

Risk Disclosures Statement for Investing in Bonds

投資債券之風險披露聲明

Interest Rate Risk 利率風險

Interest rate risk is often the major factor influencing a bond's market price and total return. The market prices of most bonds move in the opposite direction of a change in interest rates. If the general consensus among bond investors is that the rate of inflation will increase in the future, lowering the purchasing power of the currency, then the investor will demand a higher return for investing in a bond. The result being that newly issued bonds will pay higher interest rates to compensate the investor for this expected loss of purchasing power, and the price on bonds currently trading in the market will decrease, which effectively increases the return to the prospective purchaser of the bond without changing the coupon payment. The longer the time to a bond's maturity, the greater it's interest rate risk.

利率風險往往是影響債券的市場價格和總收益的主要因素。大多數債券的市場價格和利率的變化方向相反的移動。如果債券投資者的普遍共識是，通脹率將在未來增加，降低對該貨幣的購買力，則投資於債券的投資者會要求更高的回報。其結果是，新發行的債券將支付更高的利率來彌補這一預期的購買力損失的投資者，而現行在市場上交易的債券價格將減少，從而有效地增加了收益的債券的潛在購買者，而不改變的息票支付。債券的到期時間越長，利率風險越大。

Reinvestment Risk 再投資風險

Reinvestment risk is related to interest rate risk, but has the opposite effect on a bond's performance. Reinvestment risk refers to the risk that the rate at which coupon and principal cash flows from a bond are reinvested will be lower than the expected rate in effect when the bond was purchased. Reinvestment risk increases for bonds with longer maturities and higher coupon payments, and decreases for bonds with shorter maturities and lower coupon rates.

再投資風險與利率風險相關，但對債券的表現有相反的效果。再投資風險是指債券的息票和本金的現金流量在購買債券時實際再投資率將低於預期收益率之風險。較長的到期日及票面息率較高的債券其再投資風險相對增加，相反較短到期日及票面息率較低的債券再投資風險相對減少。

Credit Risk 信貸風險

Credit risk is the risk that the issuer of a bond will be unable to make the coupon and principal payments specified for a given bond. This risk is the risk that most investors focus on when purchasing bonds, but it usually has less of an effect on returns than some of the other risks, namely interest rate risk or call risk. As the credit risk of a bond increases, any changes to that perceived credit risk tend to have an increased impact on a bond's price. The credit risk of high yield bond, is significant and therefore a change in the credit quality of an issuer of high yield bonds will be apt to have a significant impact on the bonds.

信貸風險是指債券發行人將無法支付指定債券的息票和本金。這種風險是大多數投資者在購買債券時注意的風險，但相對其他風險即利率風險或贖回，信貸風險通常對投資回報的影響較少。當債券的信貸風險增加，任何對已認知信貸風險之改變，往往影響債券價格之升幅。高收益債券的信貸風險是值得注意的，因此高收益債券發行人的信用評級之變化對該債券具顯著影響。

Call Risk 贖回風險

Many corporate bonds are callable. Callable bonds have call provisions, which allow the bond issuer to purchase the bond back from the bondholders and retire the issue. This is usually done when interest rates have fallen substantially since the issue date. Call provisions allow the issuer to retire the old, high-rate bonds and sell low-rate bonds in a bid to lower debt costs.

許多企業債券是贖回的。可贖回債券的贖回條款是允許債券發行人向債券持有人購回債券及撤回債券發行。行使贖回權利通常在自發行日起利率大幅下跌時執行。贖回條款允許發行人撤回已發行之舊有、高息債券，並沽出低利率債券以降低債務成本。

Liquidity Risk 流動風險

Bond market is considerable thinner than stock market, means secondary market for bond trading is limited. Thin market indicates low liquidity and it may be impossible for investor to liquidate existing holdings. Low interest in a particular bond issue can lead to substantial price volatility and possibly have an adverse impact on investor's total return.

債券市場相對於股票市場較為不活躍，意味著二級市場的債券交易是有限的。不活躍市場預示流動性低，投資者未必可對現有持倉部位進行平倉。低利率在一個特定的發行債券可能會導致價格大幅波動，並可能對投資者的總回報產生不利影響

Inflation Risk 通脹風險

Inflation Risk is the risk that the rate of price increases in the economy deteriorates the returns associated with the bonds. This has the greatest effect on fixed bonds, which have a set interest rate from inception. The interest rates of floating-rate bonds are adjusted periodically to match inflation rates, limiting investors' exposure to inflation risk.

通脹風險是指在經濟週期價格上漲而降低與債券有關的回報。通脹風險對固定收益債券影響最大因此等債券於開始時已定一組利率。浮動利率債券之利率是定期調整，以配合通貨膨脹率，限制投資者面對的通貨膨脹風險。

Currency Risk 貨幣風險

An investor is exposed to currency risk if a bond is denominated in a currency other than his home currency. If the value of the currency in which the bond is denominated decreases in value relative to the investor's home currency, the investor will receive smaller interest and principal payments than were expected. The investor is also exposed to the interest rate risk and market risk that is present in the foreign market where the investment takes place.

若債券是以投資者所在地以外的其他貨幣計值，投資者將面對貨幣風險。若該貨幣計價債券相對投資者所在地的貨幣價值下降，投資者將獲得比預期更小的利息和本金付款。若投資是與國外市場進行投資者同時面臨的利率風險和市場風險。

Event Risk 事件風險

Event risk refers to the possibility that there may be a single event or circumstance that could have a major effect on the ability of an issuer to repay a bond obligation. This could be a bond's issuer undertakes a leveraged buyout, debt restructuring, merger or re-capitalization that increases its debt load, causing its bonds' values to fall, or interferes with

its ability to make timely payments of interest and principal. Event risk can also occur due to natural disaster or industrial accidents or regulatory change.

事件風險是指有可能是個單一的事件或情況而可能對發行人償還債券的義務能力構成重大影響。事件風險可能是債券的發行人因進行槓桿收購，債務重組，合併或資產重組，而增加其債務負擔，導致其債券的價值下降，或妨礙其及時支付利息及本金的能力。事件的風險，也可能由於自然災害或工業意外或監管條例之更改而發生。

CUSTOMER DECLARATION AND ACKNOWLEDGEMENT 客戶聲明及承認

I/We hereby acknowledge that Bonds is one of the products categorized under the definitions of Securities pursuant to the Client's Master Agreement (the "Agreement") which is/are duly executed by me/us and that all terms and conditions stipulated on the Agreement are fully acknowledged, accepted by and binding upon me/us. I/We hereby declare that I/we have full understanding and knowledge of the Bonds products information supplied by Huatai and I/we further declare that any investment decision on bonds trading or any transactions in relation thereof ("Transaction") executed through Huatai by me/us is/are solely my/our investment decision.

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It is hereby acknowledged that I/we have been given the opportunity to ask questions and take independent advice in relation to the risks associated with the Bonds investment as set out herein, which have been provided in to me/us in the language chosen by me/us, the agreed language of communication. It is further acknowledged that the risk disclosure statements set out herein are not intended as a substitute for actually becoming reliably and adequately informed as regards any specific Transaction contemplated and that I/we shall accordingly be responsible for any Transaction which I/we ultimately choose to enter into or execute or which is entered into or executed on my/our behalf by Huatai.

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Declared and Acknowledged by Client

客戶聲明及同意

Signature 簽署

Name 姓名

Date 日期