SCHEDULE III – RISK DISCLOSURE STATEMENT

RISK OF SECURITIES TRADING

1. Investment involves risk. 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. Past performance is no indication of future results, and values fluctuate.

2. RISK OF TRADING GEM STOCKS

(a) 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.

(b) Client 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.

(c) Client should seek independent professional advice if Client is uncertain of or has not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

3. RISK OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client assets received or held by Ever-Long outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the SFO 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.

4. RISK OF PROVIDING AN AUTHORITY TO REPLEDGE CLIENT'S SECURITIES COLLATERAL ETC.

(a) There is risk if Client provides Ever-Long with an authority that allows Ever-Long to apply Client's Securities or Securities Collateral pursuant to securities borrowing and lending agreement, repledge Client's Securities Collateral for financial accommodation or deposit Client's Securities Collateral as collateral for the discharge and satisfaction of Client's settlement obligations and liabilities.

(b) If Client's Securities or Securities Collateral are received or held by Ever-Long in Hong Kong, the above arrangement is allowed only if Client consents in writing. Moreover, unless Client is a professional investor, Client's authority must specify the period for which it is current and be limited to not more than 12 months. If Client is a professional investor, these restrictions do not apply.

(c) Additionally, Client's authority may be deemed to be renewed (i.e. without Client's written consent) if Ever-Long issue Client a reminder at least 14 days prior to the expiry of the authority, and Client does not object to such deemed renewal before the expiry date of Client's then existing authority.

(d) Client is not required by any law to sign these authorities. But an authority may be required by Ever-Long, for example, to facilitate margin lending to the Client or to allow Client Securities or Securities Collateral to be lent to or deposited as collateral with third parties. Ever-Long should explain to Client the purposes for which one of these authorities is to be used.

(e) If Client signs one of these authorize and Client's Securities or Securities Collateral are lent to or deposited with third parties, those third parties will have a lien or charge on Client's Securities or Securities Collateral. Although Ever-Long is responsible to Client for Securities or Securities Collateral lent or deposited under Client's authority, a default by Ever-Long could result in the loss of Client's Securities or Securities Collateral.

(f) A Cash Account does not involve securities borrowing, and lending is available from most licensed or registered persons. If Client does not require margin facilities or does not wish Client's Securities or Securities Collateral be lent or pledged, he should not sign the above authority and should request to open Cash Account instead.

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

If Client provides Ever-Long with an authority to hold mail or to direct mail to third parties, it is important for Client to promptly collects in person all contract notes and statements of Client's Account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

6. RISK OF MARGIN TRADING

The risk of loss in financing a transaction by deposit of collateral is significant. Client may sustain losses in excess of Client's cash and any other assets deposited as collateral with Ever-Long. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. Client 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, Client's collateral may be liquidated without Client's consent. Moreover, Client will remain liable for any resulting deficit in Client's account and interest charged on Client's account. Client should therefore carefully consider whether such a financing arrangement is suitable in light of Client's own financial position and investment objectives.

7. 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. Client should consult the licensed or registered person and become familiarized with the PP before trading in the PP securities. Client should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or GEM of the SEHK.

8. RISK ASSOCIATED WITH ELECTRONIC COMMUNICATION

Client understands that the internet or other electronic, communication system, due to unpredictable traffic congestion and other reasons, may not be a reliable medium of communication and that such unreliability is beyond the control of Ever-Long. This may give rise to situations including delays in transmission and receipt of Client Instructions or other information, delays in execution or execution of Client Instructions at prices different from those prevailing at the time Client Instructions were given, misunderstanding and errors in any communication between Client and Ever-Long and so on. Whilst Ever-Long will take every possible step to safeguard its systems, client information, accounts and assets held for the benefit of its clients, Client accepts the risk of conducting transactions via electronic communication systems.

9. RISK OF GIVING INSTRUCTIONS BY FACSIMILE

Client should consider the possible risks inherent while giving of Instructions by facsimile. Non-original signatures on the facsimile may be forged and instructions given by facsimile may be transmitted to wrong numbers, or may never reach Ever-Long, or may thereby become known to third parties, thus Instructions given may loss their confidential nature. Ever-Long is not responsible for the occurrence of any such circumstances or for any action, claim, loss, damage, or costs due to giving Instructions by facsimile.

