



## Over-the-Counter Securities Trading Risk Disclosure Statement

You should read carefully the contents in the "Over-the-Counter (OTC) Securities Trading Risk Disclosure Statement" (hereinafter referred to as the "Risk Disclosure Statement") provided by "QMS Securities Limited" (hereinafter referred to as "QMS Securities") which provides trading services to its Customers on some of the "OTC Market-Listed Securities" (hereinafter referred to as "OTC Securities") before conducting prudent investments in OTC Securities trading.

The purpose of this Risk Disclosure Statement is to provide you with the necessary information concerning on the OTC Securities transactions and to assist you in making a full assessment of the relevant potential risks and uncertainties associated. In view of these risk factors, you should enter into such transactions only if you fully understand the nature and the extent of your risk exposure.

Not all Customers are suitable for OTC Securities trading. Therefore, you should carefully read the terms and conditions of OTC Securities and rules associated in detail and fully understand your relevant responsibilities in the light of your own Investment Experience, Investment Objectives, Financial Resources, Risk Tolerance and fully understand your relevant responsibilities. If in any doubt, you should seek the advice of professionals and independent third parties (if you so wish) or through enquiries with the Licensed Staff of QMS Securities. It would be best if you also read other risk disclosure statements concerning stock trading.

### A. About OTC Securities

QMS Securities provides OTC Securities trading services to Customers, but not all OTC Securities' trading are supported. Therefore, before investing in OTC Securities, you should consult with the Licensed Staff of QMS Securities and whether the OTC Securities Symbol can be traded.

As "Issuers of OTC Securities" (hereinafter referred to as "Issuers") are not required to comply with financial reporting standards or disclosure requirements, and the relevant public disclosure information is incomplete. Therefore, the investment in OTC Securities is speculative and involves a high degree of risk which may not suitable for public investors. Additionally, reliable information regarding of Issuers, the Issues' prospects and risks associated with the business of any particular Issuer or investment in the Issuers' shares may not be available. As a result, it may be difficult for you to conduct a risk assessment and to value of your investments in OTC Securities trading properly.

Therefore, OTC Securities investments are more suitable for sophisticated and professional investors with a higher risk tolerance for trading such investment products with "Limited Disclosure of Information" and "Limited Regulatory Oversight". Some OTC Securities are typically penny stocks, low-priced shares of small companies or even shell companies, shares of distressed companies that are unwilling or unable to disclose information, delisted stocks/symbols, or foreign equity issues which are not eligible to be listed on the "New York Stock Exchange" (hereinafter referred to as "NYSE") or the "Nasdaq Stock Exchange" (hereinafter referred to as "NASDAQ").

By trading in OTC Securities, you accept your risk of probably losing all or part of your initial investment amount. Given that disclosure requirements for OTC Securities are not stringent and OTC Securities are frequent targets of market manipulation. Some trading participants may dominate the market(s) and set prices that are not based on competitive forces. Some trading participants may create fraudulent the market(s) and control the sudden sharp rise or plummet in the OTC Securities' share price(s).

### B. Trading Risk

OTC Securities are high-risk investment products which are not suitable for Low- or Medium-Risk Tolerance's Investors. If you fall into the category of High-Risk Tolerance's Investor, you must also consider prudently before entering into the transaction(s). OTC Securities' price can move up or down, or even become worthless, and buying and selling OTC Securities may not be able to make a profit, or even incur investment losses.

### C. Market Liquidity

Many OTC Securities are relatively illiquid and/or low liquidity, and stocks with poor liquidity are often difficult for Investors to buy or sell without dramatically affecting the offer price. Fewer trading participants can lead to less liquidity and more volatile price fluctuations. In some cases, your purchase of the relevant share(s) may not be tradable, take a longer period of time to trade or/and fail to sell within a reasonable period of time. If the volume of shares bought and sold exceeds the average daily trading volume, the relevant trading instruction will be rejected. OTC Securities may be ordered to cease trading at any time by the regulatory authorities in the US or/and the compliance department of the Company's custodian bank, and OTC Securities' trading will be suspended immediately and can no longer be deposited into the Customer's Securities Account.

