

風險說明

貴客戶如有意就以下所述交易所買賣衍生產品（按下述所定義）進行交易，應仔細閱讀及完全明白本文件所述該產品所附帶的相關風險。

常見交易所買賣衍生產品的種類及相關風險

衍生權證

衍生權證是由第三者（如金融機構）發行，一般分為認購權證和認沽權證。認購權證的持有人有權（但沒有責任）在某段期間以預定價格（稱為「行使價」）向發行商購入特定數量的相關資產。相反，認沽權證的持有人有權（但沒有責任）在某段期間以預定價格向發行商沽售特定數量的相關資產。在香港買賣的衍生權證均有其指定到期日，衍生權證到期被行使時，一般均以現金結算。

衍生權證的時間值會隨時間而逐漸降低。假若其他情況不變，衍生權證愈接近到期日，價值會愈低。衍生權證不保本，且價格可急升亦可急跌，投資者可能無法取回任何本金，並可能損失所有投資金額。

股本認股權證

股本認股權證由上市公司發行，賦予持有人認購該公司股份的權利。這類認股證往往與首次公開招股出售的新股一併發行，又或隨有關公司派發股息、紅股或供股時買入的股份一併分派。這類認股證被行使時，上市公司會發行新股，並將股份給予認股證持有人。

股本認股權證的時間值亦會隨時間而逐漸降低。假若其他情況不變，股本認股權證愈接近到期日，價值會愈低。投資者可能無法取回任何本金，並可能損失所有投資金額。

牛熊證

牛熊證類屬結構性產品，能追蹤相關資產的表現而毋須支付購入實際資產的全數金額。牛熊證有牛證和熊證之分，設有固定到期日，投資者可以看好或看淡相關資產而選擇買入牛證或熊證。

牛熊證設有收回價及強制收回機制— 牛證的收回價必定等同或高於行使價，熊證的收回價則必定等同或低於行使價。若相關資產價格在到期前任何時候觸及收回價，牛熊證即會提早到期，必須由發行商收回，其買賣亦會即時終止。整個過程稱為「強制收回事例」。然而，在牛熊證相關資產的價格接近收回價時，牛熊證價格的波動可能會較大，甚至與相關資產價格的變動不成比例。

牛熊證的類別分有 **N** 類和 **R** 類。**N** 類牛熊證指收回價等同行使價的牛熊證，一旦相關資產的價格觸及或超越收回價，牛熊證持有人將不會收到任何現金款項。**R** 類牛熊證指收回價有別於行使價的牛熊證，若出現強制收回事例，牛熊證持有人可收回少量現金款項（稱為「剩餘價值」），但在最壞的情況下，可能沒有剩餘價值。若到期前沒有被收回，牛熊證可持有至到期或於到期前在交易所（按下述所定義）沽出。除非投資者明白此產品的特性並作好損失所有投資金額的準備，否則投資者不應買賣此產品。

牛熊證的發行價已包括融資成本。融資成本會隨牛熊證接近到期日而逐漸減少。牛熊證的年期愈長，總融資成本愈高。若牛熊證被收回，投資者即損失該牛熊證整個有效期的融資成本。融資成本的計算程式載於牛熊證的上市文件。

儘管牛熊證的價格趨向貼近相關資產的價格，但在一些情況下可能並非如此（即對沖值可能未必接近一）。牛熊證價格受多個因素影響，包括其本身的供求、融資成本及距離到期的時限。

界內證

界內證類屬結構性產品，使投資者可在到期時獲得預定的固定收益。相關資產價格在到期日是在上限價及下限價之內（界

內)的話,投資者可獲得 1 港元的固定收益(以每界內證單位計算);若相關資產價格在上限價及下限價之外(界外),投資者則可獲得 0.25 港元的固定收益(以每界內證單位計算)。因此,界內證價格預計會在 0.25 港元及 1 港元之間。

