

Shanghai Stock Exchange - Risk Disclosure Statement on
Transaction of Shares with Risk Alert

Shares with risk alert refer to shares, on which investors are warned of delisting risk. Since huge liquidity risk exists during the transaction of the Shares with risk alert, investors may obtain return as well as suffer great loss. Before participating in the transaction of the Shares with risk alert, investors shall prudently evaluate their financial conditions and capacity, and fully understand the followings before their initial transactions:

1. Before participating in the transaction of Shares with risk alert, Customers shall fully understand the types of the Shares with risk alert. Shares on the Risk Alert Board are classified into three categories: shares of companies with other risk alert (ST), shares of companies with delisting risk alert (*ST) and shares of companies sentenced to delist and in the delisting arrangement period.
2. Whereas the listed companies have one of the following conditions, from the date the risk alert is issued to the trading date prior to the date such alert is revoked, their shares shall be transacted on the Risk Alert board:
 - (1) with delisting risk alert;
 - (2) with other risks alert for resumed listing after suspension;
 - (3) with other risks alert for relisting after delisting;
 - (4) with other risks alert for other conditions.

Under the (1) condition, the stock abbreviation shall be prefixed with “*ST” mark, while under other conditions above, the stock abbreviation shall be prefixed with “ST” mark.

3. Whereas the listed companies have one of the following conditions, Shanghai Stock Exchange will issue the delisting risk alerts to their stocks: the audited net profits of the most recent two fiscal years are consecutively negative or become consecutively negative after retrospective restatement; the audited year-end net assets of the most recent fiscal year are negative or become negative after retrospective restatement; the audited revenue of the most recent fiscal year is below RMB10,000,000 or remains below RMB10,000,000 after retrospective restatement; the audit report on the financial statements of the most recent fiscal year is issued by accounting firms with Disclaimer of Opinion or Adverse Opinion.

4. Before participating in the transaction of Shares with risk alert, Customers shall fully understand that the limit order instruction shall be adopted.
5. Before participating in the transaction of Shares with risk alert, Customers shall fully understand that the daily price up/down limit of Shares of Risk warning board is different from that of the other shares. The daily price up/down limit of Shares with risk alert shall be $\pm 5\%$.
6. When the turnover rate of Shares with risk alert on the very day reaches or exceeds a certain rate, which constitutes an abnormal fluctuation, the stock exchange could impose intraday trade suspension according to market demand.

When the accumulated closing price deviation of Shares with risk alert has reached $\pm 15\%$ within 3 consecutive trading days, which constitutes an abnormal fluctuation, the stock exchange shall respectively announce the names of the top 5 member business departments in the accumulative amounts for purchase and sale during the period of abnormal fluctuation in trading of the shares, as well as the amounts for purchase and sale.

When the turnover rate of the Shares with risk alert on the very day reaches or exceeds 30% , which constitutes an abnormal fluctuation, the stock exchange could impose intraday trade suspension according to market demand, until 14:55 on the very day.

Turnover rate = trading volume \div actual daily circulating volume.

7. A single account shall only accumulatively buy no more than 500,000 shares of a single stock with risk alert in a single day.
8. Before participating in the transaction of Shares with risk alert, Customers shall fully understand the transaction rules of the stock exchange and the fundamentals of the listed companies, and prudently consider of buying the Shares with risk alert or not, based on their financial conditions, actual need, risk tolerance and capacity, etc.
9. Investors shall pay special attention to the risk alert announcements published by listed companies, and timely obtain relevant information from the designated information disclosure media, and the websites of the listed companies and

securities companies, etc.

- 10. Before participating in the transaction, you shall have a clear understanding that the Disclosure only lists certain risks, rather than detailing all the risks. Meanwhile, you shall read the laws, regulations, rules, self-discipline rules and other regulatory documents related to Shares with risk alert published and implemented by the stock exchanges and other securities regulatory authorities, fully understand the risks of Shares with risk alert. Please do prudently participate in the transaction of Shares with risk alert based on your own actual conditions such as the risk tolerance and capacity.**