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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your Shares in the Company, you should at once hand this circular together with the accompanying form of proxy and reply slip to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser(s) or the transferee(s).

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*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 华泰证券股份有限公司 and carrying on business in Hong Kong as HTSC)  
(Stock Code: 6886)*

**2018 WORK REPORT OF THE BOARD  
2018 WORK REPORT OF THE SUPERVISORY COMMITTEE  
2018 FINAL FINANCIAL REPORT  
2018 PROFIT DISTRIBUTION PLAN  
2018 ANNUAL REPORT  
ESTIMATED ORDINARY TRANSACTIONS WITH RELATED PARTIES  
FOR 2019  
ESTIMATED INVESTMENT AMOUNT FOR THE PROPRIETARY  
BUSINESS FOR 2019  
RE-APPOINTMENT OF ACCOUNTING FIRM FOR 2019  
AMENDMENTS TO THE DECISION MAKING SYSTEM FOR EXTERNAL  
GUARANTEE  
AMENDMENTS TO THE PROCEEDS MANAGEMENT SYSTEM  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AMENDMENTS TO THE RULES OF PROCEDURES OF THE GENERAL  
MEETING  
AMENDMENTS TO THE RULES OF PROCEDURES OF THE BOARD  
GENERAL AUTHORIZATION OF THE COMPANY'S DOMESTIC AND FOREIGN  
DEBT FINANCING INSTRUMENTS  
AND  
NOTICE OF AGM**

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A notice convening the AGM of the Company to be held at Conference Room, Renaissance Nanjing Olympic Centre Hotel, No.139 Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC on Wednesday, June 26, 2019 at 2:00 p.m. is set out on pages 16 to 20 of this circular.

If you are not able to attend the AGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the AGM and deposit it together with the notarised power of attorney or other documents of authorization with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited (for holders of H Share). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM in person should you so desire.

Shareholders intending to attend the AGM in person or by their proxies should complete and return the reply slip for attending the AGM to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited (for holders of H Share) on or before Thursday, June 6, 2019.

May 10, 2019

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“A Share(s)”	domestic share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi and are listed for trading on the Shanghai Stock Exchange
“AGM”	the annual general meeting of 2018 to be held by the Company at Conference Room, Renaissance Nanjing Olympic Centre Hotel, No.139 Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC on Wednesday, June 26, 2019 at 2:00 p.m.
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of the Company”	the board of directors of the Company
“Company”	a joint stock company incorporated in the PRC with limited liability under the corporate name 华泰证券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 华泰证券有限责任公司 (Huatai Securities Limited Liability Company) on December 7, 2007, carrying on business in Hong Kong as “HTSC”, and was registered as a registered non-Hong Kong company under Part 16 of the Companies Ordinance under the Chinese approved name of “華泰六八八六股份有限公司” and English name of “Huatai Securities Co., Ltd.”; the H Shares of which have been listed on the main board of Hong Kong Stock Exchange since June 1, 2015 (Stock Code: 6886); the A Shares of which have been listed on the Shanghai Stock Exchange since February 26, 2010 (Stock Code: 601688), unless the context otherwise requires, including its predecessor
“CEO”	the chief executive officer of the Company
“Company Law”	Company Law of the People’s Republic of China (as amended from time to time)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Decision Making System of the Company for External Guarantee”	the Decision Making System of Huatai Securities Co., Ltd. for External Guarantee (as amended from time to time)

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## DEFINITIONS

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“Group”	the Company and its subsidiaries, and their respective predecessors
“HK dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
“Independent Non-executive Director(s)”	the independent non-executive Director(s) of the Company
“Jiangsu SASAC”	State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government (江蘇省人民政府國有資產監督管理委員會)
“Latest Practicable Date”	May 6, 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	the People’s Bank of China
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this circular, Hong Kong, Macau and Taiwan
“Proceeds Management System”	the Proceeds Management System of Huatai Securities Co., Ltd. (as amended from time to time)
“Reporting Period”	the period from January 1, 2018 to December 31, 2018
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rules of Procedures of the Board of Directors”	the Rules of Procedures of the Board of Directors of Huatai Securities Co., Ltd. (as amended from time to time)
“Rules of Procedures of the General Meeting”	the Rules of Procedures of the General Meeting of Huatai Securities Co., Ltd. (as amended from time to time)
“Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares

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## DEFINITIONS

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“Shareholder(s)”	the holder(s) of the share(s)
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Terms of Reference of the Committees of the Board of Directors”	the Terms of Reference of the Committees of the Board of Directors of Huatai Securities Co., Ltd. (as amended from time to time)
“%”	per cent.

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## LETTER FROM THE BOARD

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*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 华泰证券股份有限公司 and carrying on business in Hong Kong as HTSC)*  
**(Stock Code: 6886)**

***Executive Directors:***

Mr. Zhou Yi (*Chairman, President*)  
Mr. Zhu Xuebo

***Non-executive Directors:***

Mr. Ding Feng  
Mr. Chen Yongbing  
Mr. Xu Qing  
Ms. Hu Xiao  
Ms. Fan Chunyan

***Independent Non-executive Directors:***

Mr. Chen Chuanming  
Mr. Liu Hongzhong  
Mr. Lee Chi Ming  
Ms. Liu Yan  
Mr. Chen Zhibin

***Registered office:***

No. 228 Middle Jiangdong Road,  
Nanjing, Jiangsu Province,  
the PRC

***Principal place of business  
in Hong Kong:***

4201, 42/F, The Centre,  
99 Queen's Road Central,  
Hong Kong

May 10, 2019

*To the Holders of H Shares*

Dear Sir and Madam,

**Introduction**

The purpose of this circular is to provide you, as holders of H Shares, with the notice of AGM (set out on pages 16 to 20 of this circular) and provide you with information reasonably necessary to enable you to make informed decisions on whether to vote for or against the proposed resolutions at the AGM.

At the AGM, ordinary resolutions will be proposed to approve (i) the 2018 work report of the Board of the Company ("**2018 Work Report of the Board**"); (ii) the 2018 work report of the Supervisory Committee of the Company ("**2018 Work Report of the Supervisory Committee**"); (iii) the 2018 final financial report of the Company ("**2018 Final Financial Report**"); (iv) the 2018 profit distribution plan of the Company ("**2018 Profit Distribution Plan**"); (v) the 2018 annual report of the Company ("**2018 Annual Report**"); (vi) the resolution on the estimated ordinary transactions with related parties of the Company for 2019; (vii) the resolution on the estimated investment amount for

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## LETTER FROM THE BOARD

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the proprietary business of the Company for 2019; (viii) the resolution on re-appointment of accounting firm of the Company for 2019; (ix) the resolution on amendments to the Decision Making System of Huatai Securities Co., Ltd. for External Guarantee; and (x) the resolution on amendments to the Proceeds Management System of Huatai Securities Co., Ltd. Besides, special resolutions will be proposed to approve (xi) the resolution on amendments to the Articles of Association of Huatai Securities Co., Ltd.; (xii) the resolution on amendments to the Rules of Procedures of the General Meeting of Huatai Securities Co., Ltd.; (xiii) the resolution on amendments to the Rules of Procedures of the Board of Huatai Securities Co., Ltd.; and (xiv) the resolution on the general authorization of the Company's domestic and foreign debt financing instruments.

### **Ordinary Resolutions:**

#### **1. 2018 Work Report of the Board**

At the AGM, an ordinary resolution will be proposed to approve 2018 Work Report of the Board. Please see the relevant parts of the 2018 Annual Report for information about 2018 Work Report of the Board.

The 2018 Work Report of the Board was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

#### **2. 2018 Work Report of the Supervisory Committee**

At the AGM, an ordinary resolution will be proposed to approve 2018 Work Report of the Supervisory Committee. Details of the 2018 Work Report of the Supervisory Committee are set out in Appendix I to this circular.

The 2018 Work Report of the Supervisory Committee was considered and approved by the Supervisory Committee on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

#### **3. 2018 Final Financial Report**

At the AGM, an ordinary resolution will be proposed to approve 2018 Final Financial Report. Details of the 2018 Final Financial Report are set out in the Appendix II to this circular.

The 2018 Final Financial Report was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

#### **4. Resolution on the 2018 Profit Distribution Plan of the Company**

At the AGM, an ordinary resolution will be proposed to approve the 2018 Profit Distribution Plan.

As audited by KPMG Huazhen LLP, the net profit for 2018 of the Company reached RMB5,359,763,895.61. According to relevant requirements of the Company Law, the Securities Law

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## LETTER FROM THE BOARD

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of the People's Republic of China, Financial General Rules for Enterprises and Financial Rules for Financial Enterprises (《企業財務通則金融企業財務規則》) and the Articles of Association, the Company had appropriated 10% for statutory surplus reserve, 10% for general risk reserve and 10% for trading risk reserve of RMB1,607,929,168.68 in total, after which, the profit available for distribution for the year was RMB3,751,834,726.93.

Plus the balance of undistributed profit in previous years and less the dividend distributed by the Company for the year, the accumulated profit available for distribution to investors in cash for the year was RMB14,480,534,816.47.

According to relevant requirements of the No. 3 Regulatory Guideline for the Supervision of Listed Companies — Cash Dividend of Listed Companies (《上市公司監管指引第3號 — 上市公司現金分紅》) of the CSRC and Guidelines for Cash Dividend Distribution of SSE-listed Companies (《上海證券交易所上市公司現金分紅指引》) and based on the actual needs of the Company for business development, the profit distribution plan is proposed as follows:

The Company will make profit distribution by way of cash dividend for 2018, to distribute cash dividend to all the holders of A Shares and H Shares whose names appeared on the register of Shareholders on the record date for cash dividend distribution for 2018, the amount of which will be RMB3.00 (tax included) per 10 shares in cash based on the total share capital of 8,251,500,000 shares as at the end of 2018, with an aggregate amount of RMB2,475,450,000.00. The remaining profit available for distribution to investors will be carried forward to the next year.

Cash dividend is denominated and declared in Renminbi, and paid to holders of A Shares in Renminbi and to holders of H Shares in HK dollars. The actual distribution amount in HK dollars would be calculated at the average basic exchange rate of Renminbi against HK dollars published by the PBOC five business days prior to the date of 2018 AGM.

The Company will make further notice on the record date and the book closure date for such dividend distribution.

The resolution was considered and approved by the Board and the Supervisory Committee on March 29, 2019, and is now submitted to the AGM for its consideration and approval. Upon the approval at the AGM, the Company will distribute cash dividend to its Shareholders according to the distribution plan within two months from the date of convening the AGM.

### **5. Resolution on 2018 Annual Report of the Company**

At the AGM, an ordinary resolution will be proposed to approve the 2018 Annual Report. The 2018 Annual Report was dispatched on April 26, 2019, and meanwhile has been published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company ([www.htsc.com.cn](http://www.htsc.com.cn)).

The 2018 Annual Report was considered and approved by the Board and the Supervisory Committee on March 29, 2019, and is now submitted to the AGM for its consideration and approval.



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## LETTER FROM THE BOARD

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### **6. Resolution on the estimated ordinary transactions with related parties of the Company for 2019**

At the AGM, an ordinary resolution will be proposed to authorize, within the scope of the ordinary transactions with related parties of the Company for 2019 estimated in the resolution, the Company's management to sign or renew relevant agreements according to the Company's need for normal business operation. Details of the resolution on the estimated ordinary transactions with related parties of the Company for 2019 are set out in the Appendix III to this circular.

The resolution was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

### **7. Resolution on the estimated investment amount for the proprietary business of the Company for 2019**

As an essential part of the primary business of the Company, the proprietary investment business is affected by various factors such as national policies and market volatility. The proprietary investment scale is subject to adjustment based on the actual situation so as to seize investment opportunities in a timelier manner. Article 7 of the Provisions on Strengthening the Supervision and Administration of Listed Securities Companies (Revised in 2010) (《關於加強上市證券公司監管的規定 (2010年修訂)》) promulgated by the CSRC provides that "pursuant to the requirements of the listing rules of Shanghai Stock Exchange and Shenzhen Stock Exchange with respect to transactions which shall be disclosed, where material foreign investments including securities proprietary business of listed securities companies exceeding certain amounts may need to be disclosed and submitted to the shareholders' general meeting for resolution in time, the aggregate amount of proprietary investments can be considered and disclosed by shareholders' general meeting of such companies each year; in the event that any changes occurred in proprietary investments, shareholders' general meeting can authorize the Board to vote and provide announcements in compliance with the Articles of Association". The Board considered the Proposal on the Estimated Investment Amount for the Proprietary Business of the Company for 2019 and formed the Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2019, which is submitted to the AGM for consideration. The resolution mainly includes:

Subject to the compliance with the relevant requirements of proprietary management and risk monitor and control issued by the CSRC, propose to authorize the operation management of the Company to determine and adjust the total amount investment of the proprietary business of the Company within the following limits according to the market condition:

1. The aggregate amount for proprietary equity securities and derivatives thereof shall not exceed 100% of the net capital of the Company;
2. The aggregate amount for proprietary non-equity securities and its derivatives shall not exceed 400% of the net capital of the Company.

The above limit excludes long-term equity investment and passive position arising from underwriting business of the Company. The aggregate amount for "proprietary equity securities and

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## LETTER FROM THE BOARD

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derivatives” and “proprietary non-equity securities and its derivatives” shall be calculated as per Regulations on Risk Control Indicators of Securities Company (《證券公司風險控制指標管理辦法》) and Calculation Standards for Risk Control Indicators of Securities Company (《證券公司風險控制指標計算標準規定》).

It should be noted that the above-mentioned limits, being cap amounts of the proprietary investment, are set in accordance with relevant requirements of the CSRC and subject to market volatility, and the total amounts of proprietary investment to be made and any variance thereof, do not represent the judgment of the operation management of the Company or the Board on the market. The actual amounts of proprietary investment depend on the market conditions at the time of making such proprietary investment(s).

The resolution was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

### **8. Resolution on the re-appointment of accounting firm of the Company for 2019**

After the bid evaluation by the team of experts organized by the Bidding Center of Jiangsu Province, and as considered and approved by the shareholders’ general meeting of the Company, for the years from 2014 to 2018, the Company continuously engaged KPMG Huazhen LLP as the audit services institution of the Company and its holding subsidiaries to audit the annual accounting statements and internal control. The Company intends to re-appoint KPMG Huazhen LLP as the audit services institution to audit the annual accounting statements and internal control of the Company and its holding subsidiaries for 2019 and issue audit reports on A Shares and H Shares, respectively. Due to the rapid growth of the Company’s overseas business scale, the increase of special audit reports of regulatory authorities and the increase of regulatory requirements for information disclosure on the three stock exchanges where the Company has been listed the annual audit service fee increased from not more than RMB5 million to not more than RMB5.5 million.

The resolution was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

### **9. Resolution on the Amendments to the Decision Making System for External Guarantee**

Reference is made to the announcement dated Friday, March 29, 2019 in relation to, inter alia, the Board’s proposed amendment to the Decision Making System for External Guarantee.

In order to actively explore and establish a new business management system to improve work efficiency and specify work responsibilities, the Company intends to establish an executive committee and the position of CEO, and no longer keeps the positions of president and vice president. The Executive Committee of the Company is the highest operational and management organ of the Company for the purpose of carrying out the guidelines and policies of the Board, with members from senior management and the CEO being the director of the Executive Committee of the Company. Meanwhile, according to the requirements of regulatory authorities on the external guarantee amount management of securities companies and listed companies, in accordance with the relevant

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## LETTER FROM THE BOARD

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requirements under relevant laws, regulations and regulatory documents, and based on its actual situation, the Company proposes to amend some of the provisions of the current Decision Making System for External Guarantee (the “**Proposed Amendments to the Decision Making System for External Guarantee**”).

The Proposed Amendment to the Decision Making System for External Guarantee is subject to the approval of the shareholders at the general meeting. The amended Decision Making System for External Guarantee shall be effective at the same time as the proposed newly amended Articles of Association. Prior to this, the current Decision Making System for External Guarantee shall continue to be effective.

The resolution was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

Details of the explanation table of the Proposed Amendments to the Decision Making System of the Company for External Guarantee are set out in Appendix IV to this circular.

### **10. Resolution on the Amendments to the Proceeds Management System of Huatai Securities Co., Ltd.**

Reference is made to the announcement dated Friday, March 29, 2019 in relation to, inter alia, the Board’s proposed amendment to the Proceeds Management System.

In order to actively explore and establish a new business management system to improve work efficiency and specify work responsibilities, the Company intends to establish an executive committee and the position of CEO, and no longer keeps the positions of president and vice president. The Executive Committee of the Company is the highest operational and management organ of the Company for the purpose of carrying out the guidelines and policies of the Board of Directors, with members from senior management and the CEO being the director of the Executive Committee of the Company.

Therefore, in accordance with the relevant requirements of the relevant laws, regulations and regulatory documents, and taking into account the actual situation of the Company, the Company proposes to amend some of the provisions of the current Proceeds Management System (the “**Proposed Amendments to the Proceeds Management System**”).

The Proposed Amendment to the Proceeds Management System is subject to the approval of the shareholders at the general meeting. The amended Proceeds Management System shall be effective at the same time as the proposed newly amended Articles of Association. Prior to this, the current Proceeds Management System shall continue to be effective.

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## LETTER FROM THE BOARD

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The resolution was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

Details of the explanation table of the Proposed Amendments to the Proceeds Management System are set out in Appendix V to this circular.

### Special resolutions:

#### 11. Resolution on the Amendments to the Articles of Association of Huatai Securities Co., Ltd.

Reference is made to the announcements dated Friday, March 29, 2019 and Monday, April 29, 2019, respectively, in relation to, inter alia, the Board's proposed amendment to the Articles of Association.

In order to actively explore and establish a new business management system to improve work efficiency and specify work responsibilities, the Company intends to establish an executive committee and the position of CEO, and no longer keeps the positions of president and vice president. The Executive Committee of the Company is the highest operational and management organ of the Company for the purpose of carrying out the guidelines and policies of the Board of Directors, with members from senior management and the CEO being the director of the Executive Committee of the Company.

Meanwhile, according to the relevant requirements of the Guidance on Articles of Association of Listed Companies (《上市公司章程指引》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》), the Administrative Regulations on Private Investment Fund Subsidiaries of Securities Companies (《證券公司私募投資基金子公司管理規範》) and the Administrative Regulations on Alternative Investment Subsidiaries of Securities Companies (《證券公司另類投資子公司管理規範》), etc., the Company proposed to amend the general requirements for external guarantee, and made specific requirement on the relevant provisions regarding the establishment of private investment fund subsidiaries and alternative investment subsidiaries.

In addition, the 6th meeting of the Standing Committee of the 13th National People's Congress held on October 26, 2018 considered and approved the "Decision on Amending the Company Law of the People's Republic of China" (《關於修改〈中華人民共和國公司法〉的決定》), which revised the provisions relating to share repurchase of the Company Law.

Therefore, in accordance with the relevant requirements of the relevant laws, regulations and regulatory documents, and taking into account the actual situation of the Company, the Company proposes to amend some of the provisions of the current Articles of Association (the "**Proposed Amendments to the Articles of Association**").

The Board has made a proposal to the general meeting to authorize the operational management of the Company to complete the filing and approval for the Proposed Amendments to the Articles of Association and related matters. The Proposed Amendments to the Articles of Association are still

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## LETTER FROM THE BOARD

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required to be approved by Shareholders at the general meeting and subject to the approval by the securities regulatory authority. The amended Articles of Association shall be effective after the approval from the securities regulatory authority and the completion of the procedures for the change in industrial and commercial registration. Prior to this, the current Articles of Association shall continue to be effective.

The relevant resolutions were considered and approved by the Board on March 29, 2019 and April 29, 2019, and are now submitted to the AGM for its consideration and approval.

Details of the explanation table of the Proposed Amendments to the Articles of Association are set out in Appendix VI to this circular.

### **12. Resolution on the Amendments to the Rules of Procedures of the General Meeting of Huatai Securities Co., Ltd.**

Reference is made to the announcement dated Friday, March 29, 2019 in relation to, inter alia, the Board's proposed amendment to the Rules of Procedures of the General Meeting.

In order to actively explore and establish a new business management system to improve work efficiency and specify work responsibilities, the Company intends to establish an executive committee and the position of CEO, and no longer keeps the positions of president and vice president. The Executive Committee of the Company is the highest operational and management organ of the Company for the purpose of carrying out the guidelines and policies of the Board of Directors, with members from senior management and the CEO being the director of the Executive Committee of the Company.

Therefore, in accordance with the relevant requirements of the relevant laws, regulations and regulatory documents, and taking into account the actual situation of the Company, the Company proposes to amend some of the provisions of the current Rules of Procedures of the General Meeting (the "**Proposed Amendments to the Rules of Procedures of the General Meeting**").

The Proposed Amendments to the Rules of Procedures of the General Meeting is subject to the approval of the shareholders at the general meeting. The amended Rules of Procedures of the General Meeting shall be effective at the same time as the proposed newly amended Articles of Association. Prior to this, the current Rules of Procedures of the General Meeting shall continue to be effective.

The resolution was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

Details of the explanation table of the Proposed Amendments to the Rules of Procedures of the General Meeting are set out in Appendix VII to this circular.