由於界內證在到期時的預定最高固定收益為 1 港元,投資者不應在 1 港元以上進行買賣。投資者若以 1 港元以上買入界內證將會蒙受損失。

投資者注意風險可獲得的最高利潤以預定的固定收益為上限、投資者的最大虧損為已投入之所有投資金額、在 1 港元以上進行買賣的界內證可能未反映其實際價值。

交易所買賣基金 - 包括但不限於在香港交易所上市

交易所買賣基金是被動型管理開放式基金。所有在香港或指明司法管轄區內的交易所上市的交易所買賣基金均為證監會或指明司法管轄區內相關的監管機構(按下述所定義)認可的集體投資計劃。交易所買賣基金旨在追蹤相關基準(例如指數及商品如黃金等)的表現,讓投資者可投資於不同類型的市場而又符合成本效益。合成交易所買賣基金採用綜合複製策略,主要透過掉期或其他衍生工具去追蹤基準的表現。

投資者會承受與交易所買賣基金所追蹤的相關資產組合或指數或市場有關的政治、經濟、貨幣及其他風險。交易所買賣基金及相關資產組合或指數或市場的表現可能不一致,原因舉例來說可能是模擬策略失效、匯率、收費及支出等因素。若交易所買賣基金所追蹤的資產組合/指數/市場對投資者的參與設有限制,則為使交易所買賣基金的價格與其資產淨值一致而設的增設或贖回單位機制的效能可能會受到影響,令合成交易所買賣基金的價格相對其資產淨值出現溢價或折讓。投資者若以溢價買入交易所買賣基金,在基金終止時可能無法收回溢價。若合成交易所買賣基金投資於衍生工具以複製指數表現,投資者除了會承受與指數有關的風險外,亦會承受發行有關衍生工具的交易對手的信貸風險。此外,投資者亦應考慮有關衍生工具發行人的潛在連鎖影響及集中風險(例如由於衍生工具發行人主要是國際金融機構,因此,若合成交易所買賣基金的其中一個衍生工具交易對手倒閉,便可能對該合成交易所買賣基金的其他衍生工具交易對手產生「連鎖」影響)。有些合成交易所買賣基金備有抵押品以減低交易對手風險,但仍要面對當合成交易所買賣基金的抵押品被變現時,抵押品的市值可能已大幅下跌的風險。若合成交易所買賣基金涉及的衍生工具沒有活躍的第二市場,流動性風險會較高;而衍生工具的買賣差價較大,亦會引致虧損。

供股權益

若投資者要行使及買賣供股權益,應留意有關的期限。未被行使的供股權益在到期時將沒有任何價值。但若投資者決定不行使供股權益,除非投資者打算在市場上轉讓這項權利,否則無需採取任何行動。如要轉售供股權益,應留意認購期內設有指定的買賣期,在此之後供股權益將會變得毫無價值。若投資者決定放棄供股權益,其持股比例將會因公司增發新股而被攤薄。

槓桿及反向投資產品

部份產品為《單位信託及互惠基金守則》(「守則」)第 8.8 條及第 8.6 條所界定的集體投資計劃。若干產品亦可能受《守則》的附加章節規限。部份信託及產品由香港證監會根據《證券及期貨條例》第 104 及 105 條認可。槓桿投資產品將利用槓桿效應達到相等於指數/個股回報 X 倍的每日回報。不論是收益和虧損都會倍增。投資於產品的損失風險在若干情況下(包括熊市)將遠超過不運用槓桿的基金/個股。反向投資產品跟蹤指數/個股的每日反向表現。如指數/個股的相關證券增值,可能對產品的表現有負面的影響。在若干情況下(包括牛市),單位持有人可能就該等投資取得些微或零回報,或甚至蒙受全盤損失。

界定收益上市結構性基金

界定收益上市結構性基金指以期權為基礎的上市結構性基金,通常會對相關資產提供長倉敞口,且以限制上升潛力來換取在下行時的保障。

備兌認購期權 ETF

備兌認購期權 ETF 通常投資於多元化的股票投資組合,並對其部分持股採用出售備兌認購期權的策略。ETF 採用此策略,可為投資者帶來額外的期權金收益,同時仍然在一定程度上提供投資組合中相關股票的持倉。

備兌認購期權策略旨在降低波動性，提供較為穩定的收益。ETF 投資於股票並出售認購期權，給予買方以預定價格購買股票的權利。如果股票價格在到期日未達到該價格，ETF 將保留期權金作為收入。如果股價在到期日達到預定水平，ETF 則籌集現金結清期權，但仍保留期權金。雖然這種策略限制了潛在增長，但為投資者提供了相對穩定的收益，尤其是市場波動期間。