10. RISK OF THE TERMS AND CONDITIONS OF CONTRACTS

Client should ask Ever-Long about the terms and conditions of each Securities which Client is trading and associated obligations (e.g. the circumstances under which Client may become obliged to make or take delivery of the underlying interest of each Securities). Under certain circumstances, the specifications of outstanding securities may be modified by the Exchange or the listed companies to reflect changes in the underlying interest.

11. RISK ON COMMISSION AND OTHER CHARGES

Before Client begins to trade, Client should obtain a clear explanation of all commission, fees and other charges for which Client will be liable. These charges will affect Client’s profit (if any) or increase Client’s loss.

12. RISK ON TRANSACTIONS IN OTHER JURISDICTIONS

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose Client to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before Client trades Client should enquire about any rules relevant to Client’s Transactions. The local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where Client’s Transactions have been effected. Client should ask Ever-Long for details about the types of redress available in both the home jurisdiction and other relevant jurisdictions before Client starts to trade.

13. RISK ON OFF-EXCHANGE TRANSACTIONS

In some jurisdictions, and only then in restricted circumstances, Ever-Long is permitted to effect off-exchange transactions. Ever-Long may be acting as Client’s 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 reason, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before Client undertakes such Transactions, Client should familiarize yourselves with applicable rules and attendant risks.

14. CURRENCY RISKS

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in Client’s 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.

15. SPECIFIC RISK OF INVESTING IN STRUCTURED PRODUCT LISTED IN STOCK EXCHANGE OF HONG KONG LIMITED (“HKEx”)

(a) Structured products carry a high degree of risk. The risk of loss in trading structured products can be substantial. Prospective investor/Client should have prior knowledge of, or experience in trading in structured products. The investor/Client should carefully consider whether such trading is suitable in the light of the investor/Client’s own financial position and investment objectives.

(b) Issuer default risk
In the event that a structured product issuer becomes insolvent and defaults on their listed securities, the investor/Client will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. The investor/Client should therefore pay close attention to the financial strength and credit worthiness of structured product issuers.

(c) Uncollateralised product risk
Uncollateralised structured products are not asset backed. In the event of issuer’s liquidation, the investor/Client can lose his entire investment. The investor/Client should read the listing documents to determine if a product is uncollateralised.

(d) Gearing risk
Structured products such as derivative warrants and callable bull/bear contracts ("CBBCs") are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. The investor/Client should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.

(e) Expiry considerations
Structured products have an expiry date after which the issue may become worthless. The investor/Client should be aware of the expiry item horizon and choose a product with an appropriate lifespan for their trading strategy.

(f) Extraordinary price movements
The price of a structured product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.

(g) Foreign Exchange risk
The investor/Client 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.

(h) Liquidity risk
The HKEx requires all structured product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfil its role, the investor/Client may not be able to buy or sell the product until a new liquidity provider has been assigned.

Some Additional Risks Involved in Trading Derivative Warrants

(i) Time decay risk
All things being equal, the value of a derivative warrant will decay over time as it approaches its expiry date. Derivative warrants should therefore not be viewed as long term investments.

(j) Volatility risk
Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price. The investor/Client should be aware of the underlying asset volatility.

Some Additional Risks Involved in Trading CBBCs

(k) Mandatory call risk
The investor/Client trading CBBCs should be aware of their intraday "knockout" or mandatory call feature. A CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. The investor/Client will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. The investor/Client should also note that the residual value can be zero.

(l) Funding costs
The issue price of a CBBC includes funding costs. Funding costs are gradually reduced over time as the CBBC moves towards expiry. The longer the duration of the CBBC, the higher the total funding costs. In the event that a CBBC is called, the investor/Client will lose the funding costs for the entire lifespan of the CBBC. The formula for calculating the funding costs are stated in the listing documents.

16. SPECIFIC RISK OF INVESTING IN EXCHANGE TRADED FUNDS (ETFs)

(a) Market risk
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. The investor/Client must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

(b) 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.

(c) Trading at discount or premium
An ETF may be traded at a discount or premium to its Net Asset Value (NAV). 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.

