

RISK DISCLOSURE STATEMENT FOR TRADING OF “RISK WARNING STOCKS” AND “STOCKS OF TO-BE-DELISTED COMPANIES DURING DELISTING CONSOLIDATION PERIOD”

This risk disclosures statement describes some of the key risks of trading “risk warning stocks” on the Shanghai Stock Exchange and “stocks of to-be-delisted companies during delisting consolidation period” on the Shanghai Stock Exchange and Shenzhen Stock Exchange. This risk disclosure statement does not disclose all the risks of trading “risk warning stocks” and “stocks of to-be-delisted companies during delisting consolidation period”. You should ensure that you understand the nature and risks of trading in these types of stocks and you should consider carefully (and consult your own advisers where necessary) whether trading in these types of stocks is suitable for you in light of your circumstances. The decision to participate in the trading of “risk warning stocks” and “stocks of to-be-delisted companies during delisting consolidation period” is yours, but you should not trade these types of stocks unless you fully understand and are willing to assume the associated risks. You acknowledge the risks, and agree to any terms set out in this risk disclosures statement. J.P. Morgan does not represent that the information set out in this risk disclosures statement is up to date or comprehensive, and does not undertake to update the information set out in this risk disclosures statement. J.P. Morgan shall not be liable for any inaccuracies or misstatements in the information set out in this risk disclosures statement.

1. Risk warning stocks

- 1.1 Risk warning stocks refer to stocks of companies listed on Shanghai Stock Exchange that are imposed on risk warning in accordance with Shanghai Stock Exchange Stock Listing Rules.
- 1.2 Before participating in the trading of risk warning stocks, investors shall fully understand that investors shall adopt the price-fixing trust to buy and sell risk warning stocks.
- 1.3 Before participating in the trading of risk warning stocks, investors shall fully understand that price limits of risk warning stocks are different with those of other stocks.
- 1.4 Turnover rate of risk warning stocks reaching or exceeding certain proportion within the trading day belongs to unusual movement. The bourse shall impose temporary suspension within the trading day according to market needs.
- 1.5 The quantity of single risk warning stocks bought by single account within the trading day shall not exceed 500,000 shares.
- 1.6 Before participating in the trading of risk warning stocks, investors shall fully understand trading rules of risk warning stocks and fundamentals of corresponding listed companies, to prudently consider whether they should buy risk warning stocks according to their financial status, actual demand, and risk tolerance.
- 1.7 Investors shall pay special attention to risk reminder announcements released by listed companies, and get timely access to relevant information from channels including designated information disclosure media, websites of listed companies, and websites of securities companies.

2. Stocks of to-be-delisted companies

- 2.1 Stocks of to-be-delisted companies refer to stocks that have been made decisions to terminate listing by Shanghai Stock Exchange or Shenzhen Stock Exchange but are still in the delisting consolidation period and have not been delisted.
- 2.2 Stocks of to-be-delisted companies during delisting consolidation period have been made decisions to terminate listing by stock exchanges and the listing will be terminated when certain duration expires. Therefore, those stocks have relatively large risks.
- 2.3 Since the start date of the delisting consolidation period, accumulative trading duration of to-be-delisted companies stocks is only 30 trading days. When the duration expires, stocks of listed companies shall be terminated in listing and delisted by stocks exchanges. Investors shall keep close eyes on the remaining trading days and the last trading day of stocks during delisting consolidation period, or they may miss the selling opportunity which causes unnecessary losses.

During the delisting consolidation period, whole-day trading suspension of stocks of companies listed on the main board, SME board and ChiNext is not included in the 30-trading-day duration.

- 2.4 Investors shall adopt price-fixing trust to buy and sell stocks of to-be-delisted companies of Shanghai Stock Exchange.
- 2.5 As price limits of stocks of to-be-delisted companies may be different with common stocks, investors shall abide by price limits of stocks of to-be-delisted companies stipulated by stocks exchanges to buy and sell stocks of to-be-delisted companies.
- 2.6 Trading of stocks of to-be-delisted companies during delisting consolidation period may be exposed to liquidity risk. After investors buy those stocks, they may suffer losses in case they are unable to sell them before the delisting of stocks.
- 2.7 Before participating in the trading of stocks of to-be-delisted companies during delisting consolidation period, investors shall fully understand delisting system, trading rules for stocks during delisting consolidation period, and fundamentals of listed companies entering delisting consolidation period, to prudently consider whether they should buy stocks entering delisting consolidation period according to their financial status, actual demand, and risk tolerance.
- 2.8 According to existing regulations, stocks of companies listed on main board, SME board and ChiNext are allowed to apply for recovery of listing when the listing is terminated, but they must meet conditions set by stock exchanges. Therefore, there are large uncertainties for the recovery of listing.
- 2.9 Investors shall pay special attention to risk reminder announcements released by to-be-delisted companies during delisting consolidation period, and get timely access to relevant information from channels including designated information disclosure media, websites of listed companies, and websites of securities companies.