



## **Important Notice of Subscription for/Trading of Listed RMB Equity Products**

**Please be informed of the followings before subscribing for/trading in listed RMB equity products:**

### **A. Preparation for subscription for/trading of listed RMB equity products**

Customers who intend to subscribe for/trade RMB equity products must hold a securities account and either a Multi-Currency Savings Account (which includes a RMB) or a RMB Savings Account. Customers who have maintained the above accounts can visit any of our branches or login our Internet Banking Service to register the Multi-Currency Savings Account (which includes a RMB) or the RMB Savings/ Current Account (if Customers have already opened such RMB Current Account) as the RMB securities settlement account. Please make sure that there are sufficient funds in the settlement account to pay for the amount required for IPO subscription/stock purchase and related trading charges.

### **B. Fees and Charges for subscription for/trading of list RMB equity products**

Please refer to the “Securities Service Charges” of our “General Banking Services Charges” posted in the banking hall of our branches and our website [www.bochk.com](http://www.bochk.com) for service charges related to subscription for/trading of listed RMB equity products.

### **C. Risks of Subscription for/Trading of Listed RMB Equity Products**

#### **1. Investment / Market Risk**

Like any investments, RMB equity products are subject to investment risk. The price of the RMB equity products in the secondary market may move up or down. Losses may incur as a result of investing in the products even if the RMB appreciates against HKD or other currencies.

## **C. Risks of subscription for/trading of Listed RMB equity products (continued)**

### **2. Liquidity Risk**

RMB equity products are a new type of investment product in the Hong Kong market. Regular trading or an active secondary market in these products may not be available. Therefore you may not be able to sell your investments in the RMB equity products on a timely basis, or you may have to offer them for sale at a deep discount to their value in order to find a buyer. If the Central Government of the PRC tightens foreign exchange controls, the liquidity of RMB or RMB equity products in Hong Kong will be affected and you may be exposed to greater liquidity risk.

### **3. Currency Risk**

If you are a non-Mainland investor who holds a local currency other than RMB, you will be exposed to currency risk if you invest in RMB equity products. You will incur currency conversion costs, being the spread between buying and selling of RMB, at the time of conversion between your local currency and RMB for the purchase or sale of an RMB equity product. Even if the price of the RMB equity products you are holding remains unchanged, you may not receive the same amount of HKD when you sell the products due to the spread between buying and selling of RMB. RMB is a restricted currency and is subject to foreign exchange controls. Although the Central Government of the PRC has relaxed the restrictions by allowing banks in Hong Kong to conduct RMB business in a specified scope, RMB is still not freely convertible in Hong Kong. You may not be able to convert RMB at your preferred time and/or in your preferred amount or conversion cannot be made, which may lead to investment losses. The policies of the Central Government of the PRC on foreign exchange control are subject to change, and your investment may be adversely affected.

### **4. Exchange Rate Risk**

RMB equity products that are traded and settled in RMB are exposed to exchange rate risk. The fluctuation in the exchange rate of RMB may result in losses in the event that the customer converts RMB into Hong Kong dollars or other foreign currencies. Moreover there is no guarantee that RMB will not depreciate. Any devaluation of RMB could adversely affect the value of your investment in the RMB equity products. RMB equity products are not an investment instrument for speculating on RMB/HKD exchange rate movements.

## **C. Risks of subscription for/trading of Listed RMB equity products (continued)**

### **5. Default Risk & Credit Risk**

In general, RMB equity products are exposed to the usual kind of default risks that might be associated with equity products denominated in other currencies. The performance of RMB equity products is affected by the underlying business performance and a variety of other factors in connection with the issuers, and is subject to the credit risks associated with the special profile or special business strategy that the issuers may have.

### **6. Emerging Market Risk**

RMB equity products associating with the market of the Mainland of China are particularly subject to risks that may arise from the relevant market/industry/sector and other factors such as change in government policies, taxation and political development in the Mainland.

### **7. Conversion Limitation Risk of RMB (Only applicable to Individual Investors)**

RMB investments are subject to exchange rate fluctuations which may provide both opportunities and risks. The fluctuation in the exchange rate of RMB may result in losses in the event that the customer converts RMB into HKD or other foreign currencies. RMB is currently not fully freely convertible. Individual customers can be offered CNH rate to conduct conversion of RMB through bank accounts and may occasionally not be able to do so fully or immediately, for which it is subject to the RMB position of the banks and their commercial decisions at that moment. Customers should consider and understand the possible impact on their liquidity of RMB funds in advance.

### **8. Conversion Limitation Risk of RMB (Only applicable to Corporate Customers)**

RMB investments are subject to exchange rate fluctuations which may provide both opportunities and risks. The fluctuation in the exchange rate of RMB may result in losses in the event that the customer converts RMB into HKD or other foreign currencies. RMB is currently not fully freely convertible. Corporate customers that intend to conduct conversion of RMB through banks may occasionally not be able to do so fully or immediately, for which it is subject to the RMB position of the banks and their commercial decisions at that moment. Customers should consider and understand the possible impact on their liquidity of RMB funds in advance.