### **13. Resolution on the Amendments to the Rules of Procedures of the Board of Huatai Securities Co., Ltd.**

Reference is made to the announcement dated Friday, March 29, 2019 in relation to, inter alia, the Board's proposed amendment to the Rules of Procedures of the Board.

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## LETTER FROM THE BOARD

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In order to actively explore and establish a new business management system to improve work efficiency and specify work responsibilities, the Company intends to establish an executive committee and the position of CEO, and no longer keeps the positions of president and vice president. The Executive Committee of the Company is the highest operational and management organ of the Company for the purpose of carrying out the guidelines and policies of the Board of Directors, with members from senior management and the CEO being the director of the Executive Committee of the Company.

Therefore, in accordance with the relevant requirements of the relevant laws, regulations and regulatory documents, and taking into account the actual situation of the Company, the Company proposes to amend some of the provisions of the current Rules of Procedures of the Board (the **“Proposed Amendments to the Rules of Procedures of the Board”**).

The Proposed Amendments to the Rules of Procedures of the Board is subject to the approval of the shareholders at the general meeting. The amended Rules of Procedures of the Board shall be effective at the same time as the proposed newly amended Articles of Association. Prior to this, the current Rules of Procedures of the Board shall continue to be effective.

The resolution was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

Details of the explanation table of the Proposed Amendments to the Rules of Procedures of the Board are set out in Appendix VIII to this circular.

#### **14. Resolution on the general authorization of the Company’s domestic and foreign debt financing instruments**

Reference is made to the circular issued on Friday, May 5, 2017 and the announcement issued on Wednesday, June 21, 2017 by the Company in relation to, among others, the Resolution on the General Authorization of the Company’s Domestic and Foreign Debt Financing Instruments considered and approved at the 2016 AGM of the Company, which authorized the Company to carry out debt financing with a total amount of not more than RMB200 billion by using various domestic and foreign debt financing instruments except for inter-bank borrowing and bond repurchase. The authorization shall be valid for 36 months from the date of consideration and approval by the AGM, which means it will expire on June 20, 2020. Although this general authorization has not yet expired, the capital strength of the Company has achieved a substantial growth and indicated a tendency of further expansion since the Company’s completion of the private placement during the authorization period. As a result, the available amount of various debt financing instruments of the Company has increased simultaneously. Coupled with the adjustments of bond repurchase quotas by regulators and the increasing number of new debt financing instruments (including Pledge-style Repo., box options, credit-linked notes, etc.), it is necessary to adjust the current authorization. In order to ensure the smooth development of relevant financing activities, timely grasp market opportunities, meet the Company’s needs for business development, timely supplement the Company’s working capital, adjust the debt structure, and improve the Company’s capital operation efficiency under the premise of controllable risks, the Company intends to once again propose at the general meeting of Shareholders to authorize the Board to and approve that the Board may further authorize the authorized persons (an

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## LETTER FROM THE BOARD

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authorized group consisting of the Chairman, CEO and Chief Financial Officer of the Company) to make decisions on the issuance of domestic and foreign debt financing instruments of the Company. Depending on the importance of the authorized issues, the authorized persons may jointly or separately sign the relevant documents.

The resolution was considered and approved by the Board on March 29, 2019, and is now submitted to the AGM for its consideration and approval.

Details of the resolution on the general authorization of the Company's domestic and foreign debt financing instruments are set out in Appendix IX to this circular.

### Information about the Attendance of AGM

The AGM will be held at Conference Room, Renaissance Nanjing Olympic Centre Hotel, No. 139 Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC on Wednesday, June 26, 2019 at 2:00 p.m. The notice of AGM is also set out on pages 16 to 20 of this circular.

The summary of the important dates for H Shareholders is as follows:

<b>Last Registration Date</b>	: At or before 4:30 p.m. on Friday, May 24, 2019
<b>Closure of Register of Members for H Shareholders</b>	: Monday, May 27, 2019 to Wednesday, June 26, 2019
<b>Submission of Reply Slip</b>	: On or before Thursday, June 6, 2019
<b>Submission of Proxy Form</b>	: At or before 2:00 p.m. on Tuesday, June 25, 2019

The register of members of H Shares will be closed from Monday, May 27, 2019 to Wednesday, June 26, 2019 (both days inclusive), during which period no Share transfers of H Shares will be effected. Purchasers of Shares who have submitted their Share transfer documents to the H Share Registrar of the Company and registered as Shareholders on the H Share register of members of the Company at or before 4:30 p.m. on Friday, May 24, 2019 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM.

In order to attend the AGM, holders of H Shares should ensure that all transfer documents, accompanied by the relevant Share certificates, are lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, May 24, 2019.

The reply slip and the proxy form for the AGM have been despatched on Friday, May 10, 2019 and have also been published on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Shareholders intending to attend the AGM in person or by their proxies should complete and return the reply slip for attending the AGM to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited (for holders of H Share) on or before Thursday, June 6, 2019.

To be valid, for holders of H Shares, the form of proxy and notarised power of attorney or other documents of authorization must be delivered to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the AGM. Completion and return of the proxy form will not preclude you from attending and voting at the AGM in person should you so wish.



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## LETTER FROM THE BOARD

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For reference purpose only, the record date for determining the eligibility of members of A Shares for attending the AGM will be on Tuesday, June 18, 2019. For details, please refer to the notice of AGM published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn/>) on Friday, May 10, 2019.

### **Voting arrangements**

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a shareholders' general meeting must be taken by poll. Accordingly, the chairman of the AGM will demand a poll in relation to all the proposed resolutions at the AGM in accordance with Article 114 of Articles of Association.

The aforesaid resolutions 1 to 10 are ordinary resolutions to be passed by the affirmative votes representing at least one half of the total number of Shares held by the attending Shareholders having voting rights; and resolutions 11 to 14 are special resolutions to be passed by the affirmative votes representing at least two-thirds of the total number of Shares held by the attending Shareholders having voting rights.

Pursuant to Rule 2.15 of the Listing Rules, where shareholders' approval is required with regard to a transaction, any shareholder that has a material interest in such transaction shall abstain from voting on the resolution(s) approving such transaction at the shareholders' general meeting.

As far as the Directors are aware, as at the Latest Practicable Date, Jiangsu Guoxin Investment Group Limited, the Shareholder who has substantial interests in the resolution 6.1, will abstain from voting in this matter; Jiangsu Communications Holding Company Limited, who has substantial interests in the resolution 6.2, will abstain from voting in this matter; Govtor Capital Group Co., Ltd., who has substantial interests in the resolution 6.3, will abstain from voting in this matter; Jiangsu SOHO Holdings Group Co., Ltd. and Jiangsu SOHO International Group Corporation, who have substantial interests in the resolution 6.4, will abstain from voting in this matter. Saved as disclosed above, no Shareholder is considered to have a material interest in any of the resolutions proposed at the AGM and has to abstain from voting at the AGM approving the resolutions.

### **Responsibility statement**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or this circular misleading.



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## LETTER FROM THE BOARD

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### **Recommendation**

The Board believes that all the resolutions mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders vote in favour of the relevant resolutions to be proposed at the AGM as set out in the notice of AGM attached to the circular.

Yours faithfully,  
By order of the Board of the Company  
**Zhou Yi**  
*Chairman*

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## NOTICE OF AGM

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*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 华泰证券股份有限公司 and carrying on business in Hong Kong as HTSC)*  
**(Stock Code: 6886)**

### Notice of AGM

**NOTICE IS HEREBY GIVEN** that the AGM will be held at Conference Room, Renaissance Nanjing Olympic Centre Hotel, No. 139 Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC on Wednesday, June 26, 2019 at 2:00 p.m. to consider the following issues:

#### Ordinary Resolutions

1. To consider and approve the 2018 Work Report of the Board
2. To consider and approve the 2018 Work Report of the Supervisory Committee
3. To consider and approve the 2018 Final Financial Report
4. To consider and approve the 2018 Profit Distribution Plan
5. To consider and approve the 2018 Annual Report
6. To consider and approve the resolution on the estimated ordinary transactions with related parties of the Company for 2019:
  - 6.1 Ordinary related-party transactions with Jiangsu Guoxin Investment Group Limited and its related companies
  - 6.2 Ordinary related-party transactions with Jiangsu Communications Holding Co., Ltd. and its related companies
  - 6.3 Ordinary related-party transactions with Govtor Capital Group Co., Ltd. and its related companies
  - 6.4 Ordinary related-party transactions with Jiangsu SOHO Holdings Group Co., Ltd. and its related companies
  - 6.5 Ordinary related-party transactions with other related parties
7. To consider and approve the resolution on the estimated investment amount for the proprietary business of the Company for 2019

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## NOTICE OF AGM

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8. To consider and approve the resolution on the re-appointment of the accounting firm of the Company for 2019
9. To consider and approve the resolution on amendments to Decision Making System for External Guarantee of Huatai Securities Co., Ltd.
10. To consider and approve the resolution on amendments to the Proceeds Management System of Huatai Securities Co., Ltd.

### Special Resolutions

11. To consider and approve the resolution on amendments to the Articles of Association of Huatai Securities Co., Ltd.
12. To consider and approve the resolution on amendments to Rules of Procedures of the General Meeting of Huatai Securities Co., Ltd.
13. To consider and approve the resolution on amendments to Rules of Procedures of the Board of Directors of Huatai Securities Co., Ltd.
14. To consider and approve the resolution on General Authorization of the Company's Domestic and Foreign Debt Financing Instruments

### INFORMATION OF THE RESOLUTIONS

Information of the resolutions to be considered at the AGM and the recommendations of the Directors will be set out in detail in a circular to be despatched by the Company on Friday, May 10, 2019.

### DEFINITIONS

In this notice, the following expressions have the meanings set out below unless the context otherwise requires.

“AGM”	the annual general meeting of 2018 to be held by the Company at Conference Room, Renaissance Nanjing Olympic Centre Hotel, No.139 Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC on Wednesday, June 26, 2019 at 2:00 p.m.
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of the Company”	the board of directors of the Company

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## NOTICE OF AGM

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“Company”	a joint stock company incorporated in the PRC with limited liability under the corporate name 华泰证券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 华泰证券有限责任公司 (Huatai Securities Limited Liability Company) on December 7, 2007, carrying on business in Hong Kong as “HTSC”, and was registered as a registered non-Hong Kong company under Part 16 of the Companies Ordinance under the Chinese approved name of “華泰六八八六股份有限公司” and English name of “Huatai Securities Co., Ltd.”; the H Shares of which have been listed on the main board of The Stock Exchange of Hong Kong Limited since June 1, 2015 (Stock Code: 6886); the A Shares of which have been listed on the Shanghai Stock Exchange since February 26, 2010 (Stock Code: 601688), unless the context otherwise requires, including its predecessor
“Director(s)”	the director(s) of the Company
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on The Stock Exchange of Hong Kong Limited and to be traded in HK dollars
“Latest Practicable Date”	May 6, 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this notice prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this notice, Hong Kong, Macau and Taiwan
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company, comprising A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Supervisory Committee”	the supervisory committee of the Company

By order of the Board of the Company  
**Zhou Yi**  
*Chairman*

Jiangsu, the PRC, May 10, 2019

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## NOTICE OF AGM

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*As at the date of this notice, the Board comprises Mr. Zhou Yi and Mr. Zhu Xuebo as executive Directors; Mr. Ding Feng, Mr. Chen Yongbing, Mr. Xu Qing, Ms. Hu Xiao and Ms. Fan Chunyan as non-executive Directors; and Mr. Chen Chuanming, Mr. Liu Hongzhong, Mr. Lee Chi Ming, Ms. Liu Yan and Mr. Chen Zhibin as independent non-executive Directors.*

Notes:

### **1. Eligibility for attending the AGM and date of registration of members for H Shares**

The register of members of H Shares will be closed from Monday, May 27, 2019 to Wednesday, June 26, 2019 (both days inclusive), during which period no Share transfers of H Shares will be effected. Purchasers of Shares who have submitted their instruments of Share transfer to the H Share Registrar of the Company and registered as Shareholders on the H Share register of members of the Company before 4:30 p.m. on Friday, May 24, 2019 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM.

In order to attend the AGM, holders of H Shares should ensure that all transfer documents, accompanied by the relevant Share certificates, are lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, May 24, 2019.

### **2. Proxy**

- (1) Each Shareholder entitled to attend and vote at the AGM may appoint one or more proxies in writing to attend and vote on his/her behalf. A proxy need not be a Shareholder.
- (2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of the attorney authorizing that the attorney to sign or other documents of authorization must be notarised.

To be valid, for holders of H Shares, the form of proxy and notarised power of the attorney or other documents of authorization must be delivered to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the AGM.

- (3) Any voting at the AGM shall be taken by poll.

### **3. Registration procedures for attending the AGM**

- (1) A Shareholder attending in person should present proof of identity or stock account cards when attending the AGM. In the case of attendance by proxy, the proxy should present proof of identity and the proxy form(s) from the Shareholders. If a Shareholder is a legal person, its legal representative may attend the AGM by providing his/her identity card and valid proof of its capacity as a legal representative of such Shareholder appointing such person to attend the meeting. In the case of attendance by proxy of the legal representative, the proxy should present his/her identity card and a written letter of authorization duly issued by such legal representative when attending the AGM.
- (2) Shareholders of the Company intending to attend the AGM in person or by their proxies should complete and return the reply slip for attending the AGM to Computershare Hong Kong Investor Services Limited (for holders of H Shares) at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Thursday, June 6, 2019.

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## NOTICE OF AGM

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### 4. Voting by poll

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a shareholders' general meeting must be taken by poll. Accordingly, the chairman of the AGM will demand a poll in relation to all the proposed resolutions at the AGM in accordance with Article 114 of Articles of Association.

The aforesaid resolutions 1 to 10 are ordinary resolutions to be passed by the affirmative votes representing at least one half of the total number of Shares held by the attending Shareholders having voting rights; and resolutions 11 to 14 are special resolutions to be passed by the affirmative votes representing at least two-thirds of the total number of Shares held by the attending Shareholders having voting rights.

Pursuant to Rule 2.15 of the Listing Rules, where shareholders' approval is required with regard to a transaction, any shareholder that has a material interest in such transaction shall abstain from voting on the resolution(s) approving such transaction at the shareholders' general meeting.

As far as the Directors are aware, as at the Latest Practicable Date, Jiangsu Guoxin Investment Group Limited, the Shareholder who has substantial interests in the resolution 6.1, will abstain from voting in this matter; Jiangsu Communications Holding Company Limited, who has substantial interests in the resolution 6.2, will abstain from voting in this matter; Govtor Capital Group Co., Ltd., who has substantial interests in the resolution 6.3, will abstain from voting in this matter; Jiangsu SOHO Holdings Group Co., Ltd. and Jiangsu SOHO International Group Corporation, who have substantial interests in the resolution 6.4, will abstain from voting in this matter. Saved as disclosed above, no Shareholder is considered to have a material interest in any of the resolutions proposed at the AGM and has to abstain from voting at the AGM approving the resolutions.

### 5. Miscellaneous

- (1) The AGM is expected to be held for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
- (2) The address of Computershare Hong Kong Investor Services Limited is: Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (3) The registered address of the Company:

No. 228 Middle Jiangdong Road,  
Nanjing, Jiangsu Province,  
People's Republic of China

Contact Office: Board Office  
Telephone No.: +86 25 8338 8272/8338 7793  
Facsimile No.: +86 25 8338 7784  
E-mail: boardoffice@htsc.com

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**APPENDIX I      2018 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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Dear Shareholders,

On behalf of the Supervisory Committee, I hereby present the 2018 Work Report of the Supervisory Committee to the shareholders' general meeting for review.

In 2018, in the spirit of being accountable to all Shareholders and in compliance with the provisions under the Company Law, the Securities Law, the Articles of Association and the Rules of Procedures of the Supervisory Committee, the Supervisory Committee of the Company seriously fulfilled and independently exercised its supervisory functions and duties, and effectively supervised the Company's operations, financial condition and major decision-makings of the Board of the Company as well as the compliance with laws and regulations of the operation management in performance of their duties, so as to proactively safeguard the interests of the Company and its Shareholders and to ensure the healthy and long-term development of the Company.

**I. Meetings of the Supervisory Committee and Attendance of Supervisors during the Reporting Period**

The Supervisory Committee of the Company convened four meetings during the Reporting Period, details of which are as follows:

<b>Name of meeting</b>	<b>Date</b>	<b>Location</b>	<b>Resolutions at the meeting</b>
The 6th Meeting of the Fourth Session of the Supervisory Committee	2018-03-28	Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	<ol style="list-style-type: none"><li>1. To consider the 2017 Work Report of the Supervisory Committee of the Company;</li><li>2. To consider the proposal on the 2017 Profit Distribution of the Company;</li><li>3. To consider the resolution on the 2017 Annual Report of the Company;</li><li>4. To consider the resolution on the 2017 Internal Control Evaluation Report of the Company;</li><li>5. To consider the resolution on change of accounting policies and amendments to the Accounting System of the Company;</li><li>6. To consider the Report on Performance Assessment and Remuneration of the Supervisors of the Company in 2017;</li></ol>

**APPENDIX I      2018 WORK REPORT OF THE SUPERVISORY COMMITTEE**

<b>Name of meeting</b>	<b>Date</b>	<b>Location</b>	<b>Resolutions at the meeting</b>
			7. Debriefing of the Report on Internal Audit of the Company in 2017; 8. Debriefing of the Internal Audit Work Plan of the Company for 2018.
The 7th Meeting of the Fourth Session of the Supervisory Committee	2018-04-26	Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	To consider the resolution on the First Quarterly Report of the Company for 2018.
The 8th Meeting of the Fourth Session of the Supervisory Committee	2018-08-30	Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	1. To consider the resolution on the 2018 Interim Report of the Company; 2. To consider the proposal on the 2018 Interim Profit Distribution of the Company; 3. To consider the proposal on the election of members for the fourth session of the Supervisory Committee of the Company.
The 9th Meeting of the Fourth Session of the Supervisory Committee	2018-10-30	Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	To consider the resolution on the Third Quarterly Report of the Company for 2018.



## APPENDIX I      2018 WORK REPORT OF THE SUPERVISORY COMMITTEE

Details of attendance of all Supervisors of the Company at the meetings of the Supervisory Committee, Board meetings and shareholders' general meetings during the Reporting Period and the detailed information are set out below:

Names of Supervisors	Position	Attendance at meetings of the Supervisory Committee					Whether or not he/she failed to attend the meeting in person for two successive times	Number of attendance at Board meeting	Attendance at shareholders' general meeting
		Number of attendance required	Attendance in person	Attendance by way of teleconference	Attendance by proxy	Absence			
Yu Yimin	Chairman of the Supervisory Committee	4	3	—	1	—	No	8	4
Wang Huiqing	Supervisor	3	2	—	1	—	No	5	1
Chen Ning	Supervisor	1	1	—	—	—	No	2	—
Du Wenyi	Supervisor	3	1	—	2	—	No	4	—
Yu Lanying	Supervisor	1	—	—	1	—	No	1	—
Liu Zhihong	Supervisor	3	2	—	1	—	No	5	—
Yang Yaling	Supervisor	1	1	—	—	—	No	2	—
Peng Min	Employee Supervisor	4	4	—	—	—	No	9	1
Zhou Xiang	Employee Supervisor	4	4	—	—	—	No	9	4
Meng Qinglin	Employee Supervisor	4	3	—	1	—	No	7	4
Number of meetings of the Supervisory Committee convened during the year				4					
Of which: number of meetings held on site				4					
number of meetings held by way of teleconference				—					
number of meetings held on site and by way of teleconference				—					

On October 22, 2018, the Company held the first extraordinary general meeting for 2018, which considered and approved the Resolution on the Election of Members for the Fourth Session of the Supervisory Committee of the Company, according to which, Mr. Chen Ning, Ms. Yu Lanying and Ms. Yang Yaling were elected to replace Mr. Wang Huiqing, Mr. Du Wenyi and Ms. Liu Zhihong as Supervisors of the fourth session of the Supervisory Committee of the Company and perform relevant duties until the end of the term of office of this session of the Supervisory Committee.

### II. Strengthening the Auditing and Inspection of the Company to Actively Perform the Supervisory Duties

From April 16 to April 20, 2018, Mr. Yu Yimin, the chairman of the Supervisory Committee, led Mr. Du Wenyi, a Supervisor, as well as Mr. Meng Qinglin and Mr. Zhou Xiang, Employee Supervisors, to carry out routing inspection and supervision on Guangdong Branch and the local business departments. By directly going deep into the front line, through ways such as hearing reports from branches and sub-branches as well as communications and forums, and based on the current business development trend of securities companies, they put forward their supervision opinions and improvement requirements on risk management, internal control compliance and other aspects, and

also instructed the audit department to supervise and implement them in place. After this routing inspection, the Supervisory Committee of the Company further enriched its performance means and practically improved its capability of supervision and management for the Company's operational and management activities.