交易所買賣衍生產品附帶的一般主要風險(包括但不限於以下所列)

1. 發行商違約風險

倘若交易所買賣衍生產品發行商破產而未能履行其對所發行產品的責任，投資者只被視為無抵押債權人，對發行商任何資產均無優先索償權。因此，投資者須特別留意交易所買賣衍生產品發行商的財力及信用。由於交易所買賣衍生產品並沒有資產擔保，若發行商破產，投資者便會損失其全部投資。

2. 槓桿風險

交易所買賣衍生產品如衍生權證、牛熊證及槓桿及反向投資產品均為槓桿產品，其價值可按其相對於相關資產的槓桿比率而快速改變。投資者須留意，交易所買賣衍生產品的價值可以跌至零，令當初的投資資金盡失。

3. 有效期限

大部分交易所買賣衍生產品均設有到期日，到期後產品將會變得毫無價值。投資者須留意產品的到期時間，確保所選產品尚餘的有效期能配合其交易策略。

4. 異常價格變動

交易所買賣衍生產品的價格或會因為外來因素(如市場供求)而有別於其理論價，因此，實際成交價可以高於亦可以低於其理論價。

5. 外匯風險

若投資者所買賣的交易所買賣衍生產品的相關資產並非以港元為單位，投資者尚需面對外匯風險。貨幣兌換率的波動可對相關資產的價值造成負面影響，連帶影響交易所買賣衍生產品的價格。

6. 流通量風險

交易所規定所有交易所買賣衍生產品發行商要為每一隻個別產品委任一名流通量提供者。流通量提供者的職責是為產品提供兩邊開盤，以方便買賣。若流通量提供者失責或停止履行職責，有關產品的投資者或不能進行買賣，直至委任新的流通量提供者。

7. 波幅風險

衍生權證及牛熊證的價格可隨相關資產價格的引伸波幅而升跌，投資者須注意相關資產的波幅。

8. 投資組合周轉率風險

槓桿及反向投資產品每日重新調整投資組合會令其涉及的交易宗數較傳統 ETF 為多。較多交易宗數會增加經紀佣金及其他交易費用。

9. 限價差額風險

槓桿及反向投資產品的投資目標是為了提供緊貼指數每日表現 X 倍的投資業績。雖然指數是股票指數，但產品將投資於指數期貨。例如指數個別成分股現時的每日限價為 $\pm 30\%$ ，而該指數期貨的每日限價是 $\pm 20\%$ 。因此，如指數的每日價格走勢大於該指數期貨的限價，產品可能無法達到其投資目標，因為該指數期貨並不能提供超出其限價的回報。

10. 暫停買賣的風險

在產品暫停買賣期間，投資者與潛在投資者將不能在聯交所購買及出售單位。在聯交所認為就公正有序的市場可保障投資者利益而言，暫停買賣是適當之時，聯交所可暫停單位的買賣。若單位暫停買賣，單位的認購及贖回亦可能會暫停。

11. 反向表現的風險

反向產品跟蹤指數的每日反向表現。如指數的相關證券增值，可能對產品的表現有負面的影響。在若干情況下（包括牛市），單位持有人可能就該等投資取得些微或零回報，或甚至蒙受全盤損失。

12. 反向產品相對於賣空的風險

反向產品有別於持有短倉。由於進行重新調整，產品的回報概況與短倉並不相同。在市場波動，經常轉換投資方向的情況下，產品的表現可能偏離於持有的短倉。

13. 長期持有風險

部份產品並非為持有超過一日而設，因為產品超過一日期間的表現無論在數額及可能方向上都很可能與指數在同一期間的槓桿表現不同（例如損失可能超出指數跌幅的倍數）。在指數出現波動時，複合效應對產品的表現有更顯著的影響。指數波動性更高，產品的表現偏離於指數槓桿表現的程度將增加，而產品的表現一般會受到不利的影響。基於每日進行重新調整、指數的波動性及隨著時間推移指數每日回報的複合效應，在指數的表現增強或呆滯時，產品甚至可能會隨著時間推移而損失金錢。

