

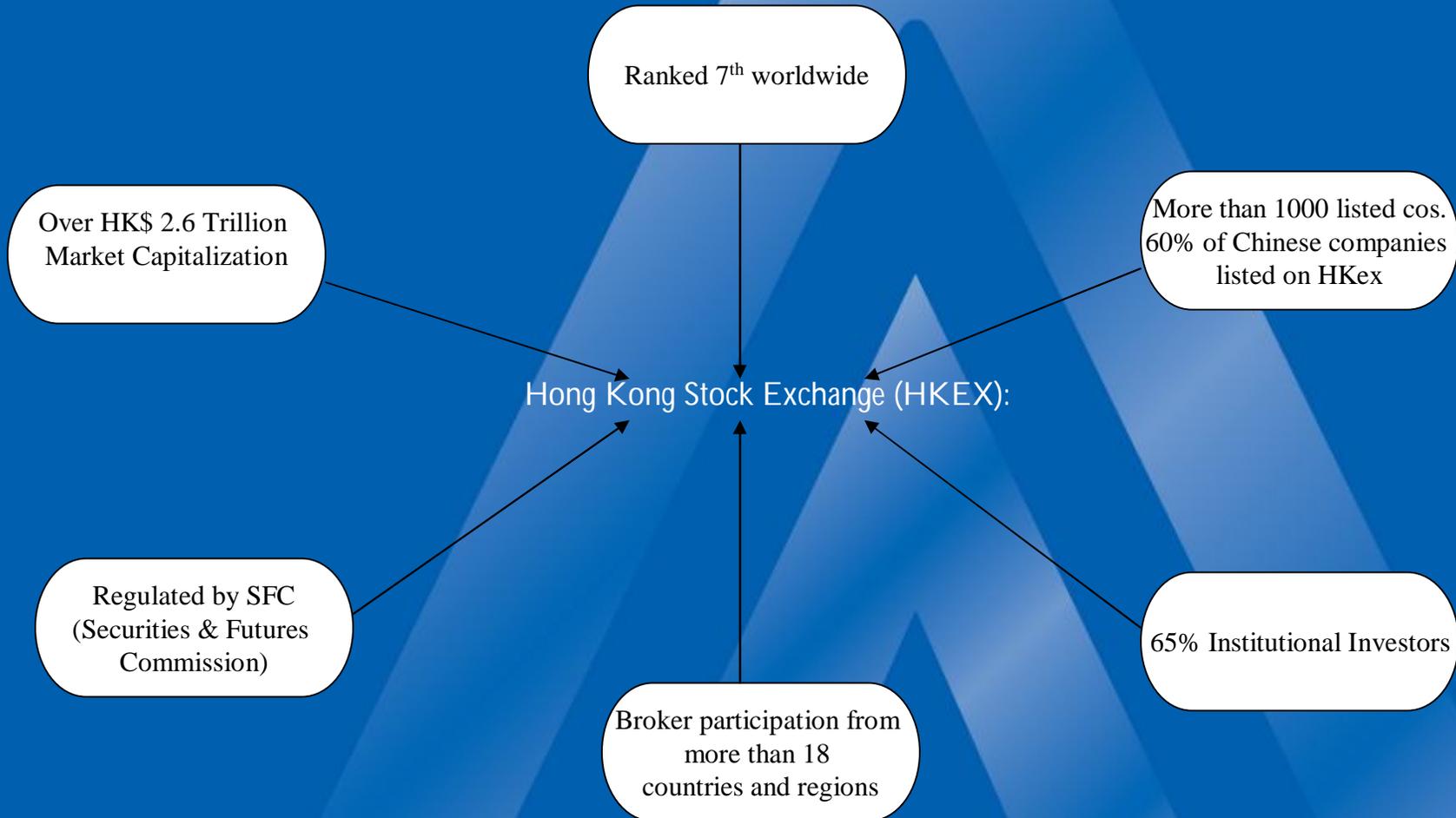
**Global Market –
Trading on Hong Kong Stock Exchange**

Why Invest in Hong Kong Markets?