### **III. Opinions Raised by the Supervisory Committee on the Company's Relevant Issues in 2018**

During the Reporting Period, the Supervisory Committee convened 4 meetings in total during the whole year, at which 13 resolutions and reports were considered or heard. The members of the Supervisory Committee sat in all the Board meetings and shareholders' general meetings of the Company, monitored the decision-making process of the Board on material matters on a real-time basis, and kept abreast of the management's implementation of the decisions made by the Board by carefully reading the reports of the Company such as Work Newsletter (monthly) and Brief Report on Audit Work (quarterly) and making field trips to the Company's branches and business departments. On this basis, the Supervisory Committee expressed the following independent opinions on the Company's relevant issues:

1. In respect of legal operation: during the Reporting Period, the Company operated in accordance with laws and regulations under relevant laws and regulations such as the Company Law, the Securities Law and the Articles of Association of the Company as well as the requirements of the Company's systems. Major operational decisions of the Company were reasonable, and the decision-making procedures were lawful. The Company established a relatively sound internal management system and internal control system, under which various regulations were able to be effectively implemented. During the Reporting Period, the Supervisory Committee did not detect any behaviors of the Directors or senior management of the Company that violate the laws, regulations or the Articles of Association or damage the interests of the Company and its shareholders in the performance of their duties in the Company, and there occurred no material risks in the Company.
2. In respect of the financial affairs of the Company: during the Reporting Period, the Supervisors of the Company regularly read the main financial information of the Company's monthly operations, convened meetings of the Supervisory Committee to review the quarterly reports, interim reports, annual financial reports, annual evaluation reports on internal control and other documents of the Company, and inspected the business and financial conditions of the Company. The Supervisory Committee was of the opinion that the financial report of the Company for 2018 had been audited by KPMG Huazhen LLP which had issued a standard and unqualified audit report. The financial statements of the Company were prepared in compliance with relevant requirements under the Accounting Standards for Business Enterprises, and the financial report has truly reflected the financial conditions and operational achievements of the Company. Regular reports were prepared and reviewed in compliance with relevant laws, regulations and various requirements of the CSRC and the contents of which were true, accurate and complete to reflect the actual conditions of the Company.

3. In respect of the implementation of the management and confidential system for the registration of persons with knowledge of the inside information of the Company: during the Reporting Period, the Company managed to carry out the registration, management, disclosure and filing of inside information and kept the confidentiality thereof in accordance with the requirements under the system, and continued to optimize the working procedures. There were no incidents found in the Company in violation of the management of insider registration and the confidentiality obligation thereof.
4. During the Reporting Period, the Company revised the Management System for Related-party Transactions of Huatai Securities Co., Ltd. to further regulate the decision-making issues on related-party transactions of the Company. The related-party transactions of the Company were fair and reasonable, and no circumstances impairing the interests of the Company and its shareholders have been found. When the Board of Directors of the Company considered the related-party issues, the independent directors expressed their independent opinions, the related directors abstained from voting, and the voting procedures were legal and valid.
5. Upon the approval of the CSRC, the Company completed the issuance of H Shares in 2015. The funds raised from the issuance of H Shares were verified by KPMG Huazhen LLP, and the KPMG capital verification report (Yan Zi No. 1501031) was issued. According to the Capital Verification Report issued by KPMG Huazhen LLP, the net funds raised from the initial public issuance of H Shares in 2015 were equivalent to RMB30,587,689,604.94 (excluding the related listing fees) in total, and the raised funds after deducting the underwriting and issuing fees were equivalent to RMB30,015,054,696.76 in total. As of the end of the Reporting Period, the interest income and exchange gains/losses of the Company on the basis of the total raised funds from the issuance of H Shares were equivalent to RMB64,999,611.89, and RMB30,046,408,013.41 (including the interest of raised funds and exchange gains/losses) of the funds raised from the issuance of H Shares was used in total.

As of the end of the Reporting Period, the use of proceeds from the initial public offering of new shares and the issuance of new shares as a result of the partial exercise of over-allotment options by the Company for its listing on the Hong Kong Stock Exchange is as follows: RMB18,352,613,762.96 was used for developing capital intermediary businesses such as margin financing and securities lending, RMB3,058,768,960.49 was used for expanding the investment and trading businesses, RMB3,058,768,960.49 was used for increasing investment in Huatai Purple Gold Investment and Huatai Asset Management, RMB3,058,768,960.49 was used for expanding overseas business, and RMB2,517,487,368.98 was used for working capital and other general corporate purposes. Apart from the above usage of funds, the surplus of the Company's proceeds of RMB606,281,203.42 (including the interest of raised funds and exchange gains/losses) has not yet been used and is deposited in the Company's bank account. As of December 31, 2018, the planned usage of the Company's funds raised from the issuance of H Shares was consistent with the contents disclosed in the prospectus with no change. The Company will successively put the funds raised from the issuance of H Shares into operation according to its development strategy, the market conditions and the usage plan of funds raised from the issuance of H Shares.

6. Upon receiving the Approval in Relation to the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 315) (《關於核准华泰証券股份有限公司非公開發行股票的批覆》(證監許可[2018]315號)) from the CSRC, the Company completed the non-public issuance of RMB-denominated ordinary shares (A Shares) in July 2018, with a total of 1,088,731,200 ordinary shares (A Shares) issued and a total of RMB14,207,942,160.00 raised. After deducting the issuing fees related to this non-public issuance of RMB74,736,488.79 (including the underwriting and sponsor fee, attorney fee, accountant fee, information disclosure fee, issuance registration fee, stamp duty and other fees), the net funds raised were RMB14,133,205,671.21, which were all in place on July 31, 2018 and were verified by KPMG Huazhen LLP with the KPMG capital verification report (Yan Zi No. 1800286) issued. As of the end of the Reporting Period, the Company obtained the interest income of RMB46,140,100.04 on the basis of the net funds raised from the non-public issuance of A Shares.

As of the end of the Reporting Period, the Company used the funds raised from its non-public issuance of ordinary shares (A Shares) as follows: RMB4,800,000,000.00 was used for further expanding credit trading businesses such as margin financing, securities lending and stock pledge; RMB7,867,959,300.00 was used for expanding the scale of investment in fixed income products and increasing the reserves of high-quality liquid assets of the Company; RMB500,000,000.00 was used for increasing investment in Huatai Purple Gold Investment; RMB265,515,106.73 was used for increasing the investment in information system and continuously improving the informatization; and RMB425,003,002.50 was used for other working capital arrangements. Apart from the above usages, surplus of the Company's proceeds of RMB325,368,644.82 (including the interest of raised funds and outstanding issuing fees) has not yet been used and is deposited in the special bank account of the Company. As of December 31, 2018, the planned usage of the Company's funds raised from the non-public issuance of A Shares was consistent with the contents disclosed in the prospectus with no change. The Company will successively put the funds into operation according to its development strategy, the market conditions and the usage plan of the funds raised from the non-public issuance of A Shares.

7. During the Reporting Period, the Company successfully issued two tranches of subordinated bonds of RMB3.8 billion, publicly issued one tranche of corporate bonds of RMB4 billion and privately issued one tranche of corporate bonds of RMB4.6 billion. In 2018, the Company cumulatively issued 3,242 structured notes with a total amount of RMB43.269 billion. As of December 31, the Company had 1,715 structured notes in duration period, with an amount of RMB20.327 billion. All funds raised were used to supplement the Company's working capital, which was consistent with the contents disclosed in the prospectus.
8. Written reviews and opinions on the 2018 annual report of the Company prepared by the Board of Directors were as follows:

The 2018 annual report of the Company was prepared and reviewed in compliance with relevant laws, regulations and requirements of regulators, and the contents therein were true, accurate and complete to reflect the actual conditions of the Company.

9. The Supervisory Committee reviewed the 2018 Assessment Report on Internal Control of the Company, and had no objections to the contents therein.

#### **IV. Recommendations for the future works of the Company**

1. Continue to strengthen and improve the compliance and risk control system. Under the background of an increasingly strict supervision, the Company shall pay close attention to the supervision focus, so as to proactively and effectively screen potential risks; strengthen the group-based compliance and control, improve its capability in compliance and risk management and enhance the awareness of risk prevention at the frontline of businesses, and strengthen the compliance accountability.
2. Further improve the risk management mechanisms of the innovation business. During the Reporting Period, the Company obtained the qualification of tier-1 dealer on OTC options, and was approved to carry out credit derivatives business. With the development of innovation business of the Company, the Company is suggested to improve the risk assessment methods for innovation business and strictly control the business scale in view of the characteristics of the risks in innovation business, so as to ensure that all innovation businesses are carried out constantly and steadily on the premise that the risks are measurable, controllable and bearable.

In 2019, the Supervisory Committee will continue to diligently perform its duties to promote the company-wide compliance and development of risk management system, and to practically safeguard interests of the Company and legitimate rights of its Shareholders. All Supervisors will further enhance their capacity and improve their performance through continuous study, so as to foster the regulated, orderly and healthy development of the Company.

This report has been considered and approved at the 10th meeting of the fourth session of the Supervisory Committee, and is now submitted to the Shareholders for your consideration.

**The Supervisory Committee of the Company**

Dear Shareholders,

The 2018 Final Financial Report is as follows:

### **I. Overall situation of the Company**

In 2018, under the internal and external dilemmas of internal deleveraging and external trade friction, the valuation of A-shares continued to fall, and the overall performance of the industry declined. According to disclosure of the Securities Association of China, in 2018, the operating income of 131 brokerages amounted to RMB266.287 billion, representing a year-on-year decrease of 14.47%. The scale and structure of various main operating incomes were passively adjusted; the industry achieved net profit of RMB66.620 billion, representing a year-on-year decrease of 41.04%. The main reason for the decline in profit greater than the decline in income was that the frequent occurrence of credit risk events led to an industry-wide provision for impairment loss of RMB28.432 billion, representing an increase of RMB22.576 billion over last year.

The Company adhered to reform and transformation in an extremely complicated and severe market environment, actively adjusted and responded to new challenges, and was committed to building a new service system and differentiated core capabilities for the future. The Company maintained industry leadership in financial technology, its main business performance was above the industry average, and it continued to consolidate the leading edge in the investment banking, asset management business and other aspects.

#### **(1) Main financial data**

In 2018, the operating income of the Company amounted to RMB16.108 billion, representing a year-on-year decrease of 23.69%. The operating expenses amounted to RMB9.633 billion, representing a year-on-year decrease of 6.11%. The net profits attributable to the Parent Company amounted to RMB5.033 billion, representing a year-on-year decrease of 45.75%.

## Brief income and expenditure of the Group

(Unit: RMB100 million Currency: RMB)

Item	2018	2017	Year-on-year change			
	Actual figure	Actual figure	Figure after deducting non-recurring gains and losses	Compared to actual figure	Compared to figure after deducting non-recurring gains and losses	Year-on-year change of the industry
Operating income	161.08	211.09	173.83	-23.69%	-7.33%	-14.47%
Operating expenses	96.33	102.60	93.37	-6.11%	3.17%	8.34%
Of which: Operation and management expenses	81.67	97.50	88.27	-16.24%	-7.48%	—
Operating profit	64.75	108.48	80.46	-40.31%	-19.53%	-42.76%
Net profit	51.61	94.08	62.22	-45.14%	-17.05%	-41.04%
Net profit attributable to the Parent Company	50.33	92.77	60.91	-45.75%	-17.37%	—

*Note:* The figure after deducting non-recurring gains and losses in 2017 deducted the non-recurring gains and losses arising from the conversion of accounting methods of Bank of Jiangsu Co., Ltd. and Huatai Ruilian Fund Management Co., Ltd.

After deducting the non-recurring gains and losses arising from the conversion of accounting methods of Bank of Jiangsu Co., Ltd. and Huatai Ruilian Fund Management Co., Ltd. in 2017, the Group's operating income in 2018 decreased by only 7.33% year-on-year, net profit decreased by 17.05% year-on-year, and net profit attributable to the Parent Company fell by 17.37% year-on-year, all of which were lower than the industry decline.

To ensure the comparability of the data, the following profit and loss data and related financial indicators for 2017 deducted the above non-recurring gains and losses.

## Brief Balance Sheet of the Group

(Unit: RMB100 million Currency: RMB)

Item	As at the end of 2018	As at the end of 2017	Year-on-year change	Industry changes from the end of the previous period
Total assets	3,686.66	3,814.83	-3.36%	1.86%
Total liabilities	2,639.16	2,928.93	-9.89%	1.70%
Net assets	1,047.50	885.90	18.24%	2.22%
Net capital (Parent Company)	595.60	467.43	27.42%	-0.21%

At the end of 2018, the Company's total assets were RMB368.666 billion, representing a year-on-year decrease of 3.36%, which was stable as compared with the end of the previous period; total debts were RMB263.916 billion, representing a year-on-year decrease of 9.89%, mainly due to the decline in client funds and bond payables; net assets were RMB104.75 billion, representing a year-on-year increase of 18.24%, and the net capital of the Parent Company was RMB59.560 billion, representing a year-on-year increase of 27.42%. The Company significantly increased its capital strength through private placement to promote the Company's business development.

## (2) Main financial indicators

In terms of asset-liability structure and profitability, the Company performed well in adversity, and all major financial indicators were superior to the industry.

## Main financial indicators of the Group

Financial indicator	2018	2017	Year-on-year change	Industry indicator
Asset-liability ratio	66.12%	71.80%	-5.68%	64.46%
Long-term debt ratio	24.47%	26.36%	-1.88%	30.17%
Income-expense ratio	59.80%	53.71%	6.09%	70.14%
Net income ratio	32.04%	35.79%	-3.75%	25.02%
Return on net assets	5.32%	7.09%	-1.77%	3.56%
Earnings per share (RMB/share)	0.6605	0.8503	-0.1898	—

Note: 1. Long-term debt ratio = (long-term borrowing + bonds payable)/total liabilities;

2. Income-expense ratio = operating expenses/operating income, net income ratio = net profit/operating income.



The Company's asset-liability ratio was 66.12%, representing a year-on-year decrease of 5.68 percentage points, mainly due to a decrease in financial leverage through increasing capital and shares. The asset-liability ratio was slightly higher than the industry level. The Company continued to optimize the debt structure through active capital operation and liquidity management. The proportion of long-term liabilities decreased steadily, and the proportion was significantly lower than the industry average; the return on net assets was 5.32%, representing a year-on-year decrease of 1.77 percentage points, mainly due to the impact of market adjustment factors and increase in the Company's net asset upon completion of private placement. The Company's return on net assets is significantly higher than the industry average of 3.56%, reflecting a better profitability; net income interest rate was 32.04%, representing a year-on-year decrease of 3.75 percentage points, mainly due to the decline in net profits greater than the decline in income resulting from provision of asset impairment; the income-expense ratio was 59.80%, which was significantly lower than the industry's 70.14%.

## II. Financial income and expenditure and budget implementation

Due to the sluggish market turnover in 2018, the balance of the securities margin trading continued to fall. The daily average stocks and funds trading volume of the market throughout the year was RMB413.6 billion, which was significantly lower than the market assumption of RMB500 billion at the beginning of the year, and exceeded the lower limit of the budget assumption of RMB450 billion. The average daily balance of the securities margin trading in the market was RMB913.1 billion, which was significantly lower than the market assumption of RMB1,000 billion at the beginning of the year and close to the lower limit of the budget assumption of RMB900 billion. At the same time, as the first batch of A+H listed securities companies to implement the new financial instruments guidelines, the sharp market volatility has a greater impact on income and profits, which has aggravated the current performance fluctuations. Considering above, the budgetary prudent value set at the beginning of the year should be used to calculate the budget implementation for the current year. The budget implementation rates mentioned below are the implementation rates of budget prudent value.

### (1) Implementation of the Group's income budget

The Company achieved operating income of RMB16.108 billion this year, and the budget implementation rate was 94.08%. Except for institutional services, all other businesses completed the annual budget.

## Implementation of income budget of the business segments of the Group

(Unit: RMB100 million Currency: RMB)

Item	Actual figure in 2018	Budget value		Budget implementation rate		Compared with the same period of last year	
		Target value	Prudent value	Target value	Prudent value	2017	Year-on-year change
Wealth management	79.52	82.10	77.26	96.86%	102.93%	84.49	-5.88%
Institutional service	12.19	41.13	34.92	29.64%	34.91%	40.09	-69.59%
Investment management	29.65	25.39	23.39	116.79%	126.77%	26.16	13.34%
International Business	20.39	21.14	20.51	96.45%	99.41%	17.00	19.94%
Other	19.33	15.34	15.15	125.99%	127.59%	6.09	217.41%
Total	161.08	185.10	171.22	87.03%	94.08%	173.83	-7.33%

1. Wealth management. Under the sluggish market with a decrease of 17.69% in the average daily volume, the Company continued to reshape the wealth management transformation, achieving net income of RMB7.952 billion and a budget implementation rate of 102.93%. Among them, net income of the brokerage business and capital intermediary business amounted to RMB4.436 billion and RMB3.266 billion, respectively.
2. Institutional service. Net income of institutional service amounted to RMB1,219 million, with a budget implementation rate of 34.91%, and performance was lower than expected, mainly due to higher average daily investment scale in the equity investment business in the year, reaching RMB10.1 billion. Under the circumstances of limited investment strategy and structure, a massive retracement was seen affected by the market with a loss of RMB2.976 billion. At the same time, the implementation of new financial instrument guidelines intensified the fluctuations in the performance of self-operated income in the current period; FICC business has continuously innovated its trading strategy by grasping market opportunities. The average daily investment was RMB20 billion, with a yield of 8.8% and an income of RMB1.76 billion, representing a year-on-year increase of 269.75%. Investment banking completed a number of benchmark projects, achieving a net income of RMB1.985 billion, representing a year-on-year decrease of 8.27%, which was substantially lower than the industry's average decrease of 27.40%.
3. Investment management. The net income was RMB2.965 billion and the budget implementation rate was 126.77%, mainly due to the obvious advantages of asset management business. The asset management scale ranked the top in the industry. The capital management subsidiaries logged revenue of RMB2.355 billion in the current period, representing a year-on-year increase of 10.74%.

4. International business. Giving full play to the linkage synergy of cross-border resources, the net income reached RMB2.039 billion with the budget implementation rate of 99.41%. The asset management scale of AssetMark Financial Holdings, Inc., a subsidiary of the Company, increased to US\$44.9 billion, with the market share increased by 0.7 percentage point to 10.2% and the income reaching RMB1.630 billion, representing a year-on-year increase of 28.58%; the overseas investment banking business made a great breakthrough with the business scale reaching HK\$4.695 billion, and income from investment banking business was RMB227 million, representing a significant increase of 158.22%.
5. Other net income was RMB1,933 million, and the budget execution rate was 127.59%, reflecting a satisfying completion of the annual budget.

## (2) Implementation of the Group's operating expenses budget

The Group's operating expenses were RMB9.633 billion, and the budget implementation rate was 101.94%. The reason for the slightly higher implementation rate was that the amount of provision for asset impairment losses in the current period amounted to RMB868 million, representing a year-on-year increase of 235.14%.

### Implementation of the operating expenses budget

(Unit: RMB100 million Currency: RMB)

Item	Actual figure in 2018	Budget value	Budget implementation rate	Same period in the last year	Year-on-year change
Taxes and surcharges	1.40	1.42	98.59%	1.52	-7.89%
Business and management fees	81.67	90.8	89.94%	88.27	-7.48%
Asset impairment loss	8.68	1.14	761.40%	2.59	235.14%
Other operating costs	4.58	1.14	401.75%	0.99	362.63%
Total	96.33	94.50	101.94%	93.37	3.17%

With the exposure of equity pledge risk in 2018, the Securities Industry Association's new rules on impairment set higher requirements for impairment provision of credit business. At the same time, as A+H listed brokers took the lead in adopting the expected loss model, the Company's impairment provision was relatively adequate.

The Company carried out source increase and expenditure reduction in various aspects, and strengthened cost reduction and efficiency increase. Net profit attributable to the Parent Company reached RMB5.033 billion and the budget implementation rate was 86.92% for the whole year with a significant increase in the proportion of impairment and an improvement of the risk offsetting capability.

**(3) Budget implementation of the Parent Company**

In 2018, operating income of the Parent Company amounted to RMB10.748 billion, and the budget implementation rate was 109.23%; operating expenses were RMB4.967 billion, and the budget implementation rate was 100.75%; net profit amounted to RMB5.36 billion and the budget implementation rate was 139.40%.

**Budget implementation of the Parent Company**

(Unit: RMB100 million Currency: RMB)

Item	Actual figure in 2018	Budget value	Budget implementation rate	2017	Year-on-year change		
				Actual figure	Figure after deducting non- recurring gains and losses	Actual figure	Figure after deducting non- recurring gains and losses
Operating income	107.48	98.40	109.23%	155.53	125.50	-30.89%	-14.36%
Operating expenses	49.67	49.30	100.75%	59.44	50.21	-16.44%	-1.08%
operating profit	57.82	49.10	117.76%	96.08	75.29	-39.82%	-23.20%
Total profit	57.71	49.30	117.06%	103.52	75.20	-44.25%	-23.26%
Net profit	53.60	38.45	139.40%	84.83	63.59	-36.81%	-15.71%

*Note:* The figure after deducting non-recurring gains and losses in 2017 deducted the non-recurring gains and losses arising from the conversion of accounting methods of Bank of Jiangsu Co., Ltd.

The decrease in operating expenses was less than the decrease in income this year. On the one hand, it was due to the increase in the provision for asset impairment losses. On the other hand, it was affected by the increase in the cost of rent and the increase in the depreciation and amortization of R&D related assets. The overall cost reduction was slightly less than the decline in income.

### III. Assets and liabilities of the Group

In 2018, the Company's asset-liability structure remained stable overall. The completion of the private placement increased the Company's net asset size, and the asset-liability ratio fell slightly.

