the actual period of funding for the CBBC turns out to be shorter.

In any case, you should note that the funding costs of a CBBC after launch may vary during its life and the liquidity provider is not obliged to provide a quote for the CBBC based on the theoretical calculation of the funding costs for that CBBC at launch.

Trading of CBBC close to Call Price

When the underlying asset is trading close to the call price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result.

However, the trade inputted by the investor may still be executed and confirmed by the investors after the MCE since there may be some time lapse between the MCE time and suspension of the CBBC trading. Any trades executed after the MCE will not be recognized and will be cancelled. Therefore, you should be aware of the risk and ought to apply special caution when the CBBC is trading close to the call price.

CBBC with Overseas Underlying Assets

In respect of CBBC traded on the Exchange, CBBC issued on overseas underlying assets may be called outside the Exchange's trading hours. In such case, the CBBC will be terminated from trading on the Exchange in the next trading session or soon after the issuer has notified the Exchange about the occurrence of the MCE. There will be no automatic suspension of the CBBC by AMS/3. For Category R CBBC, valuation of the residual value will be determined on the valuation day according to the terms in the listing documents.

<u>Additional Risks Relating to Derivative Warrants</u>

Time Decay Risk

The value of a derivative warrant will decay over time as it approaches to its expiry date, provided that all other factors remain unchanged. You should not view derivative warrants as long term investments.

Volatility Risk
Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price. You should be aware of the underlying asset volatility.

Risks Relating to Futures

Effect of 'Leverage' or 'Gearing'
Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm with which you deal to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

Risk-reducing Orders or Strategies
The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

Risks Relating to Options

Variable Degrees of Risk
Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the options is on futures, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the options premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ('writing' or 'granting') options generally entail considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably against him. The seller will also be exposed to the risk of the purchaser exercising the options and the seller will be obligated to either settle the options in cash or to acquire or deliver the underlying interest. If the options is on futures, the seller will acquire a position in futures with associated liabilities for margin (see the section on Futures above). If the options is 'covered' by the seller holding a corresponding position in the underlying interest or a futures or another options, the risk may be reduced. If the options is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the options premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the options is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Risks Common to Futures and Options

Terms and Conditions of Contracts
You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you may become obliged to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an options) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

Suspension or Restriction of Trading and Pricing Relationships
Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures, and the underlying interest and the options may not exist. This can occur when, for example, the futures contract underlying the options is subject to price limits while the options are not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

Deposited Cash and Property
You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

Commission and Other Charges
Before you begin to trade, 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.

Transactions in Other Jurisdictions
Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

Currency Risks
The profit or loss in transactions in foreign currency-denominated contracts (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 contract to another currency.

Trading Facilities
Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the exchange, the clearing house and/or exchange participants. Such limits may vary: you should ask the firm with which you deal for details in this respect.

Electronic Trading
Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. 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 or is not executed at all.

Off-exchange Transactions
In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.

Risks Relating to Exchange Traded Funds ("ETF")

Market Risks
ETFs are typically designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds, or commodities. ETF managers may use different strategies to achieve this goal, but in general they do not have the discretion to take defensive positions in declining markets. You must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

Tracking Errors
Tracking errors refer to the disparity in performance between an ETF and its underlying index/assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF manager's replication strategy.

Trading at Discount or Premium
An ETF may be traded at a discount or premium to its net asset value. This price discrepancy is caused by supply and demand factors, and may be particularly likely to emerge during periods of high market volatility and uncertainty. This phenomenon may also be observed for ETFs tracking specific markets or sectors that are subject to direct investment restrictions.

Foreign Exchange Risks
Investors trading ETFs 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 ETF price.

Liquidity Risks
In respect of ETFs traded on the Exchange, Securities Market Makers ("**SMMs**") are participants of the Exchange that provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more SMMs, there is no assurance that active trading will be maintained. In the event that the SMMs default or cease to fulfill their role, you may not be able to buy or sell the product.

Counterparty Risks Involved in ETFs with Different Replication Strategies

(a) **Full replication and representative sampling strategies**
An ETF using a full replication strategy generally aims to invest in all constituent stocks/assets in the same weightings as its benchmark. ETFs adopting a representative sampling strategy will invest in some, but not all of the relevant constituent stocks/assets. For ETFs that invest

directly in the underlying assets rather than through synthetic instruments issued by third parties, counterparty risk tends to be less of concern.

(b) **Synthetic replication strategies**

ETFs utilising a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark. Currently, synthetic replication ETFs can be further categorized into two forms:

(i) **Swap-based ETFs**

Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets. Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments.

(ii) **Derivative embedded ETFs**

ETF managers may also use other derivative instruments to synthetically replicate the economic benefit of the relevant benchmark. The derivative instruments may be issued by one or multiple issuers. Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honour their contractual commitments.

Even where collateral is obtained by an ETF, it is subject to the collateral provider fulfilling its obligations. There is a further risk that when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant loss to the ETF.

It is important that you understand and critically assess the implications arising due to different ETF structures and characteristics.

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Appendix B

Disclaimers in relation to Stock Index Futures Contracts and Stock Index Options Contracts

The following disclaimers are furnished to the Client pursuant to the Regulations for Trading Stock Index Futures Contracts and the Regulations for Trading Stock Index Options Contracts and you are requested to note the contents of the same.

Disclaimer in Relation to Trading of Stock Index Futures Contracts

Hang Seng Indexes Company Limited ("HSIL") currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited ("HSDS") from time to time (collectively, "Hang Seng Indexes"). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS. HSIL has granted to the Hong Kong Futures Exchange Limited ("Exchange") by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on any of the Hang Seng Indexes respectively (collectively, "Futures Contracts"). The process and basis of compilation and computation of any of the Hang Seng Indexes and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and the Exchange may at any time require that trading in and settlement of such of the Futures Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Futures Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Futures Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasicontractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

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Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Option Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Option Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Option Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasicontractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

HKFE Disclaimer

Stock indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited (“Exchange”) may be based may from time to time be developed by the Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Exchange. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the Exchange (“Exchange Indices”) are the property of the Exchange. The process of compilation and computation of each of the Exchange Indices is and will be the exclusive property of and proprietary to the Exchange. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by the Exchange without notice and the Exchange may at any time require that trading in and settlement of such futures or options contracts based on any of the Exchange Indices as the Exchange may designate be conducted by reference to an alternative index to be calculated. The Exchange does not warrant or represent or guarantee to any participant or any third party the accuracy or completeness of any of the Exchange Indices or their compilation and computation or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to any of the Exchange Indices is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange in respect of the use of any of the Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, changes or failures (including but not limited to those resulting from negligence) of the Exchange or any other person or persons appointed by the Exchange to compile and compute any of the Exchange Indices in the compilation and computation of any of the Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with futures or options contracts based on any of the Exchange Indices. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party engages in transactions in futures and options contracts based on any of the Exchange Indices in full knowledge of this disclaimer and can place no reliance on the Exchange in respect of such transactions.