Additionally, you should be cautious and vigilant that it may be difficult or impossible to sell Low- or Unvalued-OTC Securities on the open trading market.

### D. Counterparty Risk

While assessing OTC transaction(s), you should prudently consider the presence of trading Counterparty risk. Unlike Securities listed and traded on the "Hong Kong Stock Exchange" (hereinafter referred to as "HKEX"), to the extent that the OTC Securities' participants in such markets are generally exempted from the same level of credit requirements and regulatory oversight as regular "Exchange-Based" market members. This may expose you to the risk that of Counterparty(ies) not fulfilling the relevant settlement obligations in accordance with the terms and conditions of the transaction(s). Possible reasons for such risk may include, but are not limited to, a dispute over the terms of the transaction(s) or a credit or liquidity issues of the Counterparty (ies) to the transaction(s). The Counterparty risk may be exacerbated for transaction(s) where the settlement date is further away from the execution date or upon any event occurs that may incentivize the Counterparty(ies) to default or jeopardize the ability to fulfill the relevant settlement obligation.

### E. Trading Commission

As a licensed and responsible broker in Hong Kong, QMIS Securities does not solicit and/or recommend any OTC Securities transaction. Your OTC Securities Accounts with QMIS Securities shall be made by you and/or by a Third-Party authorized by yourselves (hereinafter referred to as the "Authorized Person"). Before making any investment decision, you and/or your Authorized Person should be fully aware of the product(s) to be invested in and your potential risks investing in any stock. The fees and commission charged for OTC Securities transaction(s) have been published officially on the QMIS Securities official website. (Any updated and changes may also be made from time to time).

### F. Trading Hours and Trading Unit

- (i) Trading Hours : NYSE and NASDAQ trade in the US Eastern Standard Time during each trading day  
(Full Day) Summer Period : From 9:30 am To 16:00 pm ; Winter Period : From 10:30 am To 17:00 pm  
(Half Day) Summer Period : From 10:30 am To 13:00 pm ; Winter Period : From 10:30 am To 14:00 pm

OTC Securities are traded during the Regular Trading Period, and are not allowed in the Pre-Market Period and the Extended Trading Period.

- (ii) Trading Unit : OTC Securities have a Minimum Trading Unit of 1 share and a Minimum Bid and Sell Amount of US\$0.01.

### G. Order Types and Limitation

Given the volatile nature of OTC Securities, you should be aware, currently QMIS Securities only supports your placing "Limit Price Orders" and "Stop-Loss Limit Orders" when trading OTC Securities. Additionally, the available order types of your placing, QMIS Securities reserves the right and/or may be updated and make changes from time to time without prior notice to Customers. Therefore, you need to make a full understanding before making trading decision(s). And, you must be aware that your order(s) may be delayed due to a large order volume.

## H. Market Quotation and Relevant Additional Fees

By trading in OTC Securities, you are aware of and accept that the Real-Time Quotations for OTC Securities is not available. The market price displayed on QMIS Securities Online Trading Platform is the market price 15 minutes before. In addition, certain additional fees may be charged to your account due to transfer and/or custody issues.

This Risk Disclosure Statement is for reference purposes only and is neither an offer nor solicitation to purchase or sell any financial product or service. None of the information provided in this Risk Disclosure Statement constitutes a recommendation that any product or service is suitable for any person. In view of the risk factors, you should undertake such transaction(s) after fully understanding the above-mentioned "OTC Securities" products, the contract(s) that you are entering into, and your assessment of the risks it can withstand.

I have carefully **read** and **understood** the above risk disclosure statement for trading in OTC markets and **agreed** to apply for the service. Instruction of subscription or redemption will be given according to my own decision. The licensed staff of QMIS Securities did not make any referral, purchase offer or persuasive investment to the product.

**Client's Signature**

**Account Name(Full in Capital Letter)**

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**Account Number**

**Signing Date (dd/mm/yyyy)**

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