(d) Foreign Exchange risk
The investor/Client 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.

(e) Liquidity risk
Securities Market Makers (SMMs) are exchange participants 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 fulfil their role, the investor/Client may not be able to buy or sell the product.

(f) Counterparty risk involved in ETFs with different replication strategies

(i) 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.

(ii) 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:

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 honour their contractual commitments.

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.

(g) 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.

17. RISK RELATING TO RIGHTS ISSUE

For exercising and trading of the right issue, Clients have to pay attention to the deadline and other timelines. Rights issues that are not exercised will have no value upon expiry. But if Clients decide to let the rights lapse, then Clients will not need to take any action unless Clients want to sell the rights in the market. In that case, the rights must be sold during the specified trading period within the subscription period, after which they will become worthless. If Clients pass up the rights, the shareholding in the expanded capital of the company will be diluted.

18. SPECIFIC RISK OF INVESTING IN OVERSEAS ISSUERS

Risks Relating to Investing in Overseas Issuers

(a) An overseas issuer is subject to a different set of corporate laws governing its affairs including duration, organisation structure, governing bodies and their powers, shares transfer, shareholders rights, shareholders' dispute resolutions.

(b) It may be difficult for local shareholders/investor of an overseas issuer to enforce their shareholder rights against the issuer or its directors due to complications arising from cross-border access to evidence, legal services, court assistance or the incremental costs related to those services.

(c) Hong Kong regulators may not have extra-territorial investigation and enforcement jurisdiction. Instead, reliance has to be placed on the overseas regulatory regimes to enforce against any corporate governance breaches committed by their subject.

(d) If an overseas issuer's principal operations and assets are outside its place of incorporation or Hong Kong, they may be subject to other laws, standards, restrictions and risks that significantly differ from those in Hong Kong.

Additional Risks Relating to Investing in Secondary Listed Issuers

(e) Secondary listed issuers are primarily regulated by another stock exchange and financial regulator and are often granted extensive Listing Rules waivers. **They do not conform to the Listing Rules in their entirety.** Because of the different characteristics of overseas and Hong Kong securities markets, fluctuations in the price of Securities are more likely.

Additional Risks Relating to Investing in Hong Kong Depository Receipts ("HDR") Issuers

(f) The Hong Kong Depository Receipts ("HDR") framework is an alternative facility for issuers, in particular overseas issuers, to list on the HKEx. There are no changes to the listing regime. An issuer seeking to list in Hong Kong through HDRs will have to comply with generally the same requirements as an issuer of shares, except for the modifications in Chapter 19B of the Main Board Rules. However, HDRs are not shares and therefore do not attract the same legal consequences as those of

shares. The HDR Depository's obligations are set out in a deposit agreement.

(g) HDR holders do not have rights of shareholders and must rely on the HDR Depository to exercise on their behalf the rights of a shareholder.

(h) HDR holders need to pay for the fees and expenses charged by the HDR Depositary for services rendered.

19. RISKS OF TRADING RENMINBI SECURITIES OR INVESTMENT IN RENMINBI PRODUCT

(a) Currency risks
The exchange rate of renminbi may be rise or fall. If the Client who holds a local currency other than renminbi will be exposed to currency risk if the Client invests in a renminbi products. It is because renminbi is subject to conversion restrictions and foreign exchange control mechanism. The Client may have to convert the local currency into renminbi when the Client invests in a renminbi product. When the Client redeem/sell the Client's investment, the Client may also need to convert the renminbi received upon redemption/ sale of the Client's investment product into the local currency (even if redemptions/ sale proceeds are paid in renminbi). During these processes, the Client will incur currency conversion costs and you will also be exposed to currency risk.

(b) Possibility of not receiving renminbi upon redemption/ sale of renminbi investments
The Client should always understand the nature and terms of a product and read the offering documents carefully before investing to find out whether the Client will actually receive renminbi when client redeems/ sells the renminbi products. Even if the product aims to deliver renminbi, it may not be able to pay the Client in renminbi if the product has to sell non-renminbi-denominated investments to meet the Client's redemption/ sale request, and encounters conversion restriction when converting the proceeds in non-renminbi currencies into renminbi. On the other hand, even if the investments are denominated in renminbi, there may not be sufficient renminbi to satisfy the redemption/sale requests due to the repatriation or other controls on renminbi. As a result, the investor/Client may not receive renminbi when the Client redeems/sells Client's investments.