#### Implementation of assets and liabilities budget

(Unit: RMB100 million Currency: RMB)

Item	Actual figure in 2018	Budget value	Budget implementation rate	Same period in the last year	Year-on-year change
Total assets	3,686.66	3,722.63	99.03%	3,814.83	-3.36%
Monetary capital	901.71	1,025.63	87.92%	934.77	-3.54%
Margin loans	461.89	477.00	96.83%	599.91	-23.01%
Financial assets	1,938.59	1,831.00	105.88%	1,913.31	1.32%
Other assets	384.47	389.00	98.84%	366.84	4.81%
Total liabilities	2,639.16	2,809.00	93.95%	2,928.93	-9.89%
Deposits for securities transaction	594.94	653.00	91.11%	673.67	-11.69%
Active liabilities	1,406.14	1,385.00	101.53%	1,518.29	-7.39%
Other liabilities	638.08	771.00	82.76%	736.97	-13.42%
Net assets	1,047.50	913.63	114.65%	885.90	18.24%

Note: the active liabilities include short-term loans, accounts payable for short-term financing, placements from other financial institutions, trading financial liabilities, derivative financial liabilities, financial assets sold for repurchase, long-term loans and bonds payable.

1. Total assets. At the end of the period, total assets were RMB368.666 billion and the budget implementation rate was 99.03%. Affected by the market, the margin loans decreased by 23.01% year-on-year, slightly lower than the industry level, and other assets were relatively stable.
2. Total liabilities. At the end of the period, total liabilities were RMB263.916 billion and the budget implementation rate was 93.95%. The deviation of the implementation rate was mainly due to the overall decline in the brokerage business, the deposits for securities transaction decreased by 11.69% year-on-year, which was the same as the industry decline. The deviation of other liabilities was mainly due to the fact that the size of the structured products in the consolidated statement was significantly lower than expected.
3. Net assets. At the end of the period, net assets were RMB104.75 billion, and the budget implementation rate was 114.65%. The main reason for the higher implementation rate was that the Company increased its equity capital through private placement.

**IV. Capital expenditure of the Group**

In 2018, the capital expenditure was RMB530 million, representing a year-on-year increase of 44.45%, and the budget implementation rate was 97.81%. The main reason for the year-on-year growth was that the Company continued to invest in information technology research and development, and was committed to building the core competitiveness of financial technology. Investment in system development and software purchase in the year totaled RMB304 million, representing a year-on-year increase of 51.24%.

**Implementation of capital expenditure budget**

*(Unit: RMB100 million Currency: RMB)*

<b>Item</b>	<b>Actual figure in 2018</b>	<b>Budget value</b>	<b>Budget implementation rate</b>	<b>Same period in the last year</b>	<b>Year-on-year change</b>
Office equipment	0.08	0.12	70.38%	0.08	—
Electronic equipment	1.37	1.46	93.98%	1.01	35.86%
Transportation equipment	0.01	0.02	69.97%	0.07	-80.01%
Renovation expenses	0.79	0.89	89.21%	0.50	58.79%
System development	2.23	2.18	102.19%	1.63	36.67%
Software purchase	0.81	0.75	107.86%	0.38	112.89%
<b>Total</b>	<b>5.30</b>	<b>5.42</b>	<b>97.81%</b>	<b>3.67</b>	<b>44.45%</b>

Although the Company's performance has declined compared with the same period of last year due to market adjustments, the decline in main business was less than the decline in the industry, and the performance of certain business was impressive. At the same time, in the context of increasing market credit risk, the Company continued to promote the construction of credit risk platform, enhance risk control capabilities, and strengthen risk identification. There was no default in bond investment this year.

From the perspective of budget implementation, the Company overcame the unfavorable market environment, further strengthened budget control, improved budget implementation, and maintained the advantages and industry position of the leading broker.

This report has been considered and approved at the 20th meeting of the fourth session of the Board of Directors, and is now submitted to the Shareholders for your consideration.

**The Board of Directors of the Company**

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**APPENDIX III                      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
WITH RELATED PARTIES OF THE COMPANY FOR 2019**

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Dear Shareholders,

According to the requirements under relevant laws, regulations, the Listing Rules and the Management System for Related-party Transactions of the Company, with reference to the actual situation of related-party transactions of the Company in recent years and based on its needs in ordinary operations and business development, the Company made expectations on the ordinary transactions with related parties of the Company in 2019 with details as follows:

**I. General situation of estimated ordinary transactions with related parties of the Company in 2019**

**(1) Jiangsu Guoxin Investment Group Limited and its related companies**

<b>No.</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
1	Securities trading commission	<p>The actual amount for 2018 was RMB409,149.65.</p> <p>The amount for 2019 will be calculated based on the actual amount as the securities market conditions and securities trading amount cannot be estimated accurately.</p>	<p>The business department of the Company provides brokerage services to it in exchange of a commission determined with reference to the market price.</p>
2	Investment banking income	<p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	<p>The Company or its subsidiaries provide share underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.</p>
3	Trading in and subscription of bonds in the fixed income business and acting as a lead underwriter of bonds in the primary market	<p>The actual income from underwriting of bonds in the primary market was RMB13,604,952.84 and the net amount of bonds subscribed was RMB396,433,650.00 for 2018.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.</p>	<p>Subscription of bonds in the primary market, investment in and repurchase of bonds in the secondary market and acting as a lead underwriter of bonds in the primary market.</p>

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<b>No.</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
4	Investment income	<p>The actual amount for 2018 was RMB9,584,558.08.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Holding and disposal of financial assets held for trading and holding and disposal of debt investment.
5	Liquidity coordination	<p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Mainly includes inter-bank lending, overdraft facility of legal person's account, repurchase of bonds, liquidity support and commitment.
6	Disposal of financial products	<p>The actual amount for 2018 was RMB90,000,000.00.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.

**(2) Jiangsu Communications Holding Co., Ltd. and its related companies**

<b>No.</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
1	Securities trading commission	<p>The actual amount for 2018 was RMB50,322.43.</p> <p>The amount for 2019 will be calculated based on the actual amount as the securities market conditions and securities trading amount cannot be estimated accurately.</p>	The business department of the Company provides brokerage services to it in exchange of a commission determined with reference to the market price.
2	Investment banking income	<p>The actual amount for 2018 was RMB69,811,287.14.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company or its subsidiaries provide share underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.



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<b>No.</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
3	Trading in and subscription of bonds in the fixed income business and acting as a lead underwriter of bonds in the primary market	<p>The actual income from underwriting of bonds in the primary market was RMB7,539,622.63, the net amount of bonds subscribed was RMB54,770,000.00, the amount of collateralized securities repurchase was RMB3,715,850,000.00 and the corresponding interest expense was RMB1,428,953.39 for 2018.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.</p>	Subscription of bonds in the primary market, investment in and repurchase of bonds in the secondary market and acting as a lead underwriter of bonds in the primary market.
4	Investment income	<p>The actual amount for 2018 was RMB7,511,881.82.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Holding and disposal of financial assets held for trading and holding and disposal of debt investment.
5	Liquidity coordination	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Mainly includes inter-bank lending, overdraft facility of legal person's account, repurchase of bonds and liquidity support and commitment.
6	Disposal of financial products	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.

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**(3) Govtor Capital Group Co., Ltd. and its related companies**

<b>No.</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
1	Securities trading commission	<p>The actual amount for 2018 was RMB19,452.00.</p> <p>The amount for 2019 will be calculated based on the actual amount as the securities market conditions and securities trading amount cannot be estimated accurately.</p>	<p>The business department of the Company provides brokerage services to it in exchange of a commission determined with reference to the market price.</p>
2	Investment banking income	<p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	<p>The Company or its subsidiaries provide share underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.</p>
3	Trading in and subscription of bonds in the fixed income business and acting as a lead underwriter of bonds in the primary market	<p>The actual net amount of bonds subscribed was RMB50,316,600.00 for 2018.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.</p>	<p>Subscription of bonds in the primary market, investment in and repurchase of bonds in the secondary market and acting as a lead underwriter of bonds in the primary market.</p>
4	Investment income	<p>The actual amount for 2018 was RMB2,688,680.95.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	<p>Holding and disposal of financial assets held for trading and holding and disposal of debt investment.</p>
5	Rental income	<p>The actual amount for 2018 was RMB1,598,950.00.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	<p>The Company rents/leases business premises and office equipment to it in exchange of/by paying rental.</p>

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**(4) Jiangsu SOHO Holdings Group Co., Ltd. and its related companies**

<b>No.</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
1	Securities trading commission	<p>The actual amount for 2018 was RMB199,983.61.</p> <p>The amount for 2019 will be calculated based on the actual amount as the securities market conditions and securities trading amount cannot be estimated accurately.</p>	<p>The business department of the Company provides brokerage services to it in exchange of a commission determined with reference to the market price.</p>
2	Investment banking income	<p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	<p>The Company or its subsidiaries provide share underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.</p>
3	Trading in and subscription of bonds in the fixed income business and acting as a lead underwriter of bonds in the primary market	<p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.</p>	<p>Subscription of bonds in the primary market, investment in and repurchase of bonds in the secondary market and acting as a lead underwriter of bonds in the primary market.</p>
4	Investment income	<p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	<p>Holding and disposal of financial assets held for trading and holding and disposal of debt investment.</p>
5	Disposal of financial products	<p>The actual amount for 2018 was RMB30,000,000.00.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	<p>The Company sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.</p>

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WITH RELATED PARTIES OF THE COMPANY FOR 2019**

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**(5) Huatai-PineBridge Fund Management Co., Ltd.**

No.	Item	Estimated amount	Brief description of relevant business or item
1	Trading seat compartment commission and sales service charge	<p>The actual amount for 2018 was RMB37,505,086.12.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company acts as an agent for sales of and retains its fund products and leases trading seats and provides brokerage services to it in exchange of commission and other income determined with reference to the market price.
2	Rental income	<p>The actual amount for 2018 was RMB95,238.10.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company rents/leases business premises and office equipment to it in exchange of/by paying rental.
3	Other business income from the related party	<p>The actual amount for 2018 was RMB9,789.03.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Other business income.
4	Trading in and subscription of bonds in the fixed income business and acting as a lead underwriter of bonds in the primary market	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.	Subscription of bonds in the primary market, investment in and repurchase of bonds in the secondary market and acting as a lead underwriter of bonds in the primary market.
5	Disposal of financial products	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.

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**APPENDIX III                      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
WITH RELATED PARTIES OF THE COMPANY FOR 2019**

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**(6) China Southern Asset Management Co., Ltd.**

<b>No.</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
1	Trading seat compartment commission and sales service charge	The actual amount for 2018 was RMB42,620,305.37.  The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company acts as an agent for sales of and retains its fund products and leases trading seats and provides brokerage services to it in exchange of commission and other income determined with reference to the market price.
2	Rental income	The actual amount for 2018 was RMB3,212,584.12.  The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company rents/leases business premises and office equipment to it in exchange of/by paying rental.
3	Trading in and subscription of bonds in the fixed income business and acting as a lead underwriter of bonds in the primary market	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.	Subscription of bonds in the primary market, investment in and repurchase of bonds in the secondary market and acting as a lead underwriter of bonds in the primary market.
4	Disposal of financial products	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.

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**APPENDIX III                      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
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**(7) Bank of Jiangsu Co., Ltd.**

No.	Item	Estimated amount	Brief description of relevant business or item
1	Trading in and subscription of bonds in the fixed income business and acting as a lead underwriter of bonds in the primary market	<p>The actual income from underwriting of bonds in the primary market was RMB4,603,773.58, the net amount of bonds redeemed was RMB642,241,108.05, the amount of collateralized securities repurchase was RMB1,378,000,000.00 and the corresponding interest expense was RMB72,297.80 for 2018.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.</p>	Subscription of bonds in the primary market, investment in and repurchase of bonds in the secondary market and acting as a lead underwriter of bonds in the primary market.
2	Investment banking income	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company or its subsidiaries provide share underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.
3	Advisory fee	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Commission expenses.
4	Interest income from bank deposits	<p>The actual amount for 2018 was RMB15,604,284.58.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Net interest income.

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**APPENDIX III                      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
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No.	Item	Estimated amount	Brief description of relevant business or item
5	Investment income	<p>The actual amount for 2018 was RMB9,864,135.07.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Holding and disposal of financial assets held for trading and holding and disposal of debt investment.
6	Rental income	<p>The actual amount for 2018 was RMB6,434,290.66.</p> <p>The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company rents/leases business premises and office equipment to it in exchange of/by paying rental.
7	Liquidity coordination	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Mainly includes inter-bank lending, overdraft facility of legal person's account, repurchase of bonds, liquidity support and commitment.
8	Disposal of financial products	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.
9	OTC derivatives trading	The amount for 2019 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Includes income swap, OTC option trading, etc.

**(8) Related Natural Persons**

In 2018, the amount of securities trading agency commission received by the Company from related natural persons was RMB37,161.11. As of the end of 2018, some of the Directors, Supervisors and senior management of the Company acquired an aggregate of 26,865,800 units of wealth management products managed by the Company. In 2019, the Directors, Supervisors and senior management of the Company may exit, participate in or continue to participate in the collective asset management plan managed by the Company or entrust the Company to carry out targeted asset management. The Company will accept the trust according to the uniform agreements of asset management contracts and charge participation fee, exit fee, management fee, performance fee and other fees based on uniform standards. In the daily operation of the Company, the related natural

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**APPENDIX III                      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
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persons accepted the securities, futures brokerage services provided by the Company, or subscribed for the wealth management products issued by the Company in accordance with the requirements under laws and regulations and regulatory requirements. The income from this segment cannot be estimated and will be calculated based on the actual amount as the occurrence time and amount of the business cannot be accurately estimated.

**II. Introduction of the related parties and the relationship**

**(1) Introduction of the related parties of the Shareholders and their related companies**

1. Jiangsu Guoxin Investment Group Limited held 1,271,072,836 Shares at the end of 2018, accounting for 15.4041% of the total share capital of the Company, as the largest holder of A Shares. Jiangsu Guoxin Investment Group Limited was established in February 2002 as a wholly state-owned enterprise under Jiangsu SASAC with registered capital of RMB30.0 billion. The current legal representative of Jiangsu Guoxin Investment Group Limited is Wang Hui.
2. Jiangsu Communications Holding Company Limited held 467,146,618 Shares at the end of 2018, accounting for 5.6614% of the total share capital of the Company, as the second largest holder of A Shares. Jiangsu Communications Holding Company Limited was established in March 1993 as a wholly state-owned enterprise under Jiangsu SASAC with registered capital of RMB16.8 billion. The current legal representative of Jiangsu Communications Holding Company Limited is Cai Renjie.
3. Govtor Capital Group Co., Ltd. held 351,678,006 Shares at the end of 2018, accounting for 4.2620% of the total share capital of the Company, as the third largest holder of A Shares, where a director of the Company serves as a member of its senior management. Govtor Capital Group Co., Ltd. was established in July 1992 as a wholly state-owned enterprise under Jiangsu SASAC with registered capital of RMB3.0 billion. The current legal representative of Govtor Capital Group Co., Ltd. is Zhang Wei.
4. Jiangsu SOHO Holdings Group Co., Ltd. held 133,707,554 Shares as at the end of 2018, accounting for 1.6204% of the total share capital of the Company, as the ninth largest holder of A Shares, where a former director of the Company, who has resigned for less than 12 months, serves as a member of its senior management. Jiangsu SOHO Holdings Group Co., Ltd. was established in April 1994 as a wholly state-owned enterprise under Jiangsu SASAC with registered capital of RMB2.0 billion. Its current legal representative is Wang Zhengxi. Jiangsu SOHO International Group Corporation, the holding subsidiary of Jiangsu SOHO Holdings Group Co., Ltd., held 79,955,000 shares of the Company at the end of 2018, accounting for 0.9690% of the total share capital of the Company.

**(2) Introduction of related parties who do not hold controlling interest**

1. Huatai-PineBridge Fund Management Co., Ltd. is an associate of the Company (with the direct shareholding of 49% at the end of 2018) established in November 2004. It has registered capital of RMB200 million and was registered in Shanghai. It primarily engages in businesses including fund management and promotion and establishment of funds.



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2. China Southern Asset Management Co., Ltd. is an associate of the Company (with the direct shareholding of 45% at the end of 2018) established in March 1998. It has registered capital of RMB300 million and was registered in Shenzhen. It primarily engages in businesses including fund raising, fund sales and asset management.
3. Bank of Jiangsu Co., Ltd. is an associate of the Company (with the direct shareholding of 5.54% at the end of 2018) established in January 2007. It has registered capital of RMB11.54445 billion and was registered in Nanjing. It primarily engages in businesses including deposit, loan and settlement business.

**III. The purpose of the transactions and the effect on the Company**

1. The abovementioned transactions with related parties that were generated from the ordinary business operation would facilitate the normal development of the business and would bring certain benefit to the Company;
2. The abovementioned transactions with related parties were fair, the transaction prices of which were determined with reference to market prices, and they did not impair the interests of the Company;
3. The abovementioned transactions with related parties did not affect the independence of the Company and the principal business of the Company did not rely on the related parties as the result of the abovementioned transactions with related parties.

**IV. The review procedures**

1. All the Independent Directors of the Company have considered the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2019 and provided their independent opinions;
2. The third meeting of the fourth session of the audit committee of the Board of the Company for 2019 has pre-considered the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2019;
3. The 20th meeting of the fourth session of the Board of the Company has considered the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2019; the related Directors of the Company respectively abstained from voting on proposal in relation to matters of their respective transactions with related parties. After the approval of such proposal, the Resolution on the Estimated Ordinary Transactions with Related Parties of the Company for 2019 has formed and will be submitted to the 2018 Annual General Meeting of the Company for consideration and approval;
4. During the consideration of the abovementioned transactions with related parties in the Annual General Meeting, related Shareholders and the affiliates shall abstain from voting on the matters in relation to their respective transactions with related parties.

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**V.    The signing of agreement on transactions with related parties**

It is proposed that the operation management be authorized to sign or renew relevant agreements according to the needs of business development at the AGM, so long as such transactions are within the scope of the transactions with related parties expected in the ordinary course of business in 2019.

This resolution has been considered and approved at the 20th meeting of the fourth session of the Board of Directors, and is now submitted to the Shareholders for your consideration.