14. 重新平衡活動的風險

槓桿及反向產品不保證每天都可以重新平衡其投資組合，以實現其投資目標。市場中斷、規管限制或市場異常波動可能會對產品的重新平衡活動造成不利影響。

15. 即日投資風險

槓桿及反向投資產品通常於一日終結時重新調整。因此，投資時間不足整個交易日的投資者，其回報一般會大於或小於指數槓桿投資比率，視乎從一個交易日結束時起直至購入之時為止的指數走勢而定。槓桿及反向產品的槓桿倍數會隨交易日市場走勢而改變，但直至交易日完結都不會重新平衡。因此槓桿及反向產品於交易日內的回報有可能會多於或少於相關資產的槓桿或相反回報。由於槓桿及反向產品具有槓桿效應，其價格可能比傳統產品波動更大。

16. 期貨合約風險

部份產品是以期貨為基礎的產品。投資於期貨合約涉及特定風險，例如高波動性、槓桿作用、轉倉及保證金風險。期貨合約的槓桿成分引致的損失，可能大大超過產品所投資於期貨合約的款額。對期貨合約的投資可能導致產品須承受高度的巨額損失風險。在現有期貨合約即將到期，並由代表同一相關商品但到期日較遲的期貨合約替換，即屬「轉倉」。產品的投資組合的價值（以及每單位的資產淨值）可能在期貨合約即將到期下，因向前轉倉（因到期日較遲的期貨合約價格較高）的費用而受到不利影響。相關參考資產與期貨合約的價值之間可能有不完全的相關性，或會阻礙產品達到其投資目標。

17. 被動式投資風險

部份產品並不是「以主動方式管理」，因此管理人不會在指數向不利方向移動時採取臨時防禦措施。在此等情況下產品的價值也會減少。

18. 跟蹤誤差風險

產品的資產淨值或會與產品力求跟蹤的相關指數或標的股票表現、槓桿表現或反向表現有所偏差。各種因素，例如產品的費用及支出、產品的資產與構成指數的證券或金融衍生工具或標的股票價格之間不完全配對、無法因應高投資組合周轉率而重新調整產品持有的證券或金融衍生工具、使用金融衍生工具的費用、交易費用、產品所持證券或金融衍生工具的市場暫時缺乏流動性、指數成分的變化（如適用）、證券或金融衍生工具價格湊成整數、指數（如適用）及監管政策的變動均可能減低產品表現與相關指數或標的股票表現或反向表現的相關性以及可能影響基金經理的跟蹤能力。

19. 集中風險

產品跟蹤單一地區或單一標的股票表現、反向表現或槓桿表現或會承受集中風險。與諸如環球或地區股票基金一類廣泛基礎的基金相比，該產品很可能較為波動，因為較容易受有關地區或有關標的股票的不利情況（如有關產品跟蹤相關指數或標的股票表現或槓桿表現）或有利情況（如有關產品跟蹤相關指數或標股票的反向表現）影響而導致價值波動。

20. 對手方風險

由於掉期是掉期對手方的責任而不是對標的股票的直接投資，如掉期對手方因破產或其他原因並未履行其根據掉期的責任，產品可能蒙受相等於或大於掉期全數價值的潛在損失。

21. 與相關資產相關的風險

相關資產或面臨許多可影響其交易價格的風險，包括但不限於價格波動風險、管理風險、通脹風險、全球經濟風險、增長風險、供求風險、營運風險、監管風險、環境風險、恐怖主義風險及自然災害風險。相關資產的表現可能會受到公司識別新產品、技術或服務的能力、全球競爭及業務狀況、對第三方產品製造商的依賴、產品瑕疵問題、網絡安全漏洞以及客戶集中度所影響。

22. 備兌認購期權沽出風險

備兌認購期權 ETF 採用備兌認購期權策略，當中涉及沽出參考指數的認購期權。認購期權的市值可能受一系列因素影響，包括但不限於供需情況、利率及參考指數的現行市價、參考指數的實際或預期波動以及直至到期日的餘下時間。在沽出備兌國指認購期權時，備兌認購期權 ETF 將會向買方收取期權金，而期權金收入將因應不同因素而改變。然而，倘參考指數成份股本證券的市價上升，備兌認購期權 ETF 自有關升幅獲利的機會以認購期權的行使價為限。

23. 保證金要求的風險

投資備兌認購期權 ETF 及沽出認購期權一般需提供保證金。可能需提供額外資金，以便按備兌認購期權 ETF 每日市價的折算值，追加保證金。由於保證金或類似的付款額增加，備兌認購期權 ETF 可能需以不利的價格將其投資變現，以應付須追加的保證金。