(c) 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.

(d) Liquidity risk
Renminbi products are subject to liquidity risk as there may not be regular trading or an active secondary market. Some renminbi product is subject to lock-up period or heavy penalty or charges for early surrender or termination of the product. Therefore, the Client may not be able to sell the investment in the product on a timely basis, or the Client may have to sell the product at a deep discount to its value.

(e) Investment / market risk
Like any investments, renminbi products are subject to investment risk and may not be principal protected i.e. the assets that the products invest in or referenced to may fall as well as rise, resulting in gains or losses to the product. This means that the Client may suffer a loss even if renminbi appreciates.

(f) Long term commitment to investment products
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.

(g) Issuer / counterparty risk
Renminbi products are subject to the credit and insolvency risks of their issuers. Furthermore, as 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 products and result in substantial losses.

20. RISKS OF INVESTING IN DERIVATIVE PRODUCTS (INCLUDING BUT NOT LIMITED TO EQUITY LINKED NOTES / INSTRUMENT)

General risk for investing in structured product

(a) Derivative products often involve a high degree of gearing, so that a relatively small movement in the price of the underlying securities results in a disproportionately large movement in the price of the derivative products. The values of derivative products are not fixed, but fluctuate with the market, which may be influenced by many factors, including changes in the economic and/or political environment. The prices of derivative products can therefore be volatile.

(b) Derivative products are imbedded with options. Transactions in options carry a high degree of risk. The risk of loss in trading options can be substantial. Prospective investor should have prior knowledge of, or experience in option markets. The investor/Client should carefully consider whether such trading is suitable in the light of the investor/Client's own financial position and investment objectives.

(c) The investor/Client should not buy a derivative product unless the investor/Client is prepared to sustain a total loss of the money the investor/Client have invested plus any commission or other transaction charges.

(d) While derivative products are unexercised and if their underlying securities are suspended from trading on the HKEx or any other relevant stock exchange, they may be suspended from trading for a similar period of time as their underlying securities.

(e) Depending on the structure of a particular derivative product, the investor/Client may be obligated to accept delivery or make

delivery (as the case may be) of the underlying securities if the conversion price is triggered or pursuant to the terms and conditions of the relevant agreement, contract or confirmation of the subject transaction. Depending on the market conditions, the investor/Client may be obligated to accept delivery of the underlying securities at a price which is above the market price such securities or to make delivery of the underlying securities at a price which is below the market price of such securities and losses may occur resulting from such actions which can be substantial. The loss resulting from investing such derivative product can be over and above the initial amount invested to a substantial extent.

(f) If there is an extraordinary event or an adjustment event such a stock split, issue of bonus shares or other unexpected event that change the number, value or weighting of issued shares of the underlying stock, the counter-party/calculation agent may adjust the contract terms, at its sole discretion, to reflect the new market conditions. This may include unwinding the contract. The investor/Client should seek independent advice from professional parties in the event of such extraordinary events or adjustments.

(g) Early termination prior to maturity is possible subject to the terms and conditions governing the derivation product and prevailing market terms and conditions.

(h) The value of the derivative products may be reduced due to any downgrades by rating agencies such as Moody's Investors Inc. or Standard & Poor's Rating Services.

(i) The investor/Client should ensure that this purchase of a particular derivative product is lawful under the laws of the jurisdiction of its incorporation / domicile and the jurisdiction in which it operates (if different), and that such purchase will not contravene any law, regulation or regulatory policy applicable to it.

(j) For derivative products (and non-listed financial instruments in general), in particular in "combined" or "structured" transactions, the absence of a "market" or "common" reference price may make it impossible for Ever-Long to provide the precise value of the transaction. Therefore, the investor/Client should be aware that the price indications by Ever-Long are always based on the latest available market prices of the underlying instrument or have arrived from sources believed to be reliable. Consequently, price indications might only reflect historic prices and may not reflect the final proceedings where the transaction is terminated or assigned immediately, if this is possible at all. Ever-Long does not make any representation as to the accuracy or completeness of price indications for any transactions and does not accept liability for any losses arising from the use thereof.

