

## Bond Trading Risk Disclosure Statements 債券交易風險披露聲明書

The price of bonds can and does fluctuate, sometimes dramatically. The price of a bond 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 of bonds. It is crucial to understand the specific forms and risks mentioned in the relevant offering documents (if applicable) before investing. Key risks include but are not limited to as stated on the next page: 債券價格必定會波動，且任何個別債券的價格可會上升或下跌，甚至在某些情況下可能變得毫無價值。因此，客戶明白到買賣債券不一定會獲利，而且存在可能招致損失的固有風險。客戶了解並願意承擔這一風險。投資者在決定是否投資該產品前，應審慎閱讀相關產品認購書（如適用）所披露的細節及風險。主要風險包括但不限於下頁所載：

### 1. Credit Risk 信貸風險

Investors assume credit risk of the Issuer and the Guarantor (if applicable). Any changes to the credit rating of them will affect the price and value of the bonds. Bonds are subject to the risk of the issuer defaulting on its obligations, i.e. an issuer fails to make principal and interest payments when due. The worst case such as bankruptcy of the Issuer/Guarantor will result in the loss of your entire investment. In addition, high-yield bonds are typically rated below investment grade or are unrated and such, are often subject to a higher risk of issuer default. Credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the issuer. 投資者須承擔發債機構及擔保機構（如適用）的信貸風險，他們的信貸評級如有任何變動將會影響本債券的價格及價值。債券附帶發債機構違責的風險，即發行機構有機會未能如期支付本金和利息。在最壞的情況下如發債機構及擔保機構（如適用）破產，投資者可能會損失全部投資。另外，高息債券的評級通常低於投資級別，或不獲評級，因此涉及的發債機構違責風險往往較高。信貸評級機構給予的信貸評級並非對發債機構信用可靠程度的保證。

### 2. Liquidity Risk 流動性風險

The bond may have limited liquidity and may not be actively traded and/or quoted by brokers in the market. As such, 債券的流動性可能有限，及可能無活躍交易，及/或沒有經紀在市場提供報價，因此：(i) The value of bond and/or indicative bid/offer price will depend on market liquidity and conditions and may not be available at all times; 不可以在任何時間均能提供債券的市值及/或參考買入賣出價，因其將取決於市場的流動性和情況 (ii) It may take a longer time or impossible to sell the bond to the market; and; 可能需要較長時間或無法於市場上出售債券；及； (iii) The executable sale price may be unfavourably different by large amounts from the indicative bid price quoted. 所執行的賣出價可能與參考買入價有很大的差別，對投資者不利。

### 3. Interest Rate Risk 利率風險

When the interest rate rises, the price of a fixed rate bond will normally drop, and vice versa. If you want to sell your bond before it matures, you may get less than your purchase price. Moreover, longer-term bonds are more sensitive to interest rate changes than shorter-term bonds. For instance, a 30-year zero coupon bond is usually

more sensitive to interest rate changes than a 10-year fixed rate bond. This is because a zero coupon bond does not make any interest payments during its term and repayment only occurs upon its maturity. The value of the zero coupon bond is calculated by discounting its repayment amount at maturity back to its present value. It follows that the shorter a bond's term, the lesser the impact of such a discount on its value, and the lesser the impact that interest rate changes will have on its value. 利率上升時，定息債券的價格通常會下跌；若利率下跌則會推高定息債券的價格。如果你打算在到期日之前沽售債券，所得金額可能會低於買入價。此外，相對於年期較短的債券，年期較長的債券較易受利率變動所影響，即對利率的升跌較為敏感。舉例說，30年期零息債券對利率調整的敏感度通常會較10年期的定息債券為高，這是因為零息債券只會在到期時才歸還本金，在此之前不會派付任何利息。零息債券的價值是把到期時須要歸還的本金，以貼現(discounting)的方法來計算其現值。因此債券年期愈短，折讓率及利率變化對債券價值所帶來的影響亦愈少。

#### 4. Market Risk 市場風險

The value of investments may fluctuate due to changing political, legal, economic conditions and change in interest rate. This is common to all markets and asset classes. Investor may get back an amount substantially less than initially invested. In addition, high yield fixed income instruments will typically fall more in value than investment grade bonds during economic downturns; it is because (i) investors become more risk averse and (ii) default risk rises. 投資價值可能會因政治、法律、經濟條件及利率變化而有波動。這些變化在全部市場及資產類別上都普遍，投資者取回的投資金額有可能少於初次投放的資金。另外，當經濟下滑時，高息債券價值的跌幅往往會較投資級別債券為大，原因是(i)投資者會較為審慎，不願承擔風險；(ii)違責風險加劇。

#### 5. Inflation risk 通脹風險

The return on bond investments will lose purchasing power if commodity prices go up. Inflation is therefore a serious concern for those who need to rely on the regular income from bonds. 投資債券的回報亦會因物價上漲而失去購買力。因此，以債券票息作為定期收入的投資者，必須考慮通脹所帶來的影響。

#### 6. Event risk 事件風險

A corporate event such as a merger or takeover may lower the credit rating of the bond issuer. In case the corporate restructurings are financed by the issuance of a large amount of new debt-burden, the company's ability to pay off existing bonds will be weakened. 每當發債機構進行合併或收購等企業活動，其信貸評級可能會下調。此外，若發債機構須發行大量新債以集資進行企業重組活動，該公司贖回現有債券的能力亦會減弱。