**The Board of Directors of the Company**

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

**Explanatory Table of the Proposed Amendments to the Decision Making System for External  
Guarantee of Huatai Securities Co., Ltd.**

Original terms	Revised terms	Basis for modification
<p><b>Article 2</b> Principles of guarantee: The Company's external guarantees shall be in line with the principles of equality, voluntariness, honesty, and creditability. The Company shall not provide financing or guarantees for shareholders or affiliated persons of shareholders.</p>	<p><b>Article 2</b> Principles of guarantee: The Company's external guarantees shall be in line with the principles of equality, voluntariness, honesty, and creditability. <b>Provision of external guarantees by the Company shall be related to business needs and shall match the business scale.</b> The Company shall not provide financing or guarantees for its shareholders or affiliated parties of shareholders;</p>	<p>Additional overall requirements for the Company's external guarantees.</p>
<p><b>Article 3</b> The Company's directors, supervisors, president, and other senior management officers must abide by the principles of good faith when performing their duties. They must not misappropriate the Company's funds or irregularly lend the Company's funds to others. They must not allocate the Company's assets in accounts opened under their own names or other names, nor shall they guarantee any irregular financing of the Company's shareholders or other individuals with the Company's assets.</p>	<p><b>Article 3</b> The Company's directors, supervisors, and <b>senior management officers</b> must abide by the principles of good faith when performing their duties. They must not misappropriate the Company's funds or irregularly lend the Company's funds to others. They must not allocate the Company's assets in accounts opened under their own names or other names, nor shall they guarantee any irregular financing of the Company's shareholders or other individuals with the Company's assets.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p><b>Article 4</b> The Company shall not directly or indirectly provide loans or loan guarantees to the directors, supervisors, president, or other senior management officers of the Company or its parent company; nor shall it provide loans or loan guarantees to the relevant persons of the aforementioned personnel.</p> <p>The provisions of the preceding paragraph shall not apply to the following situations:</p> <p>(1) When the Company provides loans to its subsidiaries or provides loan guarantees to its subsidiaries;</p> <p>(2) When the Company provides loans, loan guarantees or other payments to the directors, supervisors, president or other senior management officers of the Company in accordance with the employment contract approved by the general meeting of shareholders, in order for them to pay for the expenses incurred for the purpose of the Company or for the performance of their duties;</p> <p>(3) If the Company's normal business scope includes providing loans and loan guarantees, the Company may provide loans or loan guarantees to relevant directors, supervisors, managers, or other senior management officers or their affiliated persons, but the conditions for providing loans and loan guarantees shall be normal business conditions.</p>	<p><b>Article 4</b> The Company shall not directly or indirectly provide loans or loan guarantees to the directors, supervisors, or <b>senior management officers</b> of the Company or its parent company; nor shall it provide loans or loan guarantees to the relevant persons of the aforementioned personnel.</p> <p>The provisions of the preceding paragraph shall not apply to the following situations:</p> <p>(1) When the Company provides loans to its subsidiaries or provides loan guarantees to its subsidiaries;</p> <p>(2) When the Company provides loans, loan guarantees or other payments to the directors, supervisors, or <b>senior management officers</b> of the Company in accordance with the employment contract approved by the general meeting of shareholders, in order for them to pay for the expenses incurred for the purpose of the Company or for the performance of their duties;</p> <p>(3) If the Company's normal business scope includes providing loans and loan guarantees, the Company may provide loans or loan guarantees to relevant directors, supervisors, or <b>senior management officers</b> or their affiliated persons, but the conditions for providing loans and loan guarantees shall be normal business conditions.</p>	<p>Same as the above</p>

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**APPENDIX IV      EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
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<b>Original terms</b>	<b>Revised terms</b>	<b>Basis for modification</b>
<p><b>Article 6</b> In case a loan guarantee provided by the Company is in violation of the provisions of the first paragraph of Article 4 of this system, the Company shall not be obliged to fulfil the guarantee, except under the following circumstances:</p> <p>(1) The lender had no knowledge of the loan at the time it was provided to the directors, supervisors, president, or other senior management officers of the Company or its parent company;</p> <p>(2) The collateral provided by the Company has been legally sold by the lender to a well-intentioned buyer.</p>	<p><b>Article 6</b> In case a loan guarantee provided by the Company is in violation of the provisions of the first paragraph of Article 4 of this system, the Company shall not be obliged to fulfil the guarantee, except under the following circumstances:</p> <p>(1) The lender had no knowledge of the loan at the time it was provided to the directors, supervisors, or <b>senior management officers</b> of the Company or its parent company;</p> <p>(2) The collateral provided by the Company has been legally sold by the lender to a well-intentioned buyer.</p>	<p>Same as the above</p>

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p style="text-align: center;"><b>Article 8</b> Decision procedures and permission scope for external guarantees:</p> <p>The Company's external guarantees must be reviewed by the board of directors or at the shareholders' meeting; the external guarantees that should be approved at the shareholders' meeting must be reviewed and approved by the board of directors before they can be submitted to the shareholders' meeting for approval.</p> <p>1. The following external guarantees (including but not limited to) by the Company shall be reviewed and approved at the shareholders' meeting:</p> <p>(1) A guarantee for a collateral with an asset-liability ratio exceeding 70%;</p> <p>(2) The guaranteed amount of a single guarantee exceeding 10% of the latest audited net assets.</p>	<p style="text-align: center;"><b>Article 8</b> Decision procedures and permission scope for external guarantees:</p> <p>The Company's external guarantees must be reviewed by the board of directors or at the shareholders' meeting; the external guarantees that should be approved at the shareholders' meeting must be reviewed and approved by the board of directors before they can be submitted to the shareholders' meeting for approval.</p> <p>1. The following external guarantees (including but not limited to) by the Company shall be reviewed and approved at the shareholders' meeting:</p> <p>(1) A guarantee for a collateral with an asset-liability ratio exceeding 70%;</p> <p>(2) The guaranteed amount of a single guarantee exceeding 10% of the latest audited net assets.</p>	<p>The amendments are made by the Company based on its actual situations and in accordance with relevant requirements including the Guidelines for the Articles of Association of Listed Companies and the Stock Listing Rules of the Shanghai Stock Exchange.</p>

**APPENDIX IV      EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p>The amount of guarantee provided by the Company shall not exceed 20% of the Company's latest audited net assets.</p> <p>Any guarantee provided by the Company to affiliated persons, regardless of the amount, shall be disclosed in time after being reviewed and approved by the board of directors, and then submitted to the shareholders meeting for review.</p> <p>As the board of directors reviews the guarantee, it shall be approved by over two-thirds of the directors present at the board meeting, after being passed by over half of all directors.</p> <p>2. Those external guarantee matters that must be approved by the Board shall be approved by over two-thirds of the directors present at the board meeting, after being passed by over half of all directors.</p> <p>3. The operational management of the Company is responsible for the actual implementation of guarantees.</p>	<p><b>(3) Any guarantee provided by the Company and its wholly-owned, holding subsidiaries after the total amount of external guarantees has reached or exceeded 50% of the latest audited net assets;</b></p> <p><b>(4) Any guarantee provided by the Company after the total amount of external guarantees has reached or exceeded 30% of the latest audited total assets.</b></p> <p>Any guarantee provided by the Company to affiliated persons, regardless of the amount, shall be disclosed in time after being reviewed and approved by the board of directors, and then submitted to the shareholders meeting for review.</p> <p>As the board of directors reviews the guarantee, it shall be approved by over two-thirds of the directors present at the board meeting, after being passed by over half of all directors.</p> <p>2. The operational management of the Company is responsible for the actual implementation of guarantees.</p>	

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p style="text-align: center;"><b>Article 9</b> Information disclosure of external guarantee:</p> <p>The external guarantees considered and approved at the Board or general meeting of the Company shall be timely disclosed on the designated information disclosure newspapers of the CSRC. The disclosures include the resolutions of the Board or the general meeting, the total amount of external guarantees of the Company and its holding subsidiaries as of the date of disclosure, and the total amount of guarantees provided by the Company to the holding subsidiaries.</p> <p style="text-align: center;">.....</p>	<p style="text-align: center;"><b>Article 9</b> Information disclosure of external guarantee:</p> <p>The external guarantees considered and approved at the Board or general meeting of the Company shall be timely disclosed on the designated information disclosure newspapers of the CSRC. The disclosures include the resolutions of the Board or the general meeting, the total amount of external guarantees of the Company and its <b>wholly-owned</b> and holding subsidiaries as of the date of disclosure, and the total amount of guarantees provided by the Company to its <b>wholly-owned</b> and holding subsidiaries.</p> <p style="text-align: center;">.....</p>	<p>The explanation for the amendments is the same as that for Article 8.</p>
<p style="text-align: center;"><b>Article 10</b> Internal management of external guarantees:</p> <p>1. Signing of guarantee contracts:</p> <p>A guarantee provided by the Company shall be approved by the shareholders' meeting and the board of directors in accordance with the Company's articles of association or the relevant systems, resolutions, and decisions. Guarantees of the Company concerning self-operated securities, asset management, warrant creation, and financing and securities lending shall be carried out in accordance with the relevant provisions of the Company's authorisation system.</p>	<p style="text-align: center;"><b>Article 10</b> Internal management of external guarantees:</p> <p>1. Signing of guarantee contracts:</p> <p>A guarantee provided by the Company shall be approved by the shareholders' meeting and the board of directors in accordance with the Company's articles of association or the relevant systems, resolutions, and decisions. Guarantees of the Company concerning self-operated securities, asset management, warrant creation, and financing and securities lending shall be carried out in accordance with the relevant provisions of the Company's authorisation system.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on the latest situation of the division of responsibilities of its departments and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>



**APPENDIX IV      EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p>The directors, president, and branches of the Company shall not sign guarantee contracts on behalf of the Company without the approval of competent departments.</p> <p>(1) A written contract shall be signed for a guarantee of other persons;</p> <p>(2) The guarantee contract shall be legal, reasonable, and compliant;</p> <p>(3) The guarantee contract shall clearly stipulate the scope and limits of the creditor's rights, the guarantee method, and the guarantee period in accordance with the Guarantee Law;</p> <p>(4) In principle, the Company only provides general guarantees and strictly regulates guarantees with joint and several liability;</p> <p>(5) In order to maintain precautions against the risk of the guarantee business, counter-guarantee measures must be taken.</p>	<p>The directors, CEO, and branches of the Company shall not sign guarantee contracts on behalf of the Company without the approval of competent departments.</p> <p>(1) A written contract shall be signed for a guarantee of other persons;</p> <p>(2) The guarantee contract shall be legal, reasonable, and compliant;</p> <p>(3) The guarantee contract shall clearly stipulate the scope and limits of the creditor's rights, the guarantee method, and the guarantee period in accordance with the Guarantee Law;</p> <p>(4) In principle, the Company only provides general guarantees and strictly regulates guarantees with joint and several liability;</p> <p>(5) In order to maintain precautions against the risk of the guarantee business, counter-guarantee measures must be taken.</p>	

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p>2. The Company's guarantees shall be submitted or proposed by the Company's departments or branches with respect to their duties.</p> <p>The departments or branches that submit the application or proposal in accordance with the provisions of the preceding paragraphs shall assume the following management responsibilities:</p> <p>(1) Conduct due diligence, credit analysis, and risk prediction on the parties involved in the guarantee, and verify their qualifications;</p> <p>(2) Explain the necessity and feasibility of the guarantee and disclose the risk factors that may be involved in the guarantee;</p> <p>(3) Draft the documents related to the guarantee, and specifically handle the relevant formalities in the process of reviewing, approving, and filing the guarantees;</p> <p>(4) Deal with specific matters within the duration of the guarantee;</p> <p>(5) Follow and supervise the parties involved in the guarantee with respect to their fulfilment of obligations, and timely report and give feedback information related to the guarantee;</p>	<p>2. The Company's guarantees shall be submitted or proposed by the Company's departments or branches with respect to their duties.</p> <p>The departments or branches that submit the application or proposal in accordance with the provisions of the preceding paragraphs shall assume the following management responsibilities:</p> <p>(1) Conduct due diligence, credit analysis, and risk prediction on the <b>principal debtors providing the guarantee</b>, and verify their qualifications;</p> <p>(2) Provide <b>argument</b> over the necessity and feasibility of the guarantee and disclose the risk factors that may be involved in the guarantee;</p> <p>(3) Draft the documents related to the guarantee, and specifically handle the relevant formalities in the process of reviewing, approving, and filing the guarantees;</p> <p>(4) Deal with specific matters within the duration of the guarantee;</p> <p>(5) Follow and supervise the parties involved in the guarantee with respect to their fulfilment of obligations, and timely report and give feedback information related to the guarantee;</p> <p>(6) Handle other matters related to the guarantee and <b>deal with</b> disputes arising from the handling of the guarantee;</p>	

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p>(6) Handle other matters related to the guarantee and assist in solving disputes arising from the handling of the guarantee.</p> <p>3. The Company's planning and finance department is responsible for the control over the total amount of the Company's guarantee matters. The department has the following management responsibilities:</p> <p>(1) Formulate a total amount control plan for guarantees and dynamically manage the implementation of the plan;</p> <p>(2) Review the application or proposal for guarantee provision submitted by the Company's departments or branches, and express a handling opinion;</p> <p>(3) Identify and reveal the financial risks involved in the guarantee, and propose response plans and disposal measures;</p> <p>(4) Register the Company's guarantee business account;</p> <p>(5) Monitor the performance of the guarantee and supervise the timely lifting of the guarantee;</p> <p>(6) Express financial processing opinions on major issues or disputes involved in the guarantee.</p>	<p><b>(7) Timely report the relevant information of the guarantee to the planning and finance department, and put on a written report to the board of directors within one week of handling the guarantee business.</b></p> <p>3. The Company's the planning and finance department has the following major responsibilities:</p> <p><b>(1) Participate in the due diligence on the debtors who provide guarantees to the Company, identify the financial risks involved in the guarantees, and propose response plans and disposal measures;</b></p> <p><b>(2) Register the guarantee submitted by the departments that initiated or approved the guarantee and establish a business account;</b></p> <p>(3) Express financial processing opinions on major issues or disputes involved in the guarantee;</p> <p><b>(4) Collect the financial information and audit report of the guaranteed party, regularly analyse the financial status and solvency, establish a financial file of the guaranteed party, and report to the board of directors on a regular basis.</b></p>	

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p>4. The Company's risk management department is responsible for the risk control over the Company's guarantee matters. The department has the following management responsibilities:</p> <p>(1) Formulate rules and regulations for guarantees;</p> <p>(2) Implement risk control over the guarantee application or proposal submitted by the Company's departments or branches, and conduct due diligence on the principal debtor guaranteed by the Company;</p> <p>(3) Review the legality and compliance of the guarantees and relevant legal documents;</p> <p>(4) Conduct on-the-spot risk monitoring of the performance of the guarantee, supervise the elimination of hidden dangers, or take remedial measures;</p> <p>(5) Handle disputes and litigation and arbitration matters involved in the guarantee, and claim for compensation from relevant parties to the guarantee;</p> <p>(6) Other matters concerning the guarantee.</p>	<p><b>4. The Company's fund operation department has the following major responsibilities:</b></p> <p><b>(1) Review the Company's financing guarantee application, assess the impact on the Company's liquidity, and propose handling opinions;</b></p> <p><b>(2) Conduct on-the-spot risk monitoring and follow-up supervision on the performance of financing guarantees, and supervise the timely lifting of the guarantees;</b></p> <p><b>(3) Participate in the due diligence on the principal debtor who provides guarantee to the Company, identify liquidity risks and other financial risks involved in the guarantee, and propose response plans and handling measures;</b></p> <p><b>(4) Submit applications or proposals for the Company's own debt financing guarantees, and track and monitor the status after they are initiated.</b></p> <p>5. The Company's risk management department has the following major responsibilities:</p> <p><b>(1) Review the Company's application for net capital guarantees, assess the impact on the Company's risk control indicators, and propose handling opinions;</b></p>	

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p>5. The Company's inspection department supervises and inspects the guarantees and matters involved in the Company's departments and branches, and conducts regular or special audits and checks on the guarantees.</p> <p>6. The Company shall put on a written report to the board of directors within one week of handling the guarantee business.</p>	<p>(2) <b>Participate</b> in the due diligence on the debtors who provide guarantees to the Company, <b>identify the credit risk, market risk, and operational risk involved in the guarantees, and propose response plans and disposal measures;</b></p> <p>(3) Conducting on-the-spot risk monitoring and follow-up supervision on the performance of <b>net capital</b> guarantees, <b>and supervise the timely lifting of the guarantees.</b></p> <p><b>6. The Company's compliance and legal department has the following major responsibilities:</b></p> <p>(1) <b>Review the legality and compliance of the guarantees and relevant legal documents;</b></p> <p>(2) <b>Handle disputes and litigation and arbitration matters involved in the guarantee, and claim for compensation from relevant parties to the guarantee;</b></p> <p>(3) <b>Participate in the due diligence on the debtors who provide guarantees to the Company, identify the compliance risks involved in the guarantees, and propose response plans and disposal measures.</b></p> <p>7. The Company's inspection department supervises and inspects the guarantees and matters involved in the Company's departments and branches, and conducts regular or special audits and checks on the guarantees.</p>	

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

<b>Original terms</b>	<b>Revised terms</b>	<b>Basis for modification</b>
<p style="text-align: center;"><b>Article 11</b> Procedures for external guarantee:</p> <p>1. Application: The guaranteed party shall submit a guarantee application and relevant materials.</p> <p>2. Review: The materials submitted by the guaranteed party will be examined and verified. After the preliminary review, the relevant materials will be submitted to the president of the Company for review.</p> <p>3. The president of the Company shall report to the board of directors for deliberation after the review. According to the provisions of Article 8 of this system, the board of directors shall approve and implement the application, or the board of directors shall submit the review process, opinions after discussion, and opinions after voting to the Company's shareholders meeting for deliberation.</p>	<p style="text-align: center;"><b>Article 11</b> Procedures for external guarantee:</p> <p>1. Application: The guaranteed party shall submit a guarantee application and relevant materials.</p> <p>2. Review: The materials submitted by the guaranteed party will be examined and verified. After the preliminary review, the relevant materials will be submitted to the <b>CEO</b> of the Company for review.</p> <p>3. The <b>CEO</b> of the Company shall report to the board of directors for deliberation after the review. According to the provisions of Article 8 of this system, the board of directors shall approve and implement the application, or the board of directors shall submit the review process, opinions after discussion, and opinions after voting to the Company's shareholders meeting for deliberation.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>
<p><b>Article 12</b> The Company's planning and finance department is responsible for tracking the information of the guaranteed party, collecting the financial information and audit report of the guaranteed party, regularly analysing the financial status and solvency, establishing a financial file of the guaranteed party, and reporting to the board of directors on a regular basis.</p>	Deleted.	<p>The responsibilities stipulated in this article shall be reflected in the division of responsibilities under Article 10.</p>

**APPENDIX IV EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE  
DECISION MAKING SYSTEM FOR EXTERNAL GUARANTEE**

Original terms	Revised terms	Basis for modification
<p><b>Article 14</b> The external guarantee of the holding subsidiaries of the Company shall be implemented in accordance with the above regulations. The holding subsidiaries of the Company shall inform the Company to perform the relevant information disclosure obligation in a timely manner after resolutions made in its board of directors or general meeting.</p>	<p><b>Article 13</b> The external guarantee of the <b>wholly-owned</b>, holding subsidiaries of the Company shall be implemented in accordance with the above regulations. The <b>wholly-owned</b>, holding subsidiaries of the Company shall inform the Company to perform the relevant information disclosure obligation in a timely manner after resolutions made in its board of directors or general meeting.</p>	<p>The explanation for the amendments is the same as that for Article 8.</p>
<p><b>Article 15</b> “External guarantee” in this system refers to the guarantees provided by the Company to others, including the guarantees provided by the Company for its holding subsidiaries. The term “total amount of external guarantees of the Company and its holding subsidiaries” refers to the sum of the total amount of external guarantees of the Company including the guarantee for the holding subsidiaries, and the total amount of external guarantees of the Company’s holding subsidiaries.</p>	<p><b>Article 14</b> “External guarantee” in this system refers to the guarantees provided by the Company to others, including the guarantees provided by the Company for its <b>wholly-owned</b>, holding subsidiaries. The term “total amount of external guarantees of the Company and <b>wholly-owned</b>, holding subsidiaries” refers to the sum of the total amount of external guarantees of the Company including the guarantee for the <b>wholly-owned</b>, holding subsidiaries, and the total amount of external guarantees of the Company’s <b>wholly-owned</b>, holding subsidiaries.</p>	<p>The explanation for the amendments is the same as that for Article 8.</p>

Note: The relevant numberings of the non-amended articles of the original External Guarantee Decision Making Rules shall be adjusted correspondingly with the amended contents.

**APPENDIX V EXPLANATION TABLE OF THE PROPOSED AMENDMENTS  
TO THE PROCEEDS MANAGEMENT SYSTEM**

**Explanation Table of the Proposed Amendments to the  
Proceeds Management System of Huatai Securities Co., Ltd.**

Original terms	Terms after proposed amendment	Basis for amendment
<p><b>Article 9</b> When the Company uses the proceeds, it must abide by the following requirements:</p> <p>(1) The application, approval authority at different levels and decision procedures in respect of the use of proceeds;</p> <p>The using department (unit) fills in an application slip which shall be signed by the person in charge of the department (unit), reviewed by the person in charge of finance, executed by the relevant financial and treasury management departments after being approved by the president and filed with the Office of the Board;</p> <p>(2) The proceeds shall be used in accordance with the investment plan for proceeds as committed in the offering application documents;</p> <p>(3) Where any circumstances occur that materially affect the normal operation of the use plan of proceeds, the person in charge of the using department (unit) shall timely report to the president of the Company. Meanwhile, the Company shall timely report to the SSE and make a public announcement;</p>	<p><b>Article 9</b> When the Company uses the proceeds, it must abide by the following requirements:</p> <p>(1) The application, approval authority at different levels and decision procedures in respect of the use of proceeds;</p> <p>The using department (unit) fills in an application slip which shall be signed by the person in charge of the department (unit), reviewed by the <b>Chief Financial Officer</b>, executed by the relevant financial and treasury management departments after being approved by the <b>Chief Executive Officer</b> and filed with the Office of the Board;</p> <p>(2) The proceeds shall be used in accordance with the investment plan for proceeds as committed in the offering application documents;</p> <p>(3) Where any circumstances occur that materially affect the normal operation of the use plan of proceeds, the person in charge of the using department (unit) shall timely report to the <b>Chief Executive Officer</b> of the Company. Meanwhile, the Company shall timely report to the SSE and make a public announcement;</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>



**APPENDIX V EXPLANATION TABLE OF THE PROPOSED AMENDMENTS  
TO THE PROCEEDS MANAGEMENT SYSTEM**

Original terms	Terms after proposed amendment	Basis for amendment
<p>(4) Where any of the following circumstances occurs to the proceeds investment project, the president of the Company shall organize the relevant departments and agencies of the Company to re-evaluate the feasibility, expected income, etc. of such investment projects, decide whether to continue the implementation of such projects, and disclose in the latest periodic reports of the progress of the projects, reasons for the abnormal circumstances and the investment projects after adjustments (if any):</p> <ol style="list-style-type: none"> <li>1. The market environment where the investment projects are made changes significantly;</li> <li>2. The investment projects delay for more than 1 year;</li> <li>3. The period for proceeds investment plan has expired, and the investment amount of the proceeds has not reached 50% of relevant planned amount;</li> <li>4. Other abnormal situations occur to the investment projects.</li> </ol>	<p>(4) Where any of the following circumstances occurs to the proceeds investment project, the <b>Chief Executive Officer</b> of the Company shall organize the relevant departments and agencies of the Company to re-evaluate the feasibility, expected income, etc. of such investment projects, decide whether to continue the implementation of such projects, and disclose in the latest periodic reports of the progress of the projects, reasons for the abnormal circumstances and the investment projects after adjustments (if any):</p> <ol style="list-style-type: none"> <li>1. The market environment where the investment projects are made changes significantly;</li> <li>2. The investment projects delay for more than 1 year;</li> <li>3. The period for proceeds investment plan has expired, and the investment amount of the proceeds has not reached 50% of relevant planned amount;</li> <li>4. Other abnormal situations occur to the investment projects.</li> </ol>	

**APPENDIX V EXPLANATION TABLE OF THE PROPOSED AMENDMENTS  
TO THE PROCEEDS MANAGEMENT SYSTEM**

Original terms	Terms after proposed amendment	Basis for amendment
<p data-bbox="194 342 576 566"><b>Article 27</b> The internal audit department of the Company shall inspect the deposit and use of the proceeds at least once on a quarterly basis and timely report the inspection result to the Audit Committee.</p> <p data-bbox="194 611 576 1305">If the Audit Committee is of the opinions that non-compliance exists in the management of proceeds of the Company or the internal audit department fails to submit the report on inspection result pursuant to the provisions of the preceding clause, it shall report timely to the Board. The Board shall report to the SSE within 2 trading days after receipt of the report from the Audit Committee and make an announcement. The contents of the announcement include existing non-compliance in the management of proceeds, the consequences that have been or may be caused, and the measures that have been or intended to be adopted.</p> <p data-bbox="194 1350 576 1574">The President of the Company shall convene office meetings on a regular basis according to practical circumstances or adopt other methods to examine the use of the relevant proceeds.</p>	<p data-bbox="592 342 1019 533"><b>Article 27</b> The internal audit department of the Company shall inspect the deposit and use of the proceeds at least once on a quarterly basis and timely report the inspection result to the Audit Committee.</p> <p data-bbox="592 577 1019 1171">If the Audit Committee is of the opinions that non-compliance exists in the management of proceeds of the Company or the internal audit department fails to submit the report on inspection result pursuant to the provisions of the preceding clause, it shall report timely to the Board. The Board shall report to the SSE within 2 trading days after receipt of the report from the Audit Committee and make an announcement. The contents of the announcement include existing non-compliance in the management of proceeds, the consequences that have been or may be caused, and the measures that have been or intended to be adopted.</p> <p data-bbox="592 1216 1019 1440">The <b>Chief Executive Officer</b> of the Company shall convene <b>meetings of the executive committee</b> on a regular basis according to practical circumstances or adopt other methods to examine the use of the relevant proceeds.</p>	<p data-bbox="1098 342 1316 365">Same as the above</p>

Explanation Table of the Proposed Amendments to the Articles of Association  
of Huatai Securities Co., Ltd.