24. 終止風險

產品或會被提早終止。投資者在產品終止時可能無法取回其投資及蒙受損失。

免責聲明

本文件未盡披露在此提及在香港交易及結算有限公司(“交易所”)進行交易的常見衍生產品(“交易所買賣衍生產品”)種類的所有風險及特點。本文件由中國銀行(香港)有限公司(“中銀香港”)提供作參考之用。你不應只倚賴本文件而作出任何投資決定，而應仔細閱讀有關發售文件及任何其他相關文件，特別是該些文件中列載關於各種產品的風險詳情。除非你明白交易所買賣衍生產品的性質及以風險暴露的程度，否則你不應對交易所買賣衍生產品進行交易。中銀香港對任何此文所述產品的投資導致的任何損失，概不承擔任何責任。在作出投資決定前，你不應只考慮本文件以及發售文件所載的資料，亦應考慮您本身的財務狀況及個別情況。如有疑問，你應尋求獨立的專業意見。

本文件所載有關交易所買賣衍生產品的資料是依據證券及期貨事務監察委員會(“證監會”)、交易所及香港金融管理局等(“金管局”)網站所提供的資料，有關金融衍生產品的詳情，您可瀏覽證監會(www.sfc.hk/sfc/html/EN)、交易所(www.hkex.com.hk/eng/index.htm)、金管局(www.info.gov.hk/hkma/)及美國證券交易委員會(www.investor.gov)的網站。

本文件並不構成、亦無意構成、也不應被解釋為要約或游說投資於本文件所述的任何產品。本文件無意向派發本文件即觸犯法例或規例的司法權區或國家/地區的任何人士派發，亦無意供該等人士使用。

RISK EXPLANATORY NOTE

If you wish to trade exchange-traded derivative products (as defined below) mentioned below, you should read carefully and understand fully the relevant risks associated with the products as mentioned herein.

Common Types of Exchange-Traded Derivative Products and Relevant Risks

Derivative Warrants (“DWs”)

DWs are issued by third parties such as financial institutions and are generally divided into Calls and Puts. Holders of call warrants have the rights, but not obligation, to purchase from the warrant issuer a given amount of the underlying asset at a predetermined price (also known as the exercise price) within a certain time period. Conversely, holders of put warrants have the right, but not obligation, to sell to warrant issuer a given amount of the underlying asset at a predetermined price within a certain time period. DWs in Hong Kong are usually settled in cash when they are exercised at expiry and are likely to have a unique expiry date.

The time value of a DW decreases over time. All things being equal, the value of a DW will decrease over time as it approaches its expiry date. DWs are not principal protected and the price of DWs may fall in value as rapidly as they may rise and investors may not be able to get back the principal and may lose all the investment.

Equity Warrants / Subscription Warrants

They are issued by a listed company and give holders the rights to buy the underlying shares of the company. They are either attached to new shares sold in initial public offerings, or distributed together with declared dividends, bonus shares or rights issues. Upon exercise, the underlying company will issue new shares and deliver them to the warrant holders.

The time value of an equity warrant decreases over time. All things being equal, the value of an equity warrant/subscription warrant will decrease over time as it approaches its expiry date. Investors may not be able to get back the principal and may lose all the investment.

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 have a call price and a mandatory call feature – For bull contracts, the call price must be either equal to or above the Strike Price. For bear contracts, the call price must be equal to or below the Strike Price. If the underlying asset’s price reaches the Call Price at any time prior to expiry, the CBBCs will expire early. The issuer must call the CBBCs and trading of the CBBCs will be terminated immediately. Such an event is referred to as a mandatory call event (“MCE”). However, when the underlying asset of a CBBC is trading at a price close to its call price, the change in the value of CBBCs may be more volatile and disproportionate with the change in the value of the underlying asset.

There are two categories of CBBCs, namely Category N CBBC and Category R CBBC. A Category N CBBC refers to a CBBC where its call price is equal to its Strike Price, and the CBBC holder will not receive any cash payment once the price of the underlying asset reaches or goes beyond the call price. A Category R CBBC refers to a CBBC where its call price is different from its Strike Price, and the CBBC holder may receive a small amount of cash payment (“Residual Value”) upon the occurrence of an MCE but in the worst case, no Residual Value will be paid. CBBCs can be held until maturity (if not called before expiry) or sold on the HKEx (as defined below) before expiry. Investors should not trade in CBBCs unless he/she understands the nature of the product and is prepared to lose his/her total investment.