#### 7. Currency Risk 外幣風險

For bonds denominated in a foreign currency, there may be an exchange loss when converting the redemption amount back to the local or base currency. 以外幣報價之債券，當把贖回之金額轉換為本土或基本貨幣時，投資者

有可能出現兌換損失。(For Product denominated in Renminbi (RMB) or with underlying assets that are denominated in RMB only): (只適用於以人民幣發行或掛鈎資產以人民幣發行之產品): Conversion between RMB and foreign currencies, including Hong Kong dollar, subject to PRC regulatory restrictions – RMB is currently not freely convertible and conversion of RMB through banks in Hong Kong is subject to certain restrictions such as daily conversion limit (not applicable to the Company). The PRC government regulates conversation between RMB and foreign currency both in Hong Kong SAR and mainland China, which as a result may affect the liquidity. 人民幣與外幣(包括港元)的兌換須受中國的規管限制-人民幣現時並非自由兌換的貨幣及透過香港銀行兌換人民幣須受若干限制, 如兌換設有每日上限(不適用於本公司)香港特區及中國內地兩地的人民幣與外幣兌換是受中國政府規管, 此舉或會影響流通量。

#### 8. Higher credit risk 信貸風險較高

High yield bonds are often rated below investment grade or unrated. While ratings from the credit rating agencies do not guarantee the creditworthiness of the issuers, investing in non-investment grade or unrated bonds may incur higher risk of default by the issuers. 高息債券一般獲評級低於投資級別/或不獲評級, 信貸評級機構的評級並不保證發債機構的信貸風險狀況, 不過投資於非投資級別或不獲評級的債券可能涉及較高的違責風險。

#### 9. Vulnerability to economic cycles 受制於經濟周期的轉變

High yield bonds are more vulnerable to economic changes. During economic downturns, the value of these bonds typically fall more than that of investment-graded bonds because investors become more risk averse and default risk rises. 高息債券較易受經濟轉變的影響。經濟下滑時, 高息債券價值的跌幅往往會較投資級別債券為大, 原因是投資者會變得較為審慎, 不願承擔風險, 而債券的違責風險亦增加。

Some bonds may contain special features and risks that warrant special attention. These include bonds: 某些債券可能別具特點及風險, 投資時須格外注意。這些包括:

##### 1. Risk associated with perpetual debentures 永續性債券的風險

Perpetual debenture does not have a maturity date, and the coupon payments pay-out depends on the viability of the issuer in the very long term, it may be deferred or even suspended subject to the terms and conditions of the issue. Furthermore perpetual debentures are often callable and/or subordinated, and bearer investment risk and/or subordinated bond risk, detailed below. 永續性債券不設到期日, 其利息派付取決於發債機構在非常長遠的時間內的存續能力, 利息或會因根據其條款及細則而有所延遲或終止。一般而言, 永續性債券一般為可贖回及/或為後償債券, 投資者須要承受再投資風險/或為後償債券風險, 詳情如下。

##### 2. Re-investment Risk of Callable Bond 可提早贖回債券的再投資風險

If the bond is callable in which the issuer may redeem the bond before maturity, it is subject to reinvestment risk. The yield received when re-investing the proceeds may be less favorable. 如果這是可提早贖回的債券，當發債機構於債券到期前行使贖回權，投資者便會面對再投資風險。投資者於再投資時可能會收到較小的孳息率。

3. Risk associated with subordinated debentures 後償債券的風險

Holders of subordinated debentures will bear higher risks than holders of senior debentures of the issuer due to a lower priority of claim in event of the Issuer's liquidation. Subordinated debentures are unsecured and have lesser priority than that of an additional debt claim of the same asset. They usually have a lower credit rating than senior bonds. Investor's specific attention is drawn to the credit information of this product, including the respective credit rating of the Issuer, the debenture and/or the guarantor, as the case may be. 後償債券於發債機構遣債後的清盤過程中獲較低之索償權，因此後償債券之持有人將承受比優先債券更高的風險。後償債券為無抵押，其信貸評級及債務的優先次序較優先債券為低。投資者應特別注意產品之信貸資料，包括發債機構，債券或擔保人的信貸評級(視情況而定)。

4. Risk associated with variable coupon/ coupon deferral features 浮息及／或延遲派付利息的風險

If the bonds contain variable and/or deferral of interest payment terms and investors would face uncertainty over the amount and time of the interest payments to be received. 如果債券具有浮息及／或延遲派付利息的條款，投資者便無法確定將收取的利息金額及利息派付的時間。

5. Risk associated with extendable maturity date 可延遲到期日的風險

If the bonds contain extendable maturity dates terms and investors would not have a definite schedule of principal repayment. 如果債券具有可延遲到期日的條款，投資者便沒有一個訂明償還本金的確實時間表。

6. Risk associated with equity and bond investment 股票及債券的投資風險

That are convertible or exchangeable in nature and investors are subject to both equity and bond investment risk; and 屬可換股或可交換性質的債券，投資者須同時承受股票及債券的投資風險；及

7. Risk associated with loss absorption feature 彌補虧損特點的債券投資風險

The bonds have loss absorption feature and the bonds may be written-off fully or partially or converted to common stock on the occurrence of a trigger event. 具有彌補虧損特點的債券。當發生觸發事件時，這些債券可能會作全數或部分撇帳，或轉換為普通股。