RISK DISCLOSURE NOTICE

For Professional Clients and Eligible Counterparties

THIS RISK DISCOSURE NOTICE SETS OUT THE RISKS IN TRADING CERTAIN PRODUCTS BETWEEN: CITIC Securities (UK) AND THE CLIENT ("YOU").

This Risk Disclosure Notice is provided in accordance with applicable regulatory requirements, including the rules of the Financial Conduct Authority ("FCA"), and reflects market practice for professional clients and eligible counterparties.

It outlines the principal risks associated with transactions in financial instruments, including futures, options, commodities, and related derivative products. It is not intended to disclose or discuss all risks or other material aspects of any transaction.

Certain products, markets or jurisdictions may give rise to additional risks. Where appropriate, CITIC Securities (UK) may provide supplemental product-specific or jurisdiction-specific risk disclosures.

As a Professional Client or Eligible Counterparty, you are deemed to possess the experience, knowledge and expertise necessary to understand and evaluate the risks associated with these products. Nevertheless, you remain responsible for ensuring that you fully understand the nature of each transaction and the extent of your potential exposure.
Please ensure that this Risk Disclosure Notice is reviewed by all relevant staff, including legal, compliance, risk management, finance and operational teams, as appropriate.

The terms of any specific transaction and any governing documentation shall prevail over this Risk Disclosure Notice in the event of inconsistency.

General Risk Warning
Trading in derivatives, commodities and other financial instruments involves significant risk and may not be suitable for all market participants.

You should not enter into any transaction unless you:

- Understand the nature and structure of the transaction;
- Understand the extent of your potential exposure to loss;
- Understand the rights and obligations arising under the transaction;
- Are satisfied that the transaction is appropriate in light of your investment objectives, financial resources and risk appetite.

Derivative products do not always behave in the same manner as traditional investments and may involve complex risk characteristics.

CITIC Securities (UK) does not guarantee the performance of any investment or transaction.

Losses May Exceed Initial Investment
The risk of loss arising from futures, options and other derivative transactions can be substantial. You may:

- Sustain a total loss of any initial margin, premium or other funds deposited;
- Incur losses that exceed your initial investment;
- Be required to provide additional margin or collateral at short notice;
- Remain liable for any resulting deficit following liquidation of positions.

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Where market movements occur rapidly, losses can accumulate faster than additional margin can be provided. Failure to satisfy margining requirements may result in positions being closed out or liquidated without prior notice and at potentially disadvantageous prices.

Margin and Leverage Risk
Many derivatives transactions are conducted on a margined basis and involve leverage. A relatively small movement in the price of the underlying asset may result in a disproportionately large gain or loss. Leverage can operate both in your favour and against you. Margin requirements may increase at short notice, particularly during periods of market stress or heightened volatility.

Market Risk and Volatility
Financial markets may experience:

- Rapid price fluctuations;
- Extreme volatility;
- Market dislocations;
- Gapping and discontinuous trading;
- Abnormal market conditions.

Commodity markets may be affected by supply and demand conditions, geopolitical events, regulatory intervention, environmental factors and other market disruptions. Such factors may significantly affect pricing, liquidity and your ability to execute or close transactions.

Liquidity and Execution Risk
Market conditions may:

- Reduce or eliminate liquidity;
- Restrict your ability to enter, amend or close positions;
- Result in delayed, partial or failed execution of orders;
- Cause bid-offer spreads to widen significantly.

In certain circumstances:

- Positions may not be capable of being liquidated;
- Reliable pricing information may be unavailable;
- Exchanges may impose trading halts, price limits, circuit breakers or suspensions.

Limitations of Risk-Mitigation Strategies
Orders designed to limit losses, including stop-loss, stop-limit or contingent orders, may not always be effective. Market conditions may prevent execution at the intended price or prevent execution entirely. Losses may therefore exceed anticipated amounts.

Complex trading strategies, including spread transactions, option structures and multi-leg strategies, may involve risks equal to or greater than those associated with outright positions.