Efficient, Sound and Transparent Regulatory Framework

Facilitates raising of funds and trading in securities

Provides Market Liquidity



THE FACT

- Hong Kong is Special Administrative Region of China.
- China adopts, " One Country , Two Systems principle".
- Growth rate of Chinese GDP is 11.4% and inflation of just around 7%.
- The Chinese economy is screamingly booming.

THE GROWTH

- China accounts for over 50% of foreign bank profits, and this makes it obvious that the Chinese banks themselves are a good buy.
- Chinese companies are a screaming BUY. Well we need to look at the portion of US exports to GDP and compare that to internal consumption which is growing so rapidly that the Chinese government has to hold it down. In the US, the government is worrying about recession. In other words, internal consumption will make up for short fall in the US market. Also, exports to Europe and the rest of Asia are up.

THE SCOPE

- Average P/E of stock traded on HKex is 13x cheaper than that of China 15x and US 23x (Inspite of the fact that most Chinese Companies are listed on HKex. Look at the scope).
- China stocks are trading at levels last seen since 3 years ago.

The Chinese Reminibi (RMB) Story

- RMB is still undervalued. Expect RMB 6.60 by end 2008, and 6.80 by end 2009 to the USD.
- How to take advantage of the strength of the RMB? Well, you can't buy RMB because of foreign exchange control but you can buy Chinese companies listed in HK with RMB assets and RMB income streams. The dividends is in RMB but converted to HK\$ which is pegged to the US\$. Therefore, this is a proxy for investing in RMB.

Why not trade in these CHINESE Companies ?



One of the largest mobile service provider

Hutch Traded on HK Exchange



One of the very Well known Banks in the world

HSBC Traded on HK Exchange



One of the biggest producer of Oil in Mainland China

Petrochina Traded on HK Exchange



One of the big Four state-owned commercial bank of China

BOC Traded on HK Exchange

Goldride Securities LTD

Hong Kong based stock broking firm registered with HKEX

Products Offered by Goldride on HKEX:

- ❑ Equities/Stocks/IPOs
- ❑ Listed Warrants-Long dated Options

Products in Pipeline on HKEX:

- ❑ Gold ETF
- ❑ Crude ETF
- ❑ Forex-Currency Trading

Domestic Regulatory Overview

- RBI permits all Indian resident individuals to freely remit up to **USD 2,00,000** per financial year for a current or a capital account transaction or combination of both.
- Notification no. RBI/2007-08/146 A.P. (DIR Series) Circular No. 9 dtd Sept 26, 2007 along with previous notifications A. P. (DIR Series) Circular No. 64 dtd February 4, 2004, A. P. (DIR Series) Circular No. 24 dtd December 20, 2006 and A. P. (DIR Series) Circular No. 51 dtd May 8, 2007.
- FEMA 1/RB 2000, SCHEDULE 1 Point K, dtd 03rd May 2000.
- FEMA 110 RB 2004 dtd 05th Feb 2004.

International Regulatory Overview

- Goldride Securities Ltd is regulated by SFC- Securities and Futures Commission (SFC) of Hongkong.
- Nil Capital Gains tax in Hong Kong .

Amenities at your ease...

- A. Account Opening Formalities
- B. Brief Understanding of product
- C. Fees & Charges
- D. Trading
- E. Settlement
- F. Confirmation Statements
- G. Market Timing

A. Account Opening Formalities

- ❑ Filled and Signed physical application (Scanned copies of the same to be sent to Reliance Money H.O.)
- ❑ Required Documents: Copy of Identity proof, Address proof & Financial Proof (Self Attestation of documents mandatory).
- ❑ Confirmation: Activation of the account in 1-2 working days.

