



## **CLSA SECURITIES DEALING SERVICES: PRC MARKET ANNEX**

### **1. Definitions and Interpretation**

- 1.1 In this Securities Dealing Services: PRC Market Annex, including the Schedule, capitalised terms have the meaning given to them in the "CLSA Asia-Pacific Terms of Business" (the "**Terms of Business**") and the Securities Dealing Services Annex. In addition, the following capitalised terms have the following meaning:

"**PRC**" means The People's Republic of China (excluding its Special Administrative Regions and Taiwan).

"**PRC Exchanges**" means the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

"**Securities**" means B shares traded on the PRC Exchanges.

- 1.2 This Securities Dealing Services: PRC Market Annex is referred to herein as "this Annex".
- 1.3 References in this Annex to "we", "us" and "our" mean, unless the context otherwise requires, CLSA and where the context requires will also include any company in the CLSA Group, or persons connected with the CLSA Group.

### **2. Effect of Terms of Business; Amendment**

- 2.1 This Annex shall apply to you if (a) you requested in your Application Form that we provide you with Securities Dealing Services and requested that such Securities Dealing Services be provided in respect of the PRC Market; or (b) we currently provide you with Securities Dealing Services in respect of the PRC Market.
- 2.2 The terms and conditions set out in this Annex shall apply to all Securities Dealing Services in the PRC Market provided by us to you in addition to, and supplemental to, the terms and conditions set out in the Terms of Business and in the Securities Dealing Services Annex. Accordingly, the terms and conditions in this Annex are legally binding and take effect when you signify your acceptance by placing an order for Securities in the PRC Market with us following your receipt of our Terms of Business, the Securities Dealing Services Annex and this Annex.

### **3. No Short Selling**

Without limiting your obligations to at all times comply with the Market Requirements, you shall at all times comply with the laws and regulations of the PRC and, in particular, you hereby acknowledge and agree that the short selling of Securities on the PRC Exchanges is strictly prohibited.



#### **4. Permitted Investor**

You hereby represent and warrant to us that you, and any Underlying Principals for whom you may act, are permitted under the Market Requirements of the PRC Market to invest in and hold Securities in the PRC Market. In particular, you hereby represent and warrant that neither you nor any Underlying Principals for whom you may act are legal persons incorporated, registered or organised under the laws of the PRC.

You hereby acknowledge that in the event that the above representation and warranty is untrue your indirect trading in Securities in the PRC Market shall be deemed to be in violation of the relevant PRC regulations and you, and any Underlying Principals, shall be subject to legal liability under the laws and regulations of the PRC.

**- End -**



### **Securities Dealing Services: PRC Market Annex Risk Disclosure Statement Schedule**

This Risk Disclosure Statement Schedule does not disclose all of the risks and other significant aspects of trading in securities, futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. Please read this Schedule carefully, and ask questions and take independent advice as you consider appropriate.

#### **Securities Risk Disclosure Statement**

- You acknowledge that the price of Securities can and does fluctuate, sometimes dramatically, and that the price of any individual security may experience downward movements, and may become valueless. You appreciate therefore that it is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. This is a risk that you are prepared to accept.
- You acknowledge that there are risks in leaving Securities in our custody or in authorising us to deposit securities as collateral for loans or advances made by us or authorising us to borrow or loan Securities and you confirm that you are prepared to accept such risk notwithstanding that in these circumstances you face the risk of loss of such Securities.
- You confirm that you understand that short selling on the PRC Exchanges is unlawful.

#### **Electronic Communication and Trading System Risk Disclosure Statement**

- You understand that the electronic communication systems (including the internet) may not be a reliable medium of communication due to unpredictable traffic congestion or other reasons and that such unreliability is beyond our control. This may give rise to situations, including delays, in transmission and receipt of your instructions or other information, delays in execution or execution of your instructions at prices different from those prevailing at the time your instructions were given, misunderstanding and errors in any communication between you and us and so on. Whilst we will take every possible step to safeguard our systems, client information, accounts and assets held for the benefit of our clients, you accept the risk of conducting transactions via electronic communication systems.
- Electronic trading facilities (including, without limitation, the Direct Market Access Services) are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. You understand that your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member or participant firms. Such limits may vary: you understand that you should ask us for details in this respect.
- Trading on an electronic trading system (including, without limitation, through the Direct Market Access Services) may differ from trading on other electronic



trading systems. If you undertake transactions on an electronic trading system, you understand that you will be exposed to risks associated with the system including the failure of hardware and software. You understand that the result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

**- End -**