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, investors 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.

Although the price of a CBBC tends to follow closely the price of its underlying asset, but in some situations it may not (i.e. delta may not always be close to one). Prices of CBBCs are affected by a number of factors, including its own demand and supply, funding costs and time to expiry.

Inline Warrants

Inline Warrants are a type of structured product that entitles the investors to receive a pre-determined fixed payment at expiry. At expiry, investors will receive HK\$1 per Inline Warrant held when the underlying asset falls at or within the Upper and Lower Strikes (i.e. In-The-Range) or HK\$0.25 per Inline Warrant held when the underlying asset falls outside the Upper and Lower Strikes (i.e. Out-of-The-Range). Hence, Inline Warrants are expected to trade between HK\$0.25 and HK\$1.

Due to the pre-determined fixed maximum payment at expiry of HK\$1, an inline warrant should not be traded above HK\$1. Investors will suffer a loss by buying an inline warrant above HK\$1.

Investors should note that profit potential is capped by the pre-determined payment, maximum loss is limited to initial investment and trading above HK\$1 may not reflect the true value of the inline warrant.

Exchange Traded Funds (“ETFs”)-including but not limited to listed on the HKEX securities market

ETFs are passively managed and open-ended funds. All listed ETFs on an exchange in Hong Kong or in a specified jurisdiction are authorised by the SFC or regulatory authority in a specified jurisdiction (as defined below) as collective investment schemes. ETFs are designed to track the performance of their underlying benchmarks (eg an index, a commodity such as gold, etc) and offer investors an efficient way to obtain cost-effective exposure to a wide range of underlying market themes. Synthetic ETFs utilising a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark.

Investors are exposed to the political, economic, currency and other risks related to the underlying asset pool or index or market that the ETF tracks. There may be disparity between the performance of the ETF and the performance of the underlying asset pool or index or market due to, for instance, failure of the tracking strategy, currency differences, fees and expenses. Where the underlying asset pool/index/market that the ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the ETF in line with its net asset value (NAV) may be disrupted, causing the synthetic ETF to trade at a higher premium or discount to its NAV. Investors who buy an ETF at a premium may not be able to recover the premium in the event of the termination. Where a synthetic ETF invests in derivatives to replicate the index performance, customers are exposed to the credit risk of the counterparties who issued the derivatives, in addition to the risks relating to the index. Further, potential contagion and concentration risks of the derivative issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty of a synthetic ETF may have a “knock-on” effect on other derivative counterparties of the synthetic ETF). Some synthetic ETFs have collateral to reduce the counterparty risk, but there may be a risk that the market value of the collateral has fallen substantially when the synthetic ETF seeks to realize the collateral. A higher liquidity risk is involved if a synthetic ETF involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of the derivatives may result in losses.

Rights Issue

For exercising and trading of the rights issue, investors have to pay attention to the deadline and other timelines. Rights issues that are not exercised will have no value upon expiry. But if investors decide to let the rights lapse, then investors will not need to take any action unless investors 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 investors pass up the rights, the shareholding in the expanded capital of the company will be diluted.

Leveraged and Inverse Investment Product

Certain Products are collective investment scheme falling within Chapters 8.8 and 8.6 of the Code on Unit Trusts and Mutual Funds (the “Code”). Certain Products may also be subject to additional Chapters of the Code. Certain Trust and Products are authorized by the SFC in Hong Kong under Section 104 and 105 of the Securities and Futures Ordinance. The Leveraged Products will utilise leverage to achieve a daily return equivalent to (x) times the return of the Index/stock. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Products in certain circumstances including a bear market will be substantially more than a fund/stock that does not employ leverage. The Inverse Products track the inverse daily performance of the Index/stock. Should the value of the underlying securities of the Index/stock increase, it could have a negative effect on the performance of the Products. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

Defined Outcome Listed Structured Funds

Defined Outcome Listed Structured Funds refer to options-based listed structured funds that typically provide long exposure to an underlying asset with capped upside potential in exchange for downside protection.