- ❑ **Details for Fund Transfer**
 - Bank Name: Bank of East Asia Ltd
 - Account Name: Goldride Securities Ltd
 - Account No: 015-514-40-34869-4
 - Bank Address: AIN BRANCH: 10 DES VOEUX ROAD CENTRAL, HONG KONG
 - Swift Code: BEASHKHH
 - Minimum Fund Transfer – 10,000 HKD (Approx Rs. 55,000)

B. Brief Understanding of product – Listed Warrants

Listed Warrants/Derivative Warrants:

An instrument that gives investors right to buy or sell an underlying asset at a pre-set price prior to a specified expiry date. At expiry settlement is made in cash rather than a purchase or sale of the underlying asset. Derivative warrants can be issued over a range of assets, including stocks and stock indices.

Factors determining the Price of a Derivative Warrant:

- ❑ The price of underlying asset and the exercise price,
- ❑ The volatility of the underlying asset price,
- ❑ The time remaining for the expiry,
- ❑ Interest rates

C. Fees & Charges*

Particulars	Charges
Brokerage Commission	0.50% or Min HK\$50.00
Stamp Duty (Exchange Levied)	0.1%
Trading Fee (Exchange Levied)	0.005%
Transaction Levy (Exchange Levied)	0.004%
CCASS stock settlement fee (Exchange Levied)	0.006% or Min HK\$2, Max HK\$ 200
Account Activation	
Account Opening Charges	Rs. 2500/-

*PN: Set of charges applicable for different services & subject to change without notice.

D. Trading

Trading:

Goldride has made trading in securities (listed on HKEX) easy by providing Online trading platform which is user friendly. (Refer to the Demo for better understanding)

Types of account that can be traded on Goldride Platform:

- Cash a/c - Investors will have to pay the full purchase price of stock on T+2 basis.

Goldride-RMoney also provides Call & Trade Facility.

E. Settlement

❑ Depositing Funds-

- ✓ Payments/fund transfer can be made via TT(Telegraphic Transfer) to your account at Goldride.
* Please note that while transferring funds, you need to provide you Account Number and Name
- ✓ Payments for the trades done to be settled on T+2 basis

❑ Withdrawal of Funds:

- ✓ No paper required
- ✓ Send the withdrawal request via E-mail to Goldride
- ✓ Goldride shall transfer the funds directly to your mentioned account

F. Confirmations Statements

Confirmation on your trades and balances is given via digital statement of account and contract notes on daily basis. The same briefs you on the following:

- Portfolio Summary – a) Total Cash available b) Total Investment
- Trades – Buy/ Sell Orders punched for the day.
- Account Movement – Details on Interest Paid and your Total Balance
- Interest, Pending Settlements and Uncleared amount – a) Interest charges
b) Pending settlement transactions- Settlement of which to be made on T+2 basis
- Product Position- Existing positions

G. Hong Kong Market Timings

Trading Session	
Morning Session	7:30 a.m. IST to 10:00 a.m. IST
Lunch	10:00 a.m. IST to 12:00 p.m. IST
Afternoon Session	12:00 p.m. IST to 01:30 p.m. IST

FAQs - Hong Kong Market

1) Difference between broking and other rates between delivery and non-delivery (intraday) trades?

A) Delivery and Intra Day commission rates in HK markets are the same which is a complete opposite of what we experience in India. Commission rates in HK range from 0.50% to 0.80% or 100 HKD whichever is higher. In our case, we have kept the commission at lowest end of 0.50%. Also we are lower on the other part, i.e. 50 HKD only instead of 100 HKD as charged by other brokers in HK..

2) Exchange guarantee about trades done by Indian client through Goldride on HKEX. Since the shares will be in sub account of Goldride, what guarantee does the client has against broker delinquency/other frauds?

A) Securities and Futures (Client Securities) Rules - section 148(1) of SFO

These rules apply to client securities and securities collateral of an intermediary received or held in HK by or on behalf of the intermediary.