(k) Structured products are formed by combining two or more financial instruments and may include one or more derivative products. Structured 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 or derivative products may be interconnected. As such, the extent of loss due to market movements can be substantial. Prior to engaging in structured product transactions, the structured investor/Client should understand the inherent risks involved. In particular, the various risks associated with each financial instrument or derivative product should be evaluated separately as well as taking the structured product as a whole. Each structured product has its own risk profile and given the unlimited number of possible combinations. It is not possible to detail in this Risk Disclosure Statement all the risks which may arise in any particular case. The investor/Client should note that with structured products, buyers can only assert their rights against the issuer. Hence, particular attention needs to be paid to issuer risk. The investor/Client should therefore be aware that a total loss of his investment is possible if the issuer should default.

(l) Because the prices and characteristics of over-the-counter derivative products are individually negotiated and there is no central source for obtaining prices, there are inefficiencies in transaction pricing. Ever-Long consequently cannot and does not warrant that its prices or the prices it secures for the investor/Client are or will any time be the best price available to the investor/Client. Ever-Long may make a profit from a transaction with the investor/Client no matter what result the transaction has from the investor/Client's point of view.

(m) Equity-linked instruments ("ELI") carries a high degree of risk. ELIs are products combining notes/deposits with stock options which may allow a bull, bear or strangle (i.e. trading range) bet. The return component of ELI is based on the performance of a single equity security, a basket of equity securities, or an equity index. ELI may come in different forms: equity-linked notes, equity-linked deposits and equity-linked contracts. The investor/Client acknowledges and agrees that while the maximum return on investment is usually limited to a predetermined amount of cash, an investor/Client stands to potentially lose up to the entire investment amount if the underlying share price moves substantially against the investor's view. The investor/Client should be able to understand the risks he is bearing before investing in ELIs.

(n) The prices of the underlying securities of derivative products fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. Accordingly, it is as likely that loss will be incurred rather than profit made as a result of buying or selling derivative products. In particular, for some derivative products such as accumulators, depending on market conditions, an investor/Client may be obligated to accept delivery of the underlying securities at a price which is above the market price of such securities and loss may occur resulting from such action which can be substantial. Similarly, for some derivative products such as decumulators, an investor/Client may be obligated to make delivery of the underlying securities at a price which is below the market price of such securities and loss may occur resulting from such action which can be substantial. The loss resulting from investing in such derivative products can be over and above the initial amounts invested to a substantial extent.

Liquidity risk

(o) Structured products have limited liquidity. It may be impossible for the investor/Client to liquidate an existing position or to do so at a satisfactory price because the market finds it difficult to assess the value, to determine a fair price or assess the exposure to risk.

21. RISKS OF SECURITIES TRADING THROUGH SHANGHAI-HONG KONG STOCK CONNECT/ SHENZHEN-HONG KONG STOCK CONNECT

The below is only an overview of some of the risks related to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

(a) Not protected by Investor Compensation Fund
Investors should note that any trading under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong's Investor Compensation Fund (the "Investor Compensation Fund").

(b) Quotas used up
When the respective aggregate quota balance for northbound and southbound trading is less than the daily quota, the corresponding buy orders will be suspended on the next trading day (sell orders will still be accepted) until the aggregate quota balance returns to the daily quota level. Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Depending on the aggregate quota balance situation, buying services will be resumed on the following trading day.

(c) Trading day
Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot carry out any A-share trading. Investors should take note of the days Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect is open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong Stock Connect / and Shenzhen-Hong Kong Stock Connect is not trading.

(d) Restrictions on selling imposed by front-end monitoring
For investors who usually keep their A-shares outside of their brokers, if they want to sell certain A-shares they hold, they must transfer those A-shares to the respective accounts of their brokers before the market opens on the day of selling ("T day"). If they fail to meet this deadline, they will not be able to sell those A-shares on T day.

(e) The recalling of eligible stocks
When a stock is recalled from the scope of eligible stocks for trading via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect for above-mentioned reasons, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE/SZSE and HKEx.