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 11</b> The Articles of Association has been adopted at the general meeting as a special resolution, and shall become effective on the date on which the overseas listed foreign shares (H share) issued by the Company are listed on Hong Kong Stock Exchange. The original Articles of Association shall become null and void on the date the Articles of Association enter into effective.</p> <p>From the date on which it becomes effective, the Articles of Association shall constitute a legally binding document that regulates the organization and acts of the Company and the rights and obligations between the Company and its shareholders and between shareholders inter se, and is binding upon the Company and its shareholders, Directors, Supervisors, president and other senior management officers. All the above persons may make claims related to Company matters in accordance with the Articles of Association. Shareholders may sue shareholders; shareholders may sue Directors, Supervisors, president and other senior management officers of the Company; shareholders may sue the Company; and the Company may sue shareholders, Directors, Supervisors, president and other senior management officers in accordance with the Articles of Association.</p>	<p><b>Article 11</b> The Articles of Association has been adopted at the general meeting as a special resolution, and shall become effective on the date on which the overseas listed foreign shares (H share) issued by the Company are listed on Hong Kong Stock Exchange. The original Articles of Association shall become null and void on the date the Articles of Association enter into effective.</p> <p>From the date on which it becomes effective, the Articles of Association shall constitute a legally binding document that regulates the organization and acts of the Company and the rights and obligations between the Company and its shareholders and between shareholders inter se, and is binding upon the Company and its shareholders, Directors, Supervisors and <b>senior management officers</b>. All the above persons may make claims related to Company matters in accordance with the Articles of Association. Shareholders may sue shareholders; shareholders may sue Directors, Supervisors and <b>senior management officers</b> of the Company; shareholders may sue the Company; and the Company may sue shareholders, Directors, Supervisors and <b>senior management officers</b> in accordance with the Articles of Association.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>

**APPENDIX VI**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 12</b> For the purpose of the Articles of Association, the term “other senior management officers” shall include the Company’s vice president, the chief financial officer, the chief compliance officer, the general counsel, the chief risk compliance officer, the secretary to the Board and such other personnel to actually fulfill aforesaid duties.</p>	<p><b>Article 12</b> For the purpose of the Articles of Association, the term “<b>senior management officers</b>” shall include the Company’s <b>Chief Executive Officer, members of the executive committee, Chief Financial Officer</b>, the chief compliance officer, the general counsel, <b>Chief Risk Officer</b>, the secretary to the Board, Chief Information Officer and such other personnel to actually fulfill aforesaid duties.</p>	<p>Same as the above</p>
<p><b>Article 15</b> Upon approval by the CSRC, the Company may establish a holding or wholly-owned subsidiary to engage in businesses such as securities underwriting and sponsoring and securities asset management.</p> <p>The Company may establish a holding or wholly-owned subsidiaries to engage in investment businesses such as direct investment or financial products in accordance with the related regulations issued by CSRC.</p>	<p><b>Article 15</b> Upon approval by the CSRC, the Company may establish a holding or wholly-owned subsidiary to engage in businesses such as securities underwriting and sponsoring and securities asset management.</p> <p><b>The Company may establish a private investment fund subsidiary and an alternative investment subsidiary to engage in related businesses such as private investment fund and alternative investment, respectively in accordance with laws, administrative regulations and relevant regulatory requirements.</b></p>	<p>The amendments have been made pursuant to Article 9 of the Administrative Regulations on Private Investment Fund Subsidiaries of Securities Companies and Article 10 of the Administrative Regulations on Alternative Investment Subsidiaries of Securities Companies after taking into account the actual situation of the Company.</p>
<p><b>Article 26</b> The equity shares held or controlled by the Company’s Directors, Supervisors, president and other senior management officers or staff pursuant to the medium-term and long-term incentive plans shall be subject to the approval at the general meeting of the Company and shall be approved by or filed with the CSRC or its delegated authorities pursuant to laws.</p>	<p><b>Article 26</b> The equity shares held or controlled by <b>the Company’s Directors, Supervisors and senior management officers</b> or staff pursuant to the medium-term and long-term incentive plans shall be subject to the approval at the general meeting of the Company and shall be approved by or filed with the CSRC or its delegated authorities pursuant to laws.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 29</b> The Company may, in the following circumstances, buy back its issued shares pursuant to laws, administrative regulations, departmental rules and the Articles of Association:</p> <p>(1) cancellation of shares in order to reduce of its registered capital;</p> <p>(2) mergers with other companies holding shares of the Company;</p> <p>(3) grant of shares to employees of the Company as an incentive;</p> <p>(4) shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to buy back their shares;</p> <p>(5) other circumstances permitted by laws and administrative regulations.</p> <p>The Company shall not trade its shares unless in the aforesaid circumstances.</p>	<p><b>Article 29</b> The Company may, in the following circumstances, buy back its issued shares pursuant to laws, administrative regulations, departmental rules, <b>listing rules of the stock exchange where the shares of the Company are listed</b> and the Articles of Association:</p> <p>(1) cancellation of shares in order to reduce of its registered capital;</p> <p>(2) mergers with other companies holding <b>shares</b> of the Company;</p> <p><b>(3) use of shares in the employee shareholding scheme and equity incentive;</b></p> <p>(4) shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to buy back their shares;</p> <p><b>(5) use of shares for conversion into stocks of company-issued convertible corporate bonds;</b></p> <p><b>(6) when it is necessary for the Company to preserve its value and shareholders' interest.</b></p> <p>The Company shall not trade its shares unless in the aforesaid circumstances.</p>	<p>The amendments are made by the Company based on its actual situations and in accordance with the “Decision on Amending the Company Law of the People’s Republic of China” considered and approved at the 6th meeting of the Standing Committee of the 13th National People’s Congress on October 26, 2018.</p>

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**APPENDIX VI****EXPLANATION TABLE OF THE PROPOSED  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p><b>Article 30</b> The Company may redeem its issued shares by any of the following ways:</p> <p>(1) offering to buy back shares to all shareholders on a pro rata basis;</p> <p>(2) buying back through open transaction on the stock exchange;</p> <p>(3) buying back through agreement outside the stock exchange;</p> <p>(4) other forms approved under laws, administrative regulations and by relevant competent authorities.</p>	<p><b>Article 30</b> The Company may redeem its issued shares by any of the following ways:</p> <p>(1) offering to buy back shares to all shareholders on a pro rata basis;</p> <p>(2) buying back through open transaction on the stock exchange;</p> <p>(3) buying back through agreement outside the stock exchange;</p> <p>(4) other forms approved under laws, administrative regulations and by relevant competent authorities.</p> <p><b>The purchase by the Company of its own shares for circumstances provided in items (3), (5) and (6) of Article 29 of the Articles of Association shall be done by an open and centralized trading method.</b></p>	<p>Same as the above</p>

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 31</b> The purchase by the Company of its own shares for a reason specified in items (1) to (3) of Article 29 of the Articles of Association shall require a resolution of the general meeting. After the Company buying back the shares pursuant to the provisions of Articles 29, such shares shall be cancelled within 10 days from the date of buyback under the circumstance as described in Article 29(1); such shares shall be either transferred or cancelled within six months if it is under the circumstances as described in Articles 29(2) and (4).</p> <p>The number of shares bought back by the Company in accordance with Article 29(3) of the Articles of Association will not exceed 5% of the entire issued shares of the Company, and the funds used for such purchase shall be paid from the Company’s after-tax profits; the shares bought back shall be transferred to employees within one year.</p> <p>Upon the cancellation of the portion of shares bought back, the Company shall apply to the original company registration authority for the registration of the change in registered capital. The amount of the Company’s registered capital shall be reduced by the total par value of the cancelled shares.</p>	<p><b>Article 31</b> The purchase by the Company of its own shares for <b>circumstances provided</b> in items (1) to (2) of Article 29 of the Articles of Association shall require a resolution of the general meeting; <b>the purchase by the Company of its own shares for circumstances provided in items (3), (5) and (6) of Article 29 of the Articles of Association shall be approved by a board meeting attended by more than two-thirds of the Directors.</b></p> <p>After the Company buying back the shares pursuant to the provisions of Articles 29 <b>of the Articles of Association</b>, such shares shall be cancelled within 10 days from the date of buyback under the circumstance as described in Article 29(1); such shares shall be either transferred or cancelled within six months if it is under the circumstances as described in Articles 29(2) and (4).</p> <p><b>The Company buys back its own shares in accordance with Article 29(3), (5) and (6) of the Articles of Association. The aggregate number of shares it holds will not exceed 10% of the entire issued shares of the Company and shall be transferred or cancelled within three years.</b></p> <p>Upon the cancellation of the portion of shares bought back, the Company shall apply to the original company registration authority for the registration of the change in registered capital. The amount of the Company’s registered capital shall be reduced by the total par value of the cancelled shares.</p>	<p>Same as the above</p>

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 44</b> During the listing of the H shares in Hong Kong, the Company shall ensure that the following statements are enclosed in the H share documents and shall instruct and procure its share registrar to reject the registration of the subscription, purchase or transfer of shares in the name of any individual holder unless and until the individual holder submits the properly signed form relating to such shares to the share registrar and the form shall include the following statements:</p> <p>(1) the share purchaser, the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Provisions and other relevant laws, administrative regulations, and the Articles of Association.</p>	<p><b>Article 44</b> During the listing of the H shares in Hong Kong, the Company shall ensure that the following statements are enclosed in the H share documents and shall instruct and procure its share registrar to reject the registration of the subscription, purchase or transfer of shares in the name of any individual holder unless and until the individual holder submits the properly signed form relating to such shares to the share registrar and the form shall include the following statements:</p> <p>(1) the share purchaser, the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Provisions and other relevant laws, administrative regulations, and the Articles of Association.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>



**APPENDIX VI**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(2) the purchaser of the shares agrees with the Company and each of the shareholders, Directors, Supervisors, president and other senior management officers of the Company, and the Company, acting on behalf of itself and each of Directors, Supervisors, president and other senior management officers of the Company, agrees with each of the shareholders that, they will refer to the arbitration for settling all disputes and claims arising from the Articles of Association, or of rights in relation to the Company’s affairs arising from any rights or obligations under the Company Law or other relevant laws and administrative regulations in accordance with the provisions of the Articles of Association, and any reference to arbitration shall be deemed as the authorization to the arbitration tribunal to conduct an open hearing and to publish its arbitration award. Such arbitration shall be final and conclusive.</p> <p>(3) the purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferred by the holders.</p>	<p>(2) the purchaser of the shares agrees with the Company and each of the shareholders, <b>Directors, Supervisors and senior management officers</b> of the Company, and the Company, acting on behalf of itself and each of <b>Directors, Supervisors and senior management officers</b> of the Company, agrees with each of the shareholders that, they will refer to the arbitration for settling all disputes and claims arising from the Articles of Association, or of rights in relation to the Company’s affairs arising from any rights or obligations under the Company Law or other relevant laws and administrative regulations in accordance with the provisions of the Articles of Association, and any reference to arbitration shall be deemed as the authorization to the arbitration tribunal to conduct an open hearing and to publish its arbitration award. Such arbitration shall be final and conclusive.</p> <p>(3) the purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferred by the holders.</p>	

**APPENDIX VI**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(4) the purchaser of the shares authorizes the Company to enter into a contract on his or her behalf with each of the Directors, president and other senior management officers, pursuant to which the Directors, president and other senior management officers would undertake to observe and perform their duties responsible to the shareholders under the Articles of Association.</p>	<p>(4) the purchaser of the shares authorizes the Company to enter into a contract on his or her behalf with each of the Directors and <b>senior management officers</b>, pursuant to which the Directors and <b>senior management officers</b> would undertake to observe and perform their duties responsible to the shareholders under the Articles of Association.</p>	
<p><b>Article 45</b> The share certificates shall be signed by the Chairman. Where the signatures of the general manager or other senior management officers of the Company are required by the securities regulatory authorities or the stock exchange(s) in the place where the Company's shares are listed, the share certificates shall also be signed by such general manager or other senior management officers. The share certificates shall become effective after the Company seal is affixed thereto or imprinted thereon. The affixing of the Company's seal on the share certificates shall require the authorization of the Board. The signature of the Chairman, general manager or such other senior management officers on the share certificates may also be in printed form.</p> <p>In the circumstance of paperless issuance and trading of the shares of the Company, provisions provided by the securities regulatory authorities or the stock exchange(s) in the place where the Company's shares are listed shall apply.</p>	<p><b>Article 45</b> The share certificates shall be signed by the Chairman. Where the signatures of <b>senior management officers</b> of the Company are required by the securities regulatory authorities or the stock exchange(s) in the place where the Company's shares are listed, the share certificates shall also be signed by <b>senior management officers</b>. The share certificates shall become effective after the Company seal is affixed thereto or imprinted thereon. The affixing of the Company's seal on the share certificates shall require the authorization of the Board. The signature of the Chairman or <b>senior management officers</b> on the share certificates may also be in printed form.</p> <p>In the circumstance of paperless issuance and trading of the shares of the Company, provisions provided by the securities regulatory authorities or the stock exchange(s) in the place where the Company's shares are listed shall apply.</p>	<p>Same as the above</p>

**APPENDIX VI**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p><b>Article 57</b> The shareholder of ordinary shares in the Company shall enjoy the following rights:</p> <p>(1) to receive dividends and other distributions in proportion to the shares they hold;</p> <p>(2) to lawfully request, convene, preside over, and attend general meetings either in person or by proxy and exercise the corresponding voting right;</p> <p>(3) to supervise, raise suggestions on or make inquiries about the operations of the Company;</p> <p>(4) to transfer, gift or pledge their shares in accordance with laws, administrative regulations, relevant requirements of the securities regulatory authorities in the place where the Company’s shares are listed and the Articles of Association;</p> <p>(5) to obtain relevant information in accordance with the Articles of Association, including:</p> <p>1. receiving a copy of the Articles of Association after payment of a charge to cover costs;</p>	<p><b>Article 57</b> The shareholder of ordinary shares in the Company shall enjoy the following rights:</p> <p>(1) to receive dividends and other distributions in proportion to the shares they hold;</p> <p>(2) to lawfully request, convene, preside over, and attend general meetings either in person or by proxy and exercise the corresponding voting right;</p> <p>(3) to supervise, raise suggestions on or make inquiries about the operations of the Company;</p> <p>(4) to transfer, gift or pledge their shares in accordance with laws, administrative regulations, relevant requirements of the securities regulatory authorities in the place where the Company’s shares are listed and the Articles of Association;</p> <p>(5) to obtain relevant information in accordance with the Articles of Association, including:</p> <p>1. receiving a copy of the Articles of Association after payment of a charge to cover costs;</p>	<p>Same as the above</p>

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Original Articles	Articles after proposed amendments	Basis for amendments
<p>2. being entitled, after payment of reasonable charges, to examine and photocopy the following:</p> <p>(i) all parts of the register of shareholders’;</p> <p>(ii) personal information of Directors, Supervisors, managers and other senior management of the Company, including:</p> <p>(a) current and previous names and alias;</p> <p>(b) principal addresses (domicile);</p> <p>(c) nationalities;</p> <p>(d) professions and all other part time occupations and duties;</p> <p>(e) identification documents and their numbers.</p> <p>(iii)the status of the Company’s issued share capital;</p> <p>(iv) a report showing the total par value, quantity, the highest and lowest prices paid for each class of shares repurchased by the Company since the end of last fiscal year, and all the expenses paid by the Company for such repurchase;</p> <p>(v) minutes of general meetings;</p>	<p>2. being entitled, after payment of reasonable charges, to examine and photocopy the following:</p> <p>(i) all parts of the register of shareholders’;</p> <p>(ii) <b>personal information of Directors, Supervisors and senior management officers of the Company;</b></p> <p>(iii) the status of the Company’s issued share capital;</p> <p>(iv) a report showing the total par value, quantity, the highest and lowest prices paid for each class of shares repurchased by the Company since the end of last fiscal year, and all the expenses paid by the Company for such repurchase;</p> <p>(v) minutes of general meetings;</p> <p>(vi) the latest audited financial statements, and reports from the Board, auditor and the Supervisory Committee;</p> <p>(vii) the special resolutions of the general meetings and/or the Board meetings;</p> <p>(viii) the duplicate of the latest annual report (annual return) submitted to the State Administration for Industry &amp; Commerce or other competent authorities for filing.</p>	

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(vi) the latest audited financial statements, and reports from the Board, auditor and the Supervisory Committee;</p> <p>(vii) the special resolutions of the general meetings and/or the Board meetings;</p> <p>(viii) the duplicate of the latest annual report (annual return) submitted to the State Administration for Industry &amp; Commerce or other competent authorities for filing.</p> <p>(6) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;</p> <p>(7) to require the Company to buy back their shares in the event of objection to resolutions of the general meetings concerning merger or division of the Company;</p> <p>(8) to enjoy other rights stipulated by laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>The Company shall not exercise its power to freeze or otherwise impair any right attaching to any shares by reason solely that the person that directly or indirectly holds equity in such shares has failed to disclose his or her interests to the Company.</p>	<p>(6) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;</p> <p>(7) to require the Company to buy back their shares in the event of objection to resolutions of the general meetings concerning merger or division of the Company;</p> <p>(8) to enjoy other rights stipulated by laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>The Company shall not exercise its power to freeze or otherwise impair any right attaching to any shares by reason solely that the person that directly or indirectly holds equity in such shares has failed to disclose his or her interests to the Company.</p>	

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 68</b> The business, institutions, assets, finance and place of business of the Company shall be strictly separated from those of the shareholders, de facto controllers or other connected persons. The operations and accounting shall be independent, and they shall assume the liabilities and risks independently. Staff of the shareholders of the Company who concurrently take positions in the Company shall comply with laws, administrative regulations and the requirements of the CSRC.</p> <p>The controlling shareholders and de facto controller of the Company and their connected persons shall adopt effective measures to avoid engaging in competitive business with that of the Company. In case of controlling other securities companies, the Company shall not impair the interests of the securities companies under its control.</p> <p>The connected transactions of the shareholders, de facto controllers of the Company and their connected persons shall not impair the legal interests of the Company and its customers.</p> <p>Appropriation of the Company's funds is strictly restricted in the operating fund transactions of the Company with controlling shareholders and other connected persons. Controlling shareholders and other connected persons shall not require advance payment of periodic expenses such as salary, welfare, insurance, advertisement, etc., to be paid by the Company; nor shall they undertake each other's cost and other expenditures.</p>	<p><b>Article 68</b> The business, institutions, assets, finance and place of business of the Company shall be strictly separated from those of the shareholders, de facto controllers or other connected persons. The operations and accounting shall be independent, and they shall assume the liabilities and risks independently. Staff of the shareholders of the Company who concurrently take positions in the Company shall comply with laws, administrative regulations and the requirements of the CSRC.</p> <p>The controlling shareholders and de facto controller of the Company and their connected persons shall adopt effective measures to avoid engaging in competitive business with that of the Company. In case of controlling other securities companies, the Company shall not impair the interests of the securities companies under its control.</p> <p>The connected transactions of the shareholders, de facto controllers of the Company and their connected persons shall not impair the legal interests of the Company and its customers.</p> <p>Appropriation of the Company's funds is strictly restricted in the operating fund transactions of the Company with controlling shareholders and other connected persons. Controlling shareholders and other connected persons shall not require advance payment of periodic expenses such as salary, welfare, insurance, advertisement, etc., to be paid by the Company; nor shall they undertake each other's cost and other expenditures.</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>The Company is not allowed to directly or indirectly provide funds to the controlling shareholders and other connected persons in the following manners:</p> <p>(1) providing funds of the Company to the controlling shareholders and other connected persons with or without compensation;</p> <p>(2) providing entrusted loans to controlling shareholders and other connected persons through banks or non-banking financial institutions;</p> <p>(3) entrusting the controlling shareholders or other connected persons to carry out investment activities on its behalf;</p> <p>(4) issuing bank or trade acceptance bills without a real transaction background for its controlling shareholders and other connected persons;</p> <p>(5) repaying debts for its controlling shareholders and other connected persons;</p> <p>(6) other manners recognized by the CSRC.</p>	<p>The Company is not allowed to directly or indirectly provide funds to the controlling shareholders and other connected persons in the following manners:</p> <p>(1) providing funds of the Company to the controlling shareholders and other connected persons with or without compensation;</p> <p>(2) providing entrusted loans to controlling shareholders and other connected persons through banks or non-banking financial institutions;</p> <p>(3) entrusting the controlling shareholders or other connected persons to carry out investment activities on its behalf;</p> <p>(4) issuing bank or trade acceptance bills without a real transaction background for its controlling shareholders and other connected persons;</p> <p>(5) repaying debts for its controlling shareholders and other connected persons;</p> <p>(6) other manners recognized by the CSRC.</p>	