- An intermediary is required to ensure that client securities received are deposited in segregated trust accounts or registered in the name of the clients. The segregated trust account must be with a licensed bank, an approved custodian or licensed intermediary in HK.
- Any intermediary failing to deposit client securities in a segregated trust account without any reasonable excuse shall commit an indictable offence and on conviction be subjected to an imprisonment for 2 years and a fine of HKD 200,000. If the same rules are breached with intent to defraud by an intermediary then one is liable to pay HKD 1mn as fine and be imprisoned for 7 years.

FAQs - Hong Kong Market

Flow of Client Securities

- Say for eg. XYZ has 100 BoC shares while ABC has 200 China Mobile shares. These shares will lie with CCASS under an account titled GOLDRIDE CLIENT SEGREGATED/TRUST ACCOUNT (i.e pool account). Reliance Money currently supports only pool account.

Securities and Futures (Client Money) Rules - section 149(1) of SFO

- Intermediaries that receive or hold client money must establish and maintain segregated accounts for client money in HK, and pay client money into such accounts within 1 business day upon receipt of such money.
- Segregated account for client money must be maintained with either a licensed bank or a person approved by the SFC for such purposes. Goldride currently maintains segregated accounts with itself and funds are deposited at Bank of East Asia, Hongkong. BOEA is one of the biggest MNC banks in HK.
- Any intermediary which doesn't abide by the rules of payment in or out of such trust accounts without reasonable excuse commits an offence and is liable to a fine of HKD 200,000 and 2 years imprisonment. A breach of these rules with intent to defraud shall be punishable to a fine of HKD 1 mn and imprisonment of 7 years

Flow of Client Money

- Say for eg. XYZ and ABC deposit HKD 10,000 and HKD 15,000 respectively for trading purposes. This amount of HKD 25,000 will be deposited with Goldride's banker i.e BEA in an account titled as GOLDRIDE CLIENT TRUST ACCOUNT and will act as the bank account in which money is deposited and from where money is remitted to the Indian client's bank account.

FAQs - Hong Kong Market

Definition of "Segregation" - accounts separate from the broker's proprietary money or stock account. Herein the word "segregated" DOES NOT carry the connotation of the word "individual".

Investor Compensation - Compensation Limit - Rules

- Under these rules the total amount of compensation payable out of the Investor Compensation Fund (ICF) to a claimant must not exceed the sum of HKD 1,50,000
- This maximum sum is payable with regard to losses that the SFC is satisfied as having been sustained by a claimant as a result of a default committed by an intermediary licensed or registered for dealing in securities or dealing futures contracts or an intermediary licensed for securities margin financing
- These claims need to be made within 6 months after the day when the claimant first became aware of the default.

3) Rights and Liabilities of Indian clients vis-à-vis Hong Kong clients with respect to trading on HKEx ?

A) All investors irrespective of their nationalities are treated equally by the SFC and therefore have equal rights and liabilities

4) How the clients directly from Hong Kong are trading . Do they have separate demat account or same system is extended to them as well wherein the broker maintains a sub account for all clients.?

A) It depends from client to client. Client can either open a SSA (i.e Stock Segregated Account) with CCASS or these shares will lie with CCASS under an account titled GOLDRIDE CLIENT SEGREGATED/TRUST ACCOUNT (i.e pool account)

FAQs - Hong Kong Market

5) Do Indian investors have voting rights in the stocks of Hong Kong/ Chinese/ Other countries they hold?

A) Yes.

6) Taxation issues*.

A) No tax on Capital Gains or Income tax in Hong Kong. In India, it will be treated as Income from Capital Gains. However client discretion is advised and also requested to consult his tax expert for the same. Subject to change without notice.

7) How can investors place order on HKex with us?

A) They will place it online through Goldride.

8) Will there be any annual Account maintenance fee?

A) No.

FAQs - Hong Kong Market

9) Will client login through Goldride Internet Site?

A) Yes

10) What about the Intraday and delivery based Trading?

A) Yes.

11) Can client Trade in Derivatives abroad?

A) No as per RBI.

12) What about the client support in terms of Off Line Trading?

A) Client can call on our Call and Trade Desk at 022-32463204/ 30443549.

Contact Us

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Thank You

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