Covered Call ETFs

Covered call ETFs typically invest in a diversified portfolio of stocks and utilize the covered call writing strategy on a portion of their holdings. By employing this strategy, the ETF can generate additional income for investors while still providing exposure to the underlying stocks in the portfolio.

This strategy aims to reduce volatility and provide a steady income stream. The ETF invests in stocks and sells call options, giving buyers the right to purchase the stocks at a predetermined price. If the stock price doesn't reach that price at the expiry date, the ETF keeps the premium as income. If the price does reach the predetermined level at the expiry date, the ETF raises cash to settle the option but still keeps the premium. While this strategy limits potential gains, it provides relative stability and income for investors. While Covered call limits upside potential to some extent, it provides a relatively stable income for investors especially during rangebound scenarios.

General Major Risks Associated with Exchange-Traded Derivative Products (including but not limited to the following)

1. Issuer default risk

In the event that an exchange-traded derivative product issuer becomes insolvent and defaults on their issued products, investors will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Investors should therefore pay close attention to the financial strength and credit worthiness of exchange-traded derivative product issuers. Since exchange-traded derivative products are not asset backed, in the event of issuer bankruptcy, investors can lose their entire investment.

2. Gearing risk

Exchange-traded derivative products such as DWs, CBBCs and Leveraged and Inverse Investment Products are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of an exchange-traded derivative product may fall to zero resulting in a total loss of the initial investment.

3. Limited life

Most of the exchange-traded derivative products have an expiry date after which the products may become worthless. Investors should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

4. Extraordinary price movements

The price of an exchange-traded derivative 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.

5. Foreign exchange risk

Investors trading exchange-traded derivative 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 and thereby also affect the exchange-traded derivative product price.

6. Liquidity risk

HKEx requires all exchange-traded derivative 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 fulfill its role, investors may not be able to buy or sell the product until a new liquidity provider has been assigned.

7. Volatility risk

Prices of DWs and CBBCs can increase or decrease in line with the implied volatility of underlying asset price. Investors should be aware of the underlying asset volatility.

8. Portfolio turnover risk

Daily rebalancing of Leveraged and Inverse Investment Products' holdings causes a higher level of portfolio transactions than compared to the conventional ETFs. High levels of transactions increase brokerage and other transaction costs.

9. Difference in price limit risk

Leveraged and Inverse Investment Products' investment objective is to provide investment results that closely correspond to (x) times the daily performance of the Index. Although the Index is an equity index, the Products will invest in Index Futures. For example, the daily price limit for individual stocks of the Index at present is +/-30% while the daily price limit for Index Futures is +/-20%. As such, should the Index's daily price movement be greater than the price limit of the Index Futures, the Products may not be able to achieve its investment objective as the Index Futures are unable to deliver a return beyond their price limit.

10. Trading suspension risk

During the suspension of trading of the Products, investors and potential investors cannot buy and sell units in the Stock Exchange. In terms of providing a fair and orderly market with regarding the interests of investors, the Exchange may suspend the units trading whenever it is appropriate. If the trading of units is suspended, the subscription and redemption of units may also be suspended.

11. Inverse performance risk

Inverse Investment Products track the inverse daily performance of the Index. Should the value of the underlying securities of the Index increase, it could have a negative effect on the performance of the Products. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

12. Inverse Product vs. short selling risk

Investing in Inverse Investment Products is different from taking a short position. Because of rebalancing, the return profile of the Products is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Products may deviate from a short position.

13. Long term holding risk

Some Products are not intended for holding longer than one day as the performance of the Products over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss maybe more than (X) times the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product's performance from the inverse performance of the Index will increase, and the performance of the Products will generally be adversely affected. As a result of daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Products will lose money over time while the Index's performance falls or is flat.

14. Risk of rebalancing activities

There is no assurance that L&I Products can rebalance their portfolios on a daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the rebalancing activities.

15. Intraday investment risk

Leveraged and Inverse Investment Products are normally rebalanced at day end. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than (x) times leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase. Leverage factor of L&I Products may change during a trading day when the market moves but it will not be rebalanced until day end. The L&I Product's return during a trading day may be greater or less than the leveraged/opposite return of the underlying asset. Prices of L&I Products may be more volatile than the conventional products due to their leverage effect.