Product-Specific Risks
Futures
Futures contracts may involve an obligation to make, or to take delivery of the underlying asset of the contract at a future date, or to settle the position in cash.

The risk of loss can be substantial and may exceed the margin posted.

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Under certain market conditions, it may be difficult or impossible to liquidate a futures position.

Futures transactions involve contingent liabilities and require ongoing compliance with margining requirements.

Options
Options are complex, non-linear financial instruments whose value may be affected by numerous factors including:

- The price of the underlying instrument;
- Volatility;
- Time decay;
- Interest rates;
- Market liquidity.

Buying Options
Purchasers of options generally risk losing the premium paid together with applicable commissions and transaction costs.

However, where an option is exercised into a futures position or another leveraged product, additional risks may arise, including those associated with futures trading.

Writing Options
The risks associated with writing options are significantly greater than those associated with purchasing options.
Option writers may:

- Be required to post margin;
- Incur losses substantially exceeding premiums received;
- Be exposed to potentially unlimited losses, particularly in the case of uncovered options.

Only when you possess sufficient knowledge, experience and financial resources should you consider writing uncovered options.

Commodities
Commodity markets may exhibit:

- Significant volatility;
- Cyclical price behaviour;
- Seasonal influences;
- Physical delivery constraints;
- Concentrated market participation.

The physical characteristics of commodities and delivery obligations may affect pricing and liquidity. Certain commodity contracts may result in physical delivery obligations. Physical settlement may involve delivery of warrants, warehouse receipts or physical commodities and may give rise to additional operational, transportation, storage, insurance and title-transfer risks.

Clearing and Settlement Risk
Transactions may be executed bilaterally or cleared through a central counterparty ("CCP").
You may not have a direct contractual relationship with the relevant clearing house.

Risks may include:

- Clearing member default;
- Porting risk;
- Settlement failure;

- Default management actions;
- Transfer or liquidation of positions.

The protections available under different clearing arrangements may vary significantly between markets and jurisdictions. Although certain transactions may be cleared through a relevant CCP, the protections provided by the CCP may not apply directly to you and may depend on the structure of the clearing arrangements and applicable law. Where CITIC Securities (UK) is not itself a clearing member of a relevant CCP, transactions may be cleared through a third-party clearing member. In such circumstances, additional risks may arise from the involvement of that intermediary, including operational, credit and insolvency risks.

Indirect Clearing Risk
Where transactions are cleared through an indirect clearing arrangement, additional risks may arise.
The level of protection available to positions and collateral may depend on the segregation model selected, including whether positions are held in a Gross Omnibus Segregated Account (GOSA) or a Net Omnibus Segregated Account (NOSA).

In the event of the default of a direct client, intermediary, clearing member or other participant in the indirect clearing chain:

- positions may be ported, liquidated or transferred;
- collateral may be returned, transferred or applied in accordance with Applicable Regulations and CCP rules;
- recovery of assets or positions may be delayed;
- protections may vary depending upon the account structure selected and the applicable law.
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Additional information regarding clearing arrangements, segregation models and indirect clearing services is available in the CITIC Securities (UK) Clearing Member Disclosure – Direct and Indirect Clearing.

Counterparty Risk
You are exposed to the risk that a counterparty, including CITIC Securities (UK), its affiliates, custodians, brokers, intermediaries or clearing members, may:

- fail to perform its obligations;
- become insolvent;
- enter resolution proceedings; or
- fail to settle transactions when due.

Such events may result in:

- losses on open positions;
- delayed settlement;
- loss of unrealised profits; and
- additional costs arising from replacement transactions

Collateral and Client Asset Risk
Where collateral is provided to CITIC Securities (UK), its treatment will depend on applicable law, regulation and contractual arrangements.

Additional risks relating to title transfer collateral arrangements, client money and custody arrangements are set out in the separate " Risk Disclosure Relating to Title Transfer Financial Collateral Arrangements and Safekeeping of Financial Instruments and Other Custody Assets."