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>The Company shall, after the end of each financial year, engage the accounting firm with the securities qualification to conduct a specific audit on any appropriation and illegal guarantee of the Company’s funds by the controlling shareholder and other connected persons. Independent Director(s) shall, in case of disagreement to the audit result, be entitled to propose to the Board of the Company the engagement of another accounting firm for re-auditing.</p> <p>Once the controlling shareholders and de facto controllers misappropriate the Company’s assets and impair interests of the Company and public shareholders, the Board shall immediately apply for judicial freezing of the equity interest of the Company, so that if a compensation in cash is not effected, the misappropriated assets shall be compensated through realization of equity interests, and the controlling shareholders shall assume the responsibilities for making compensation.</p> <p>In the event that the Directors, Supervisors, president and other senior management officers of the Company violate the requirements in the Articles of Association and assist the controlling shareholder or other connected persons in misappropriating the assets of the Company, the Company will impose penalties, including warning, fine, demotion, removal, dismissal and others, on the person directly in charge, depending on the severity. The Company shall submit the case to the general meeting for dismissing the Directors and Supervisors who assume serious responsibilities. Where it constitutes a criminal offence, it shall be referred to judicial organs.</p>	<p>The Company shall, after the end of each financial year, engage the accounting firm with the securities qualification to conduct a specific audit on any appropriation and illegal guarantee of the Company’s funds by the controlling shareholder and other connected persons. Independent Director(s) shall, in case of disagreement to the audit result, be entitled to propose to the Board of the Company the engagement of another accounting firm for re-auditing.</p> <p>Once the controlling shareholders and de facto controllers misappropriate the Company’s assets and impair interests of the Company and public shareholders, the Board shall immediately apply for judicial freezing of the equity interest of the Company, so that if a compensation in cash is not effected, the misappropriated assets shall be compensated through realization of equity interests, and the controlling shareholders shall assume the responsibilities for making compensation.</p> <p>In the event that the Directors, Supervisors and <b>senior management officers</b> of the Company violate the requirements in the Articles of Association and assist the controlling shareholder or other connected persons in misappropriating the assets of the Company, the Company will impose penalties, including warning, fine, demotion, removal, dismissal and others, on the person directly in charge, depending on the severity. The Company shall submit the case to the general meeting for dismissing the Directors and Supervisors who assume serious responsibilities. Where it constitutes a criminal offence, it shall be referred to judicial organs.</p>	



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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 69</b> The general meeting, as the organ of authority of the Company, shall have the following functions and powers in accordance with law:</p> <p>(1) to decide on the business policies and investment plans of the Company;</p> <p>(2) to elect and replace a Director or Supervisor who is not an employee representative, and decide on the amount and payment method of to his or her remuneration;</p> <p>(3) to consider and approve the report of the Board;</p> <p>(4) to consider and approve the report of the Supervisory Committee;</p> <p>(5) to consider and approve the annual financial budgets and the final accounts of the Company;</p> <p>(6) to consider and approve the profit distribution plans and the plans for making up losses of the Company;</p> <p>(7) to pass resolutions on any increase or decrease of the Company’s registered capital;</p> <p>(8) to pass resolutions on the issue of corporate bonds;</p> <p>(9) to pass resolutions on the merger, division, dissolution, liquidation, or change in corporate form of the Company;</p>	<p><b>Article 69</b> The general meeting, as the organ of authority of the Company, shall have the following functions and powers in accordance with law:</p> <p>(1) to decide on the business policies and investment plans of the Company;</p> <p>(2) to elect and replace a Director or Supervisor who is not an employee representative, and decide on the amount and payment method of to his or her remuneration;</p> <p>(3) to consider and approve the report of the Board;</p> <p>(4) to consider and approve the report of the Supervisory Committee;</p> <p>(5) to consider and approve the annual financial budgets and the final accounts of the Company;</p> <p>(6) to consider and approve the profit distribution plans and the plans for making up losses of the Company;</p> <p>(7) to pass resolutions on any increase or decrease of the Company’s registered capital;</p> <p>(8) to pass resolutions on the issue of corporate bonds;</p> <p>(9) to pass resolutions on the merger, division, dissolution, liquidation, or change in corporate form of the Company;</p>	<p>The amendments are made by the Company based on its actual situations and in accordance with the “Decision on Amending the Company Law of the People’s Republic of China” considered and approved at the 6th meeting of the Standing Committee of the 13th National People’s Congress on October 26, 2018.</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(10) to amend the Articles of Association;</p> <p>(11) to pass resolutions on the engagement and dismissal of any accounting firm by the Company;</p> <p>(12) to consider and approve matters relating to guarantees under Article 70 of the Articles of Association;</p> <p>(13) to consider and approve matters relating to the purchase and/or sale by the Company within one year of material assets valued at more than 30% of the Company’s audited total asset of the Company as at the most recent period;</p> <p>(14) to consider and approve any change in the use of offer proceeds;</p> <p>(15) to consider and approve any share incentive scheme;</p> <p>(16) to consider and approve any proposal by the shareholders that hold, individually or collectively, 3% or more of shares with the voting rights in the Company;</p> <p>(17) to listen to specific explanations, made by the Board and the Supervisory Committee, on the performance appraisal and remunerations of the Directors and Supervisors;</p>	<p>(10) to amend the Articles of Association;</p> <p>(11) to pass resolutions on the engagement and dismissal of any accounting firm by the Company;</p> <p>(12) to consider and approve matters relating to guarantees under Article 70 of the Articles of Association;</p> <p>(13) to consider and approve matters relating to the purchase and/or sale by the Company within one year of material assets valued at more than 30% of the Company’s audited total asset of the Company as at the most recent period;</p> <p>(14) to consider and approve any change in the use of offer proceeds;</p> <p>(15) to consider and approve any share incentive scheme;</p> <p>(16) to consider and approve any proposal by the shareholders that hold, individually or collectively, 3% or more of shares with the voting rights in the Company;</p> <p>(17) to listen to specific explanations, made by the Board and the Supervisory Committee, on the performance appraisal and remunerations of the Directors and Supervisors;</p>	

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Original Articles	Articles after proposed amendments	Basis for amendments
<p>(18) to listen to the specific explanations, made by the Board, on the implementation of duties, performance appraisal and remunerations of the senior management officers;</p> <p>(19) to examine and approve other matters as required by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association to be approved at a general meeting.</p> <p>The functions and powers of the general meeting mentioned above shall not be delegated through authorization to the Board or any other body or individual.</p>	<p>(18) to listen to the specific explanations, made by the Board, on the implementation of duties, performance appraisal and remunerations of the senior management officers;</p> <p><b>(19) to decide on the purchase of the shares of the Company by the Company due to circumstances specified in items (1) and (2) of Article 29 of the Articles of Association;</b></p> <p>(20) to examine and approve other matters as required by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association to be approved at a general meeting.</p> <p>The functions and powers of the general meeting mentioned above shall not be delegated through authorization to the Board or any other body or individual.</p>	

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 70</b> The following external guarantees given by the Company shall be examined and approved by the general meeting:</p> <p>(1) any guarantee to be provided to a recipient of such security whose asset to liability ratio is over 70%;</p> <p>(2) one item of security the amount secured by which exceeds 10% of the audited asset as at the most recent period.</p> <p>The amount of the external guarantees provided by the Company shall not exceed 20% of the latest audited net assets of the Company.</p> <p>Guarantees to be provided by the Company to the connected persons, regardless of the amount, should be examined and approved at the general meeting after the consideration and approval of the Board meeting. The Company shall not provide guarantee to the shareholders or the shareholders' connected persons.</p>	<p><b>Article 70</b> The following external guarantees given by the Company shall be examined and approved by the general meeting:</p> <p>(1) any guarantee to be provided to a recipient of such security whose asset to liability ratio is over 70%;</p> <p>(2) one item of security the amount secured by which exceeds 10% of the audited asset as at the most recent period;</p> <p><b>(3) the total amount of the external guarantees provided by the Company and wholly-owned, holding subsidiaries reaching or exceeding 50% of the latest audited net assets;</b></p> <p><b>(4) the total amount of the external guarantees provided by the Company reaching or exceeding 30% of the latest audited total assets.</b></p> <p><b>External guarantees of the Company and wholly-owned, holding subsidiaries include guarantees provided by the Company to its wholly-owned, holding subsidiaries and guarantees provided by the Company's wholly-owned, holding subsidiaries to their subsidiaries. External guarantees provided by the Company are relevant to its business needs and matches its business scale.</b></p> <p>Guarantees to be provided by the Company to the connected persons, regardless of the amount, should be examined and approved at the general meeting after the consideration and approval of the Board meeting. The Company shall not provide guarantee to the shareholders or the shareholders' connected persons.</p>	<p>The amendments are made by the Company based on its actual situations and in accordance with relevant requirements including the Guidelines for the Articles of Association of Listed Companies and the Stock Listing Rules of the Shanghai Stock Exchange.</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 85</b> A notice of general meeting shall be made in writing and include the following contents:</p> <p>(1) specifying the time, place and duration of the meeting;</p> <p>(2) matters and motions submitted to the meeting for consideration. The notice and the supplementary notice, if any, of the general meeting shall disclose, fully and completely, the contents of all the motions. Where the opinion of any independent Director is required in relation to any matter to be considered at the meeting, the opinion and the reason of the independent Director shall also be disclosed in the notice and the supplementary notice, if any, of the general meeting;</p> <p>(3) the notice shall provide shareholders with such information and explanation as necessary for the shareholders to make an informed decision on the matters to be discussed; without limiting the generality of the foregoing, when the Company propose a merger, repurchase of the shares of the Company, reorganization of the share capital or other restructuring, it shall provide the specific conditions and contracts (if any) of the transaction contemplated and earnestly explain the cause and effect of the transaction;</p>	<p><b>Article 85</b> A notice of general meeting shall be made in writing and include the following contents:</p> <p>(1) specifying the time, place and duration of the meeting;</p> <p>(2) matters and motions submitted to the meeting for consideration. The notice and the supplementary notice, if any, of the general meeting shall disclose, fully and completely, the contents of all the motions. Where the opinion of any independent Director is required in relation to any matter to be considered at the meeting, the opinion and the reason of the independent Director shall also be disclosed in the notice and the supplementary notice, if any, of the general meeting;</p> <p>(3) the notice shall provide shareholders with such information and explanation as necessary for the shareholders to make an informed decision on the matters to be discussed; without limiting the generality of the foregoing, when the Company propose a merger, repurchase of the shares of the Company, reorganization of the share capital or other restructuring, it shall provide the specific conditions and contracts (if any) of the transaction contemplated and earnestly explain the cause and effect of the transaction;</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>

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Original Articles	Articles after proposed amendments	Basis for amendments
<p>(4) the notice shall contain a disclosure of the nature and extent of the material interests, if any, of any Director, Supervisor, the general manager or any other senior management officers, and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such Director, Supervisor, the general manager or other senior management officer in his or her capacity as a shareholder and the way in which such matter would affect other shareholders of the same class;</p> <p>(5) the notice shall contain the full text of any special resolution proposed to be passed at the meeting;</p> <p>(6) the notice shall specify the time and place for lodging a power of attorney for voting by proxy;</p> <p>(7) containing conspicuously a statement that all shareholders have the right to attend and vote at the general meeting either in person or by proxy in writing, and that such proxy need not be a shareholder of the Company;</p>	<p>(4) the notice shall contain a disclosure of the nature and extent of the material interests, if any, of any Director, Supervisor or <b>senior management officers</b>, and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such Director, Supervisor or <b>senior management officer</b> in his or her capacity as a shareholder and the way in which such matter would affect other shareholders of the same class;</p> <p>(5) the notice shall contain the full text of any special resolution proposed to be passed at the meeting;</p> <p>(6) the notice shall specify the time and place for lodging a power of attorney for voting by proxy;</p> <p>(7) containing conspicuously a statement that all shareholders have the right to attend and vote at the general meeting either in person or by proxy in writing, and that such proxy need not be a shareholder of the Company;</p>	

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Original Articles	Articles after proposed amendments	Basis for amendments
<p>(8) the date of record for shareholders entitled to attend the general meeting;</p> <p>(9) the name and telephone number of a contact person for the meeting;</p> <p>(10) if a general meeting is held online or otherwise, the designated time and procedure for voting online or through other means shall be expressly stated in the notice of such meeting.</p> <p>There shall be not more than 7 business days between the date of record and the date of the general meeting. The date of record shall not be changed once determined.</p>	<p>(8) the date of record for shareholders entitled to attend the general meeting;</p> <p>(9) the name and telephone number of a contact person for the meeting;</p> <p>(10) if a general meeting is held online or otherwise, the designated time and procedure for voting online or through other means shall be expressly stated in the notice of such meeting.</p> <p>There shall be not more than 7 business days between the date of record and the date of the general meeting. The date of record shall not be changed once determined.</p>	
<p><b>Article 99</b> All Directors, Supervisors and secretary to the Board shall attend general meetings of the Company, and the president and other senior management shall attend the meeting as non-voting participants.</p>	<p><b>Article 99</b> All Directors, Supervisors and secretary to the Board shall attend general meetings of the Company, and the <b>Chief Executive Officer and other senior management officers</b> shall attend the meeting as non-voting participants.</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 105</b> Minutes shall be kept of the general meeting and the secretary to the Board shall be responsible therefore. The meeting minutes shall record the following particulars:</p> <p>(1) the time, place, agenda for, the meeting, and the name of the convener;</p> <p>(2) the names of the chairman of the meeting, and of Directors, Supervisors, the president and other senior management officers in attendance or present in a non-voting capacity;</p> <p>(3) the number of attending shareholders and proxies, and the total number of their voting shares and percentages to the total shares of the Company;</p> <p>(4) the deliberations on each proposal, the main points of each speaker’s statements in respect of thereof, and the voting result;</p> <p>(5) the queries or suggestions from shareholders, and the relevant replies or explanations;</p> <p>(6) the names of the attorney, vote counters and counting Supervisors;</p> <p>(7) other information to be entered into the minutes pursuant to the Articles of Association.</p>	<p><b>Article 105</b> Minutes shall be kept of the general meeting and the secretary to the Board shall be responsible therefore. The meeting minutes shall record the following particulars:</p> <p>(1) the time, place, agenda for, the meeting, and the name of the convener;</p> <p>(2) the names of the chairman of the meeting, and of Directors, Supervisors and <b>senior management officers</b> in attendance or present in a non-voting capacity;</p> <p>(3) the number of attending shareholders and proxies, and the total number of their voting shares and percentages to the total shares of the Company;</p> <p>(4) the deliberations on each proposal, the main points of each speaker’s statements in respect of thereof, and the voting result;</p> <p>(5) the queries or suggestions from shareholders, and the relevant replies or explanations;</p> <p>(6) the names of the attorney, vote counters and counting Supervisors;</p> <p>(7) other information to be entered into the minutes pursuant to the Articles of Association.</p>	<p>Same as the above</p>



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Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 110</b> The following shall be passed by a special resolution of the general meeting:</p> <p>(1) the increase or reduction of the registered capital, or the issue of any class of shares, warrants or other similar securities by the Company;</p> <p>(2) the issuance of corporate bonds;</p> <p>(3) the division, merger, change in the form of the Company, dissolution or liquidation of the Company;</p> <p>(4) any amendment to the Articles of Association;</p> <p>(5) the purchase or sale by the Company within one year of material asset(s) exceeding, alone or in aggregation, 30% of the audited total assets of the Company as at the most recent period;</p> <p>(6) any share incentive scheme;</p> <p>(7) other matters which laws, administrative regulations or the Articles of Association require to be adopted by special resolution or which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.</p>	<p><b>Article 110</b> The following shall be passed by a special resolution of the general meeting:</p> <p>(1) the increase or reduction of the registered capital, or the issue of any class of shares, warrants or other similar securities by the Company;</p> <p>(2) the issuance of corporate bonds;</p> <p>(3) the division, merger, change in the form of the Company, dissolution or liquidation of the Company;</p> <p>(4) any amendment to the Articles of Association;</p> <p>(5) the <b>amount of</b> purchase or sale by the Company within one year of material asset(s) <b>or guarantee</b> exceeding, alone or in aggregation, 30% of the audited total assets of the Company as at the most recent period;</p> <p>(6) any share incentive scheme;</p> <p>(7) other matters which laws, administrative regulations or the Articles of Association require to be adopted by special resolution or which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.</p>	<p>The amendment is made by the Company based on its actual situations and in accordance with relevant requirements such as the Guidelines for the Articles of Association of Listed Companies.</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p><b>Article 118</b> Unless the Company is in a crisis or under any other exceptional circumstance, the Company shall not enter into a contract with any person other than a Director, a Supervisor, the president or other senior management officers of the Company, according to which the Company entrusts its business, wholly or essentially, to such person, unless this is approved at the general meeting in a special resolution.</p>	<p><b>Article 118</b> Unless the Company is in a crisis or under any other exceptional circumstance, the Company shall not enter into a contract with any person other than a Director, a Supervisor or <b>senior management officers</b> of the Company, according to which the Company entrusts its business, wholly or essentially, to such person, unless this is approved at the general meeting in a special resolution.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>
<p><b>Article 141</b> Directors shall be elected or replaced at the general meeting. A Director shall serve a term of 3 years, and may seek re-election upon expiry of the said term, provided that an independent Director shall not hold office for a period over 6 years. The general meeting shall not remove a Director without any reason prior to the expiry of his or her term of office. Where a Director is removed from office prior to the expiration of his or her term of office, the general meeting of shareholders shall give reasons; and the Director who is removed from office shall have the right to set forth his or her opinions to the general meeting, the CSRC or a delegated authority of the CSRC.</p> <p>Subject to compliance with the relevant laws and administrative regulations by a general meeting, a Director can be removed by an ordinary resolution passed at the general meeting before the expiry of his or her term of office (but such removal does not prejudice the Director's claim for damages pursuant to any contract).</p>	<p><b>Article 141</b> Directors shall be elected or replaced at the general meeting. A Director shall serve a term of 3 years, and may seek re-election upon expiry of the said term, provided that an independent Director shall not hold office for a period over 6 years. The general meeting shall not remove a Director without any reason prior to the expiry of his or her term of office. Where a Director is removed from office prior to the expiration of his or her term of office, the general meeting of shareholders shall give reasons; and the Director who is removed from office shall have the right to set forth his or her opinions to the general meeting, the CSRC or a delegated authority of the CSRC.</p> <p>Subject to compliance with the relevant laws and administrative regulations by a general meeting, a Director can be removed by an ordinary resolution passed at the general meeting before the expiry of his or her term of office (but such removal does not prejudice the Director's claim for damages pursuant to any contract).</p>	<p>Same as the above</p>

Original Articles	Articles after proposed amendments	Basis for amendments
<p>A written notice on the intention to nominate a Director candidate and the candidate’s presentation of being willing to accept the nomination shall be issued to the Company at least 7 days prior to the general meeting.</p> <p>The period for submitting the notice mentioned in the preceding paragraph shall commence from the date when the notice of convening a general meeting for such election is given by the Company and shall end not later than 7 days before the date of the general meeting (or earlier).</p> <p>Directors of the Company must possess the professional qualifications approved by the CSRC or a delegated authority of the CSRC before taking the positions. Directors of the Company must meet the following requirements:</p> <p>(1) being a person of honesty, integrity and good behavior;</p> <p>(2) being familiar with securities laws, administrative regulations, rules and other normative documents and having the operation and management ability necessary for performing the duties;</p> <p>(3) have been working in the fields of securities, finance, law and accounting for more than 3 years, or in economic sectors for more than 5 years;</p>	<p>A written notice on the intention to nominate a Director candidate and the candidate’s presentation of being willing to accept the nomination shall be issued to the Company at least 7 days prior to the general meeting.</p> <p>The period for submitting the notice mentioned in the preceding paragraph shall commence from the date when the notice of convening a general meeting for such election is given by the Company and shall end not later than 7 days before the date of the general meeting (or earlier).</p> <p>Directors of the Company must possess the professional qualifications approved by the CSRC or a delegated authority of the CSRC before taking the positions. Directors of the Company must meet the following requirements:</p> <p>(1) being a person of honesty, integrity and good behavior;</p> <p>(2) being familiar with securities laws, administrative regulations, rules and other normative documents and having the operation and management ability necessary for performing the duties;</p> <p>(3) have been working in the fields of securities, finance, law and accounting for more than 3 years, or in economic sectors for more than 5 years;</p>	