16. Futures contracts risks

Some Products are futures based products. Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. The leverage component of futures contracts can result in a loss significantly greater than the amount invested in the futures contracts by the Products. Exposures to futures contracts may lead to a high risk of significant loss by the Products. A "roll" occurs when an existing futures contract is about to expire and is replaced with a futures contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward (due to the higher price of the futures contract with a later expiration date) as the futures contracts approach expiry. There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Products from achieving its investment objective.

17. Passive investments risks

Some Products are not "actively managed" and therefore the Manager will not adopt any temporary defensive position when the Index moves in an unfavourable direction. In such circumstances the Products will also decrease in value.

18. Tracking Error Risk

The net asset value of a product may deviate from the performance, the leveraged performance or the inverse performance of the relevant index or underlying stock which the product seeks to track. Factors such as the fees and expenses of a product, imperfect correlation between a product's assets and the securities or financial derivative instruments constituting its Index or the price of the underlying stock, inability to rebalance a product's holdings of securities or financial derivative instruments in response to high portfolio turnover, costs of using financial derivative instruments, transaction costs, a temporary lack of liquidity in the markets for the securities or financial derivative instruments held by a product, changes in the constituents of the Index (if applicable), rounding of security or financial derivative instruments prices, changes to the Indices (if applicable) and regulatory policies may reduce the correlation between the performance of the product and the leveraged performance or the inverse performance of the relevant index or underlying stock and may affect the manager's ability to track.

19. Concentration Risk

A product may be subject to concentration risk as a result of tracking the performance, the inverse performance or the leveraged performance of a single geographical region or a single underlying stock. Such a product is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions (where the relevant product tracks the performance or leveraged performance of the relevant Index or underlying stock) or positive conditions (where the relevant product tracks the inverse performance of the relevant index or underlying stock) in the relevant region or in respect of the relevant underlying stock.

20. Counterparty Risk

Because a swap is an obligation of the swap counterparty rather than a direct investment in the underlying stock, the product may

suffer losses potentially equal to, or greater than, the full value of the swap if the Swap Counterparty fails to perform its obligations under the swap as a result of bankruptcy or otherwise.

21. Risk associated with the underlying asset

The underlying asset is subject to many risks that can impact its trading price including, but are not limited to price volatility risk, management risk, inflation risk, global economic risk, growth risk, supply and demand risk, operations risk, regulatory risk, environmental risk, terrorism risk and the risk of natural disasters. The Underlying Stock performance may be affected by the company's ability to identify new products, technologies or services, global competition and business conditions, its dependence on third-party product manufacturers, product defect issues, cybersecurity breaches, and customer concentration.

22. Covered call option writing risk

Covered call ETF adopts a covered call strategy which involves writing call options on the reference index. The market value of a call option may be affected by an array of factors including but not limited to supply and demand, interest rates, the current market price of the reference index in relation to the strike price of the call options, the actual or perceived volatility of the reference index and the time remaining until the expiration date. In writing the covered call options, Covered call ETF will receive a premium from purchasers and the premium income will vary depending on different factors. However, in the case of an increase in the market price of the constituent equity securities of the reference index, the Covered call ETF's opportunity to profit from such an increase is limited to the strike price of the call options.

23. Margin requirement risk

Investing in Covered call ETF and writing call options generally involve the posting of margin. Additional funds may need to be posted as margin to meet margin calls based upon daily marking to market of the Covered call ETF. Increases in the amount of margin or similar payments may result in the need for the Covered call ETF to liquidate its investments at unfavourable prices in order to meet margin calls.

24. Termination Risk

The Products may be terminated early. Investors may not be able to recover their investments and suffer a loss when the product is terminated.

Disclaimer

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The information contained in this document regarding exchange-traded derivative products are based on the information available on the websites of The Securities and Futures Commission (the "SFC"), the HKEx, the Hong Kong Monetary Authority (the "HKMA") and U.S. Securities and Exchange Commission etc. For more detailed information regarding financial derivative products, you can refer to the websites of the SFC (www.sfc.hk/sfc/html/EN), the HKEx (www.hkex.com.hk/eng/index.htm), the HKMA (www.info.gov.hk/hkma/) and U.S. Securities and Exchange Commission (www.investor.gov).

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