(f) Currency risks
Hong Kong and overseas investor who holds a local currency other than RMB will be exposed to currency risk if he/she invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, you will also incur currency conversion costs. Even if the price of the RMB asset remains the same when you purchase it and when you redeem / sell it, you will still incur a loss when you convert the redemption / sale proceeds into local currency if RMB has depreciated.

(g) Transaction costs
In addition to paying trading fees and stamp duties in connection with trading of A-shares, the Client carrying out Northbound Trading via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect should also take note of any new portfolio fees, dividend tax and tax concerned with income arising from stock transfers, which may be levied by the relevant authorities.

(h) Mainland China's laws and regulations, foreign shareholding restrictions and disclosure obligations
Under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, A-share listed companies and trading thereof are subject to the laws and regulations and disclosure obligations of the A-share market. Any changes in relevant laws or regulations may affect share prices. The Client should also take note of the foreign shareholding restrictions and disclosure obligations applicable to A-shares. The Client may be subject to restrictions on trading and retention of proceeds as a result of his interests and shareholdings in A-shares. The Client himself is responsible for compliance with the requirements of all relevant notifications, reports and disclosure of interests.

22. RISKS OF BONDS TRADING

(a) General Risks of trading bonds:
The Client fully understands that bonds are not bank deposits, they are not endorsed or guaranteed by, and do not constitute any obligation of Ever-Long.

The Client has been invited to read the key product risks and the terms set out in relevant offering documents (if applicable) and to ask questions and take independent advice if he so wishes. The Client fully understands the product features and associated risks and that the key product risks provided are not a full list of risk disclosures. The above documents are provided in a language of the Client's choice (English or Chinese) and he agrees to the contents and terms as set out in such documents. The Client hereby declares that he is fully responsible for bearing the risk of loss involved in investing in the bond(s).

The Client confirms that any decision to purchase/sell the bond(s) is based on his independent judgment and information independently obtained by himself.

The Client fully understands that the offering documents (if applicable) are not intended to provide, and must not be relied upon for, tax, legal or accounting advice, a credit or other evaluation of the bonds nor as assurance or guarantee as to the expected return (if any) of the bond(s); prospective investors should consult their tax, legal, accounting, investment, financial and/or other advisors.

(b) Issuer default risk: There is a risk that the issuer may fail to pay investors the interest or principal as scheduled.

(c) Interest rate risk: When the interest rate rises, the price of a fixed rate bond will normally drop. If investors want to sell their bond before it matures, they may get less than their purchase price.

(d) Foreign exchange risk: Investors trading bond denominated in a foreign currency face an exchange rate risk. Any fall in the foreign currency will reduce the amount investors receive when they convert a payment of interest or principal back into the local currency.

(e) Liquidity risk: Investors may need to sell the bonds before maturity when they have an urgent cash-flow need or use the capital for other investments. However, investors may not achieve this if the liquidity of the secondary bond market is low.

(f) Reinvestment risk: If investors hold a callable bond, when the interest rate goes down, the issuer may redeem the bond before maturity. If this happens investors have to re-invest the proceeds, the yields on other bonds in the market will generally be less favorable.

(g) Equity risk: If the bond is "convertible" or "exchangeable", investors also face equity risk associated with stocks. A fall in the stock price will usually make the bond price fall.

(h) Risk of providing authority to hold mail or to direct mail to third parties: If the Client provides Ever-Long with an authority to hold mail or to direct mail to third parties, it is important for the Client to promptly collect in person all contract notes and statements of the Client Account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

(i) Instructions Outside Hong Kong: If the Client gives any Instruction to Ever-Long outside Hong Kong, the Client agrees to ensure and represent that such Instruction will have been given in compliance with any applicable law of the relevant jurisdiction from which the Client's Instruction is given, and the Client further agrees that the Client shall, when in doubt, consult legal advisers and other professionals of the relevant jurisdiction. The Client accepts that there may be taxes or charges payable to relevant authorities in respect to any Instruction given outside Hong Kong, and the Client agrees to pay such taxes or charges as applicable.

