Dear Clients,

Hong Kong Stock Options Position Limits and Large Open Position Reporting Requirements

Hong Kong Stock Options Position Limits:

In accordance with the Securities and Futures (Contracts Limits and Reportable Positions) Rules ("the Rules"), no person, other than a person who is authorized by the SFC or under the rules of recognized exchange company, may hold or control futures contracts or stock options contracts in excess of the prescribed limit ("Stock Options Position Limits"). You are advised to understand the prescribed limits and reportable positions of stock options contracts through the below Link (1) from the HKEX website:
https://www.hkex.com.hk/services/trading/derivatives/overview/trading-mechanism/large-open-positions-and-position-limits?sc_lang=en

The Stock Options Position Limits in each stock option classes can be found on the HKEX website through the below Link (2):
https://www.hkex.com.hk/Products/Listed-Derivatives/Single-Stock/Stock-Options?sc_lang=en

Large Open Position Reporting Requirements:

Pursuant to Section 6(1) of the Rules which requires a person holding or controlling a reportable position to notify the recognized exchange company of that reportable position in writing ("Large Open Position Reporting"). The Large Open Position Reporting levels can be found through Link (1).

According to Section 4.6 of the SFC's Guidance Note on Position Limits and Large Open Position Reporting Requirements, "In the event that a person holds or controls a reportable position in accounts at more than one agent, the person should have the sole responsibility to notify the Exchange of the reportable position. If the person decides to submit the notice of the reportable position to the Exchange through the agents, it should provide to one agent its total positions held at other agents so that the agent can submit the notice of the reportable position to the Exchange on its behalf. Alternatively, the person can ask all agents to separately report positions in each of the accounts to the Exchange even though positions in the individual accounts may not exceed the reportable level."

In reference to the above rules and requirements, you shall submit a notice of a reportable position directly to the HKEX or through Guotai Junan Securities (Hong Kong) Limited as an agent to make the report on your behalf. Should you have questions concerning your reporting obligations and the rule requirements, please feel free to contact your Relationship Manager or our Customer Services Department (Hotline: 40080 95521/ (852) 2509 7524).

Guotai Junan Securities (Hong Kong) Limited

I/We have read and understand and accept the contents of this letter.

Account No: _____ Name of Client: _____

Signature: _____ Date: _____