You should ensure that you understand how your collateral will be held, used and protected.

Operational and Technology Risk

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Trading activities may be exposed to risks associated with:

- Electronic trading systems;
- Connectivity failures;
- Hardware and software malfunctions;
- Cybersecurity events;
- Latency and processing delays;
- Data corruption;
- System outages.

Such failures may:

- Prevent order entry, execution or cancellation;
- Result in incorrect or duplicate transactions;
- Cause loss of market access;
- Lead to financial losses.

Suspension of Trading and Market Disruption
Under certain market conditions, including periods of extreme volatility, exchanges or trading venues may suspend, restrict or halt trading. Such actions may prevent you from entering, modifying or closing positions and may increase losses.

Execution Through Intermediaries
CITIC Securities (UK) may execute transactions directly or through brokers, clearing members or other intermediaries. In such circumstances, your transactions may be affected by:

- The financial condition of those entities;
- Their operational capabilities;
- Their compliance with applicable laws and market rules.

The rights available to you may differ depending upon how a transaction is executed or recorded. Your rights may differ depending on whether transactions are executed directly on an exchange, through a clearing member or through another intermediary.

Position Limit and Position Management Risk
Exchanges, CCPs and regulators may impose position limits and position management controls. Where limits are exceeded, positions may be restricted, reduced or closed out, potentially at disadvantageous prices.

Cyber risk
Cybersecurity incidents affecting CITIC Securities (UK), market infrastructures, clearing houses or third-party service providers may disrupt trading, settlement, access to systems or the availability of information.

Legal and Regulatory Risk
Changes in applicable laws, regulations, tax rules, exchange rules or market practices may:

- Affect the value of a transaction;
- Restrict or prohibit certain activities;
- Increase margin, capital or operational requirements;
- Require positions to be closed, transferred or amended.

Your rights and obligations may vary depending upon the governing law, jurisdiction and applicable market rules. Tax treatment may also change over time and may adversely affect the economic outcome of a transaction. You should seek independent tax, legal and regulatory advice where necessary.

ESG/Regulatory transition risk

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Changes in climate-related regulation, sustainability requirements, carbon markets or energy transition policies may materially affect the value, liquidity and availability of certain products and markets.

No Advice and Capacity
Unless expressly agreed in writing, CITIC Securities (UK) acts solely in an execution, dealing or clearing capacity.

CITIC Securities (UK) does not provide investment, legal, tax, accounting or regulatory advice by virtue of providing access to markets or executing transactions.
You remain solely responsible for:

- Your investment and trading decisions;
- Assessing the suitability of transactions;
- Conducting your own due diligence and analysis;
- Obtaining independent professional advice where appropriate.

Conflicts of Interest
CITIC Securities (UK) and its affiliates may have interests, relationships or activities that conflict with your interests. While CLSA (UK) maintains policies and procedures designed to identify, manage and mitigate conflicts of interest, such conflicts cannot always be entirely eliminated. Additional information is available upon request.

Non-Exhaustive Nature of this Disclosure
This Risk Disclosure Notice does not identify all the risks associated with financial instruments, markets or services. Before entering into any transaction, you should:

- Review all relevant contractual documentation carefully;
- Consider the risks in light of your particular circumstances;
- Seek independent professional advice where appropriate;
- Ensure that you fully understand the transaction and associated risks.

Acknowledgement
By entering into transactions with CITIC Securities (UK), you acknowledge that you:

- Have received and read this Risk Disclosure Notice;
- Understood that trading in derivatives and related products involves significant risk;
- Are capable of independently evaluating the merits and risks of transactions;
- Accept responsibility for your investment and trading decisions;
- Accept the risks associated with the relevant products and services, including any risks associated with clearing arrangements, segregation models and indirect clearing services.

Nothing in this Risk Disclosure Notice amends, supersedes or limits the express terms of any transaction, agreement or other governing documentation entered into between you and CITIC Securities (UK).