23. SPECIFIC RISK OF TRADING FUTURES AND OPTIONS

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, Client should undertake such transactions only if Client understands the nature of the contracts (and contractual relationships) into which Client is entering and the extent of exposure to risk. Trading in futures and options is not suitable for many members of the public. Client should carefully consider whether trading is appropriate for him in light of his experience, objectives, financial resources and other relevant circumstances.

Futures

(a) 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 Client has deposited or will have to deposit: this may work against Client as well as for Client. Client may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain his position. If the market moves against Client's position or margin level from Ever-Long Securities are increased, Client may be called upon to pay substantial additional funds on short notice to maintain Client's position. If Client fails to comply with a request for additional funds within the time prescribed, Client's position may be liquidated at a loss and Client will be liable for any resulting deficit.

(b) 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.

(c) Risks underlying the One Day Rolling Currency Futures Contract ("ODRCF" Contract)

The ODRCF Contract, similar to other exchanged-traded futures contracts, provides a versatile and well-leveraged investment vehicle to investors. However, increases in both the volatility of the relative currency value and the volume of world trade have resulted in an exposure to dramatically higher foreign exchange risk in recent years.

In addition, a variety of other factors including interest rate movements, macro and micro economic conditions and political stability may also affect the value of currencies. Investors should only participate in the ODRCF Market if they fully appreciate the risks inherent in the foreign exchange market and employ strategies consistent with their currency value expectations, investment objectives and tolerance for risk.

Investors should also be aware of the potential risks associated with possible exchange rate fluctuations where foreign exchange investments are priced and/or settled in a currency other than their home currency.

Additional Risks Common to Futures

(d) Terms and conditions of contracts
Client should ask the firm with which Client deals about the terms and conditions of the specific futures which Client is trading and associated obligations (e.g. the circumstances under which Client may become obliged to make or take delivery of the underlying interest of a futures contract). Under certain circumstances the specifications of outstanding contracts may be modified by the exchange or clearing house to reflect changes in the underlying interest.

(e) 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.

Further, normal pricing relationships between the underlying interest and the futures 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.

(f) Deposited cash and property
Client should familiarize himself with the protections accorded money or other property Client deposits for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which Client may recover his money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as Client's own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

(g) Commission and other charges
Before beginning to trade, Client should obtain a clear explanation of all commission, fees and other charges for which Client will be liable. These charges will affect Client's net profit (if any) or increase Client's loss.

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

(i) Currency risks
The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in the Client's 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.

(j) Trading facilities
Most open-outcry and 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. Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary: Client should ask the firm with which Client deals for details in this respect.

(k) 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 Client undertakes transactions on an electronic trading system, Client 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 Client's order is either not executed according to Client's instructions or is not executed at all.

(l) Off-exchange transactions
In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which Client deals may be acting as Client's 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 Client undertakes such transactions, Client should familiarize himself with applicable rules and attendant risks.

24. RISKS & RESPONSIBILITIES OF THE MARKET MAKER

(a) Market-Making System

Most Hong Kong exchange-traded futures operate under a market-making system. Registered traders supply market liquidity by providing continuous quotes or entering quotes onto the trading system upon request. Note that their quotes might not match existing orders.

(b) Reliance on Market Maker Risk

Although the leveraged and inverse products manager is required to ensure that at least one market maker will maintain a market for the units and gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity

in the market for the units may be adversely affected if there is only one market maker for the units. There is no guarantee that any market making activity will be effective.

(c) Obliged to the Quote

In addition, Primary Market Maker, available in HKEx's options market, will not be obliged to quote for the bid side in response to a quote request (QR) for a far out-of-the-money Contract which has a value near zero. A Primary Market Maker shall remain obliged to quote for the sell side by issuing a sell limit order with a limit price no greater than 10 and 30 minimum price fluctuations in option classes with minimum price fluctuations of HK$0.01 and HK$0.001 respectively within the required response time and for the minimum required quantity and duration.

(d) Primary Market Maker

Primary Market Maker is required to provide continuous quotes (CQ) and also responds to QRs. A maximum of 5 PMM permits will be granted for each option product with applicants selected through bidding process. The selection is primarily based on the applicant's obligation commitment and past market making quality.