

## **Points To Note - Reminder on OVERSEAS SECURITIES Trading**

1. We shall not be under any obligation to act on any instruction to sell any Securities unless sufficient such Securities are held in on our nominee's name, or that of our nominee and/or due to be credited to the Securities Account under any purchase transaction(s) which are not subject to any charge, lien or other security interest in favour of any person including us.
  
- 2.(a) All transactions executed in pursuance of the instructions of the Client on the Exchanges shall be subject to a transaction levy and any other levies that the relevant Exchange from time to time may impose. The Company is authorized to collect any such levies in accordance with the rules prescribed by the relevant Exchange from time to time.
  
- (b) The Client shall on demand pay us the Company commissions on purchases, sales and other transactions or services for the Account(s) at such rate as the Company may from time to time have notified the Client, together with all stamp duties, bank charges, transfer fees, interest, custodial expenses and other expenses in respect of or connected with the Account(s) or any transaction or services thereof or any securities therein.
  
3. The Client is liable on a full indemnity basis for all applicable taxes, levies, imposed by any Government, relevant Clearing System, or Market and all applicable stamp duties. All such taxes (including but not limited to withholding taxes), levies and duties may be deducted by us from the Securities Account and any other Accounts maintained by the Client with any of the Haitong International Group Companies. The Client should seek professional tax advice, where appropriate. For details, please click the following SFC's link :  
(Beware of tax obligations when investing overseas:  
[http://www.invested.hk/invested/en/html/section/dr\\_wise/2011articles/tax\\_may11.html](http://www.invested.hk/invested/en/html/section/dr_wise/2011articles/tax_may11.html))
  
4. Client assets received or held by us 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.

5. The company (HTISEC) will not provide any voting service to the clients on any overseas company shareholding's resolution.
6. Since Hong Kong banks are not engaged in deposit-taking and custody of funds denominated in currencies that are subject to controls, any balance from sale of shares by customers participating in stock trading in the currencies of, among others, Thailand, Malaysia, Korea and Taiwan that are subject to controls will be converted by the Company into the US dollar on the settlement date and kept in the customer's account maintained with Haitong International Securities.

## **Risk Disclosure Statements**

### Risk of securities trading

The prices of securities may sometimes fluctuate dramatically. The price of a security may move up or down or even become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

### Exchange rate risk

Client who converts Hong Kong Dollars into US Dollars or other foreign currencies for overseas securities investment will be exposed to exchange losses if Hong Kong Dollars depreciates when client convert his/her US Dollars or other foreign currencies back into Hong Kong Dollars. Fluctuation in the exchange rates of US Dollars or other foreign currencies is subject to the economic, political factors, government policies and other factors in the United States and globally.

### Transactions in other jurisdictions

In the event that the Client wishes to have transactions executed on exchanges other than the Stock Exchange of Hong Kong ("SEHK"), the Client acknowledges and recognizes that, since such transactions will be subject to the rules and regulations of those exchanges, and applicable local laws, and not those of the SEHK, the Client may have a markedly different level and type of protection in relation to those transactions compared to the level and type of protection afforded by the rules and regulations of the SEHK and Hong Kong law (and the Client acknowledges and recognizes, without limitation, that such transactions executed on exchanges other than the SEHK will not be subject to a right to claim under the compensation fund established under the Securities and Futures Ordinance where the Client suffers a pecuniary loss).

Risk of securities listed on non- mainstream exchange

Client is required to acknowledge and understand that:

- (i) securities traded in non- mainstream exchanges/ markets, such as Alternative Investment Market (AIM), OTC Bulletin Board (OTCBB), Pink OTC Markets and etc. involve a high investment risk because they are relatively less liquid and more volatile than securities listed on a major exchange. Due to their thin liquidity, price of these securities could be easily manipulated;
- (ii) Client should make the decision to invest only after due and careful consideration, since companies that trade their stocks not on major exchanges and/ or markets do not have to meet any minimum listing standards. Companies tend to be new and have no proven track record. Some of these companies have no assets or operations. Others have products and services that are still in development or have yet to be tested in the market. The greater risk profile and other characteristics of those markets, mean that it is a market more suited to professional and other sophisticated investors;
- (iii) information on those securities may not be found easily from the public and the transaction transparency is relatively low;
- (iv) Client should undertake his/her own research and study on the trading of these securities before commencing any trading activities, and that Client should seek independent professional advice if he/she is uncertain of or has not understood any aspect of the nature and risks involved in trading of this kind of securities.