

Penny Stock Trading Risk Disclosure

SNB Finance Holdings Limited (Trading name: Snowball-X, Snowball Securities, or 雪盈证券) is providing this document to give you information about the risks associated with small-cap "penny" stocks.

This Disclosure contains additional and important information concerning the characteristics and risks associated with trading small-cap stocks ("penny stocks"). Please carefully read the contents of this statement. If you have any questions, please contact SNB's support staff.

What is a Penny Stock?

Penny Stocks are low-priced shares of small listed companies. They are generally traded over the counter and are historically more volatile and less liquid than other equities. For these and other reasons, Penny Stocks are considered to be speculative investments. Consequently, customers who trade in Penny Stocks should be prepared for the possibility that they may lose their entire investment or an amount in excess of their investment if they purchased these on margin. Before investing in a Penny Stock, you should thoroughly review the company issuing that security. In addition, you should be aware of certain specific risks associated with trading in Penny Stocks.

Risks Associated with Penny Stocks

There are a number of risks of trading penny stocks, including the following:

1. You can incur significant losses by trading in Penny Stocks

Penny Stocks are among the riskiest investments and are generally not appropriate for investors with low-risk tolerance. Some Penny Stock companies are new and do not have a proven track record, or could have no assets, operations, or revenue while offering or intending to offer products and services still in development or that have yet to be tested in the market. Therefore, Penny Stock companies have a greater risk of failure, and those who invest in these companies are exposed to a greater risk of losing some or all of their investments made in Penny Stock companies.

2. Lack of Publicly Available Information

Public-traded companies are required to file periodic reports with Regulators that provide information relating to the company's assets, liabilities, and performance over time. In addition, these companies provide their financial information and operational results online. In contrast, information about Penny Stock companies can be difficult to find, making it less likely that their market prices are based on full and complete information about the company. Penny Stock companies may also be more likely to be the subject of an investment fraud scheme, which may also increase the risk for the investor.

3. No Minimum Listing Standards

Companies that list on recognized exchanges are subject to stringent listing standards requiring the company to have a minimum amount of net assets and shareholders. Penny Stock companies that do not list their shares on exchanges and are not subject to these minimum standards. Again, this fact can contribute to the inherent risk associated with an investment in shares of Penny Stock companies.

4. Risk of Lower Liquidity

Liquidity refers to the ability of market participants to buy and sell securities in a timely manner and without significantly changing the price of that security. The more demand there is for a particular security, greater the liquidity for that security. Greater liquidity makes it easier for investors to buy or sell securities, so investors are more likely to receive a competitive price for securities purchased or sold if the security is more liquid. Penny Stocks are often traded infrequently and have lower liquidity. You may therefore have difficulty selling Penny Stocks once you own them. Moreover, because it may be difficult to find quotations for certain Penny Stocks, it may be difficult, or even impossible, to price them accurately.

5. Risk of Higher Volatility

Volatility refers to changes in price that securities undergo when being traded. The higher the volatility of a security, greater are its price swings. Due to their inherent characteristics, including their lower liquidity, Penny Stocks are subject to greater volatility and drastic price variations. A customer order to purchase or sell a Penny Stock may not be executed if at a fixed price, or may be executed at a substantially different price than the ones quoted in the market at the time a market order was placed. In addition, the market price of any Penny Stock you obtain can vary significantly over time. Penny Stocks tend to be more prone to market manipulation since a small amount of capital and a few trades may suffice to move the price, and a slight movement in share price can lead to a significant percentage change.

6. Penny Stocks Can Be Subject to Scams

Penny Stocks are frequently used as vehicles as part of scams and market manipulation due to several reasons, including their generally lower prices and less stringent listing requirements. You should be wary of advertisements, unsolicited e-mails, newsletters, blog posts, or promotional reports that emphasize the potential for large profits in Penny Stocks. These materials can often be used to manipulate or "pump up" the price of Penny Stocks before the promoter engages in selling a large volume of shares. Therefore, customers are strongly encouraged to do their own due diligence with respect to any Penny Stock company they intend to invest in and not rely on any outside promotional reports or newsletters. In case of any doubts concerning Penny Stocks, you should seek professional advice.