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(4) have obtained academic qualification of college degree or above;</p> <p>(5) other requirements as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such Director shall continue to perform his or her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director assumes the office.</p> <p>The president or other senior management officers may serve concurrently as Directors (other than the independent Directors), provided that the total number of such Directors who concurrently serve as the president or other senior management officers and the employee representatives shall not exceed 1/2 of the total number of the Directors of the Company.</p> <p>The Board may comprise one employee representative. The employee representative in the Board shall be elected by employees of the Company at the employee representatives' meeting or the staff meeting or by other democratic means, and shall become a member of the Board directly.</p>	<p>(4) have obtained academic qualification of college degree or above;</p> <p>(5) other requirements as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such Director shall continue to perform his or her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director assumes the office.</p> <p><b>Senior management officers</b> may serve concurrently as Directors (other than the independent Directors), provided that the total number of such Directors who concurrently serve as <b>senior management officers</b> and the employee representatives shall not exceed 1/2 of the total number of the Directors of the Company.</p> <p>The Board may comprise one employee representative. The employee representative in the Board shall be elected by employees of the Company at the employee representatives' meeting or the staff meeting or by other democratic means, and shall become a member of the Board directly.</p>	

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>A standardized and transparent procedure shall be in place for election of Directors to ensure the transparency, fairness and impartiality of the election:</p> <p>(1) the Company shall disclose detailed profiles of the candidates for Directors prior to the general meeting to make sure that shareholders have adequate understanding of such candidates when they cast their votes.</p> <p>(2) the Company shall enter into engagement contracts with the Directors to clarify the relevant matters, such as the rights and obligations between the Company and the Directors, the term of the directorship, the Directors' liabilities in case of breach of laws, regulations and the Articles of Association, and the compensation from the Company in case of early termination of such contracts by the Company for reasons.</p> <p>The Directors are not required to hold any shares in the Company.</p>	<p>A standardized and transparent procedure shall be in place for election of Directors to ensure the transparency, fairness and impartiality of the election:</p> <p>(1) the Company shall disclose detailed profiles of the candidates for Directors prior to the general meeting to make sure that shareholders have adequate understanding of such candidates when they cast their votes.</p> <p>(2) the Company shall enter into engagement contracts with the Directors to clarify the relevant matters, such as the rights and obligations between the Company and the Directors, the term of the directorship, the Directors' liabilities in case of breach of laws, regulations and the Articles of Association, and the compensation from the Company in case of early termination of such contracts by the Company for reasons.</p> <p>The Directors are not required to hold any shares in the Company.</p>	

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Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 152</b> The Board shall exercise the following functions and powers:</p> <p>(1) to convene general meetings and report to general meetings;</p> <p>(2) to implement resolutions of general meetings;</p> <p>(3) to resolve on the Company’s business plans and investment plans;</p> <p>(4) to prepare the annual financial budgets and final accounting plans of the Company;</p> <p>(5) to prepare the profit distribution plan and loss makeup plan of the Company;</p> <p>(6) to formulate proposals for the Company in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;</p> <p>(7) to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;</p>	<p><b>Article 152</b> The Board shall exercise the following functions and powers:</p> <p>(1) to convene general meetings and report to general meetings;</p> <p>(2) to implement resolutions of general meetings;</p> <p>(3) to resolve on the Company’s business plans and investment plans;</p> <p>(4) to prepare the annual financial budgets and final accounting plans of the Company;</p> <p>(5) to prepare the profit distribution plan and loss makeup plan of the Company;</p> <p>(6) to formulate proposals for the Company in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;</p> <p>(7) to <b>formulate</b> plans for material acquisitions, purchase of shares of the Company <b>(due to circumstances provided in items (1) and (2) of Article 29 of the Articles of Association)</b>, merger, division, dissolution or transformation of the Company;</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency of the Company, and clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents including the “Decision on Amending the Company Law of the People’s Republic of China” considered and approved at the 6th meeting of the Standing Committee of the 13th National People’s Congress on October 26, 2018.</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(8) to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc.;</p> <p>(9) to decide on the establishment of internal management organizations of the Company;</p> <p>(10) to appoint or dismiss the president and secretary to the Board of the Company; to appoint or dismiss senior management officers including vice president(s) and the person in charge of finance and the Chief Compliance Officer of the Company in accordance with the nominations by president, and to determine their remunerations, rewards and penalties;</p> <p>(11) to set up the basic management system of the Company;</p> <p>(12) to formulate the proposals for any amendment to the Articles of Association;</p> <p>(13) to manage information disclosure of the Company;</p> <p>(14) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;</p>	<p>(8) to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc.;</p> <p>(9) to decide on the establishment of internal management organizations of the Company;</p> <p>(10) to appoint or dismiss the <b>Chief Executive Officer and secretary to the Board of the Company</b>; to appoint or dismiss <b>other</b> senior management officers including <b>members of the executive committee, the Chief Financial Officer, the Chief Compliance Officer, the Chief Risk Officer and Chief Information Officer</b> of the Company in accordance with the nominations by the <b>Chief Executive Officer</b>, and to determine their remunerations, rewards and penalties;</p> <p>(11) to set up the basic management system of the Company;</p> <p>(12) to formulate the proposals for any amendment to the Articles of Association;</p> <p>(13) to manage information disclosure of the Company;</p> <p>(14) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;</p>	

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(15) to listen to work reports of the president and review his or her work;</p> <p>(16) to determine the compliance management objectives of the Company, and assume responsibility for the effectiveness of compliance management, including but not limited to, to consider and approve the fundamental system of compliance management and the annual compliance reports, to evaluate the effectiveness of compliance management, to supervise the resolution of problems existing in compliance management and to establish the mechanism for direct communication with the Chief Compliance Officer to ensure assessment by the Chief Compliance Officer on senior management officers, each department, branch and subsidiary of each level (“Subordinate Units”), compliance department and compliance management personnel;</p> <p>(17) to formulate risk control system of the Company;</p> <p>(18) to determine Directors’ remunerations and distribution plan thereof;</p>	<p>(15) to listen to work reports of the <b>executive committee</b> and review <b>its</b> work;</p> <p>(16) to determine the compliance management objectives of the Company, and assume responsibility for the effectiveness of compliance management, including but not limited to, to consider and approve the fundamental system of compliance management and the annual compliance reports, to evaluate the effectiveness of compliance management, to supervise the resolution of problems existing in compliance management and to establish the mechanism for direct communication with the Chief Compliance Officer to ensure assessment by the Chief Compliance Officer on senior management officers, each department, branch and subsidiary of each level (“Subordinate Units”), compliance department and compliance management personnel;</p> <p>(17) to formulate risk control system of the Company;</p> <p>(18) to determine Directors’ remunerations and distribution plan thereof;</p>	



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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<p>(19) to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>The Board may resolve on the issues specified in the above paragraphs by approval of more than half of the Directors save for the issues specified in (VI), (VII) and (XII), for which approval of two-thirds of the Directors is required.</p> <p>The Board and Chairman of the Company shall exercise their powers to the extent as provided by laws, administrative regulations, the CSRC and the Articles of Association, and shall not exceed their powers to interfere in operation and management by management personnel.</p> <p>Matters beyond the scope of authorization of the general meeting should be submitted to the general meeting for consideration.</p>	<p><b>(19) to decide on the purchase of the shares of the Company by the Company due to circumstances provided in items (3), (5) and (6) of Article 29 of the Articles of Association;</b></p> <p>(20) to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>The Board may resolve on the issues specified in the above paragraphs by approval of more than half of the Directors save for the issues specified in (VI), (VII) and (XII), for which approval of two-thirds of the Directors is required.</p> <p>The Board and Chairman of the Company shall exercise their powers to the extent as provided by laws, administrative regulations, the CSRC and the Articles of Association, and shall not exceed their powers to interfere in operation and management by the <b>operational management</b>.</p> <p>Matters beyond the scope of authorization of the general meeting should be submitted to the general meeting for consideration.</p>	

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<p><b>Article 161</b> Any shareholder(s) holding more than one-tenth voting rights, more than one-third of the Directors or the Supervisory Committee or the president may propose the holding of an extraordinary meeting of the Board. The Chairman shall convene and preside over a Board meeting within 10 days after receipt of such proposal.</p>	<p><b>Article 161</b> Any shareholder(s) holding more than one-tenth voting rights, more than one-third of the Directors or the Supervisory Committee <b>and the Chief Executive Officer</b> may propose the holding of an extraordinary meeting of the Board. The Chairman shall convene and preside over a Board meeting within 10 days after receipt of such proposal.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>
<p><b>Article 164</b> A Board meeting shall be attended by more than one half of the Directors. Save as otherwise specified in the Articles of Association, resolutions made by the Board must be passed by more than half of all Directors.</p> <p>As for the voting on a Board resolution, each Director shall have one vote.</p> <p>If the votes for and against a resolution are the same, the Chairman shall be entitled to an additional vote.</p>	<p><b>Article 164 Unless otherwise specified in the Articles of Association,</b> a Board meeting shall be attended by more than one half of the Directors. Save as otherwise specified in the Articles of Association, resolutions made by the Board must be passed by more than half of all Directors.</p> <p>As for the voting on a Board resolution, each Director shall have one vote.</p> <p>If the votes for and against a resolution are the same, the Chairman shall be entitled to an additional vote.</p>	<p>The amendment is made by the Company based on its actual situations and in accordance with the “Decision on Amending the Company Law of the People’s Republic of China” considered and approved at the 6th meeting of the Standing Committee of the 13th National People’s Congress on October 26, 2018.</p>
<p><b>Article 167</b> If any resolution of the Board meeting is in violation of the laws, administrative regulations or the requirements of the CSRC, the Supervisory Committee shall require the Board to make rectification, and managers shall refuse to execute the resolution.</p>	<p><b>Article 167</b> If any resolution of the Board meeting is in violation of the laws, administrative regulations or the requirements of the CSRC, the Supervisory Committee shall require the Board to make rectification, and the <b>operational management</b> shall refuse to execute the resolution.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>

Original Articles	Articles after proposed amendments	Basis for amendments
<p data-bbox="194 342 579 398"><b>Article 181</b> Main duties of the secretary to the Board:</p> <p data-bbox="194 443 579 1093">(1) taking charge of the communication and liaison between the Company and its relevant parties and the Shanghai Stock Exchange, the Hong Kong Stock Exchange and other securities regulatory authorities; being responsible for the preparation and submission of the documents required by the securities regulatory authorities at the places where the shares are listed and the organization and completion of the tasks arranged by the regulatory authorities; ensuring that the Company shall prepare and submit the reports and documents required by the regulatory authorities.</p> <p data-bbox="194 1137 579 1646">(2) dealing with the disclosure of information by the Company, urging the Company to formulate and implement policies regarding information disclosure and internal reporting of significant information, causing the Company and its relevant parties to perform their obligations of information disclosure, and procuring regular and extraordinary reporting on information disclosure to the stock exchange in accordance with the laws.</p>	<p data-bbox="603 342 1035 398"><b>Article 181</b> Main duties of the secretary to the Board:</p> <p data-bbox="603 443 1037 992">(1) taking charge of the communication and liaison between the Company and its relevant parties and the Shanghai Stock Exchange, the Hong Kong Stock Exchange and other securities regulatory authorities; being responsible for the preparation and submission of the documents required by the securities regulatory authorities at the places where the shares are listed and the organization and completion of the tasks arranged by the regulatory authorities; ensuring that the Company shall prepare and submit the reports and documents required by the regulatory authorities.</p> <p data-bbox="603 1037 1037 1440">(2) dealing with the disclosure of information by the Company, urging the Company to formulate and implement policies regarding information disclosure and internal reporting of significant information, causing the Company and its relevant parties to perform their obligations of information disclosure, and procuring regular and extraordinary reporting on information disclosure to the stock exchange in accordance with the laws.</p>	<p data-bbox="1123 342 1331 365">Same as the above</p>

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AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p>(3) organizing and preparing general meetings, the Board meetings and the meetings of the specialized committees of the Board, preparing and submitting documents and materials regarding the Board meetings, general meetings and other relevant meetings; attending the Board meetings and taking minutes, ensuring the accuracy of the minutes and signing on the same; being responsible for safe-keeping the documents and minutes of the Board meetings, meetings of the specialized committees of the Board and general meetings; and being responsible for submitting the documents of general meetings, meetings of the Board and Supervisory Committee to the CSRC for filing and others.</p> <p>(4) ensuring that the Company has the complete set of the organization documents and records.</p>	<p>(3) organizing and preparing general meetings, the Board meetings and the meetings of the specialized committees of the Board, preparing and submitting documents and materials regarding the Board meetings, general meetings and other relevant meetings; attending the Board meetings and taking minutes, ensuring the accuracy of the minutes and signing on the same; being responsible for safe-keeping the documents and minutes of the Board meetings, meetings of the specialized committees of the Board and general meetings; and being responsible for submitting the documents of general meetings, meetings of the Board and Supervisory Committee to the CSRC for filing and others.</p> <p>(4) ensuring that the Company has the complete set of the organization documents and records.</p>	

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<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p>(5) being responsible for coordinating and organizing the Company’s information disclosure matters, including improving a sound information disclosure system, serving guests, being responsible for the communication with media and investors, answering the consultation of the public, connecting with the shareholders, timely providing the publicly disclosed information of the Company to the eligible investors to ensure the timeliness, legality, trueness and completeness of the information disclosure of the Company.</p> <p>(6) attending meetings involving information disclosure. The relevant departments of the Company shall provide the material and information required by the information disclosure to the secretary to the Board. Prior to making material decisions, the Company shall seek the opinions of the secretary to the Board from the perspective of the information disclosure.</p>	<p>(5) being responsible for coordinating and organizing the Company’s information disclosure matters, including improving a sound information disclosure system, serving guests, being responsible for the communication with media and investors, answering the consultation of the public, connecting with the shareholders, timely providing the publicly disclosed information of the Company to the eligible investors to ensure the timeliness, legality, trueness and completeness of the information disclosure of the Company.</p> <p>(6) attending meetings involving information disclosure. The relevant departments of the Company shall provide the material and information required by the information disclosure to the secretary to the Board. Prior to making material decisions, the Company shall seek the opinions of the secretary to the Board from the perspective of the information disclosure.</p>	

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<p>(7) maintaining confidentiality in respect of information, formulating confidentiality measures, procuring Directors, Supervisors, other senior management officers and relevant informed persons to keep confidential before information disclosure, and taking timely remedies upon the leakage of insider information and reporting the same to the stock exchanges and securities regulatory management authority at the places where the shares are listed.</p> <p>(8) ensuring the establishing of the register of shareholders of the Company, and ensuring that the persons who are entitled to access to relevant documents and records of the Company obtain such records and documents in a timely way.</p> <p>(9) maintaining the register of shareholders, the register of Directors, Supervisors and senior management officers of the Company and the information regarding the shareholding in the Company of controlling shareholders, Directors, Supervisors and senior management officers and the seal of the Board.</p>	<p>(7) maintaining confidentiality in respect of information, formulating confidentiality measures, procuring Directors, Supervisors, other senior management officers and relevant informed persons to keep confidential before information disclosure, and taking timely remedies upon the leakage of insider information and reporting the same to the stock exchanges and securities regulatory management authority at the places where the shares are listed.</p> <p>(8) ensuring the establishing of the register of shareholders of the Company, and ensuring that the persons who are entitled to access to relevant documents and records of the Company obtain such records and documents in a timely way.</p> <p>(9) maintaining the register of shareholders, the register of Directors, Supervisors and senior management officers of the Company and the information regarding the shareholding in the Company of controlling shareholders, Directors, Supervisors and senior management officers and the seal of the Board.</p>	

**APPENDIX VI****EXPLANATION TABLE OF THE PROPOSED  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p>(10) assisting the Directors, Supervisors, senior management officers of the Company to understand laws, regulations, rules, Articles of Associations and the securities listing rules at the places where the shares of the Company are listed and their responsibilities specified in the share listing agreement.</p> <p>(11) procuring the Board to exercise powers by laws; reminding the attending Directors when the resolutions to be made by the Board do not comply with the relevant laws, administrative regulations, departmental rules, securities listing rules, other regulations of the stock exchanges and the Articles of Association, and requesting the Supervisors present at meeting to express their opinions; recording the opinions of relevant Supervisors and persons in the minutes if the Board insists on making the aforesaid resolutions, and simultaneously reporting such to the Shanghai Stock Exchange.</p>	<p>(10) assisting the Directors, Supervisors, senior management officers of the Company to understand laws, regulations, rules, Articles of Associations and the securities listing rules at the places where the shares of the Company are listed and their responsibilities specified in the share listing agreement.</p> <p>(11) procuring the Board to exercise powers by laws; reminding the attending Directors when the resolutions to be made by the Board do not comply with the relevant laws, administrative regulations, departmental rules, securities listing rules, other regulations of the stock exchanges and the Articles of Association, and requesting the Supervisors present at meeting to express their opinions; recording the opinions of relevant Supervisors and persons in the minutes if the Board insists on making the aforesaid resolutions, and simultaneously reporting such to the Shanghai Stock Exchange.</p>	

**APPENDIX VI****EXPLANATION TABLE OF THE PROPOSED  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p>(12) providing consultation and advices regarding the material decisions of the Company.</p> <p>(13) fulfilling other duties specified in the Company Law, other laws, regulations, rules, listing rules at the places where the securities of the Company are listed.</p> <p>The Board, the President, vice president and other senior management officers shall provide active support for the work of the secretary to the Board. Any entities or individuals of the Company shall not interference with the normal work of the secretary to the Board.</p>	<p>(12) providing consultation and advices regarding the material decisions of the Company.</p> <p>(13) fulfilling other duties specified in the Company Law, other laws, regulations, rules, listing rules at the places where the securities of the Company are listed.</p> <p>The Board and <b>senior management officers</b> shall provide active support for the work of the secretary to the Board. Any entities or individuals of the Company shall not interference with the normal work of the secretary to the Board.</p>	
Chapter VI President and Other Senior Management Officers	<b>Chapter VI Chief Executive Officer, Executive Committee and other Senior Management Officers</b>	Same as the above



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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 185</b> The Company shall have one president and several vice presidents.</p> <p>A Director may be employed to concurrently act as the president, vice president or other senior management officers.</p> <p>The president and other senior management officers shall be appointed or dismissed by the Board.</p> <p>The senior management officers of the Company shall not concurrently hold offices in other profit-making institutions, except for those otherwise stipulated by laws, administrative regulations or the CSRC.</p> <p>The senior management officers shall have the qualifications recognized by the CSRC or the delegated authority of the CSRC. Persons without such qualifications shall not be authorized by the Company to perform the duties of the senior management officers.</p>	<p><b>Article 185</b> The Company shall have an executive committee and the Chief Executive Officer. The Executive Committee is the highest operational and management organ of the Company for the purpose of carrying out the guidelines and policies of the Board of Directors. It includes one Chief Executive Officer and several members of the Executive Committee. The Chief Executive Officer is the director of the Executive Committee of the Company.</p> <p>A Director may be employed to concurrently act as the <b>Chief Executive Officer, members of the Executive Committee</b> or other senior management officers.</p> <p>The <b>Chief Executive Officer, members of the Executive Committee</b> and other senior management officers shall be appointed or dismissed by the Board.</p> <p>The senior management officers of the Company shall not concurrently hold offices in other profit-making institutions, except for those otherwise stipulated by laws, administrative regulations or the CSRC.</p> <p>The senior management officers shall have the qualifications recognized by the CSRC or the delegated authority of the CSRC. Persons without such qualifications shall not be authorized by the Company to perform the duties of the senior management officers.</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p><b>Article 188</b> The principal person in charge of the operation and management of the Company shall report to the Board or Supervisory Committee on the execution of significant contracts, implementation status, application of funds as well as profit and loss of the Company as requested by the Board or Supervisory Committee. The principal person in charge of the operation and management shall ensure the trueness, accuracy and completeness of the report.</p> <p>The principal person in charge of the operation and management who does not hold the position of Director can attend the Board meeting.</p> <p>The principal person in charge of the operation and management refers to the president, or the person in charge of the management committee or executive committee exercising the power of the president of the Company.</p>	<p><b>Article 188</b> The principal person in charge of the operation and management of the Company shall report to the Board or Supervisory Committee on the execution of significant contracts, implementation status, application of funds as well as profit and loss of the Company as requested by the Board or Supervisory Committee. The principal person in charge of the operation and management shall ensure the trueness, accuracy and completeness of the report.</p> <p>The principal person in charge of the operation and management who does not hold the position of Director can attend the Board meeting.</p> <p><b>The principal person in charge of the operation and management refers to the Chief Executive Officer, or the person in charge of the management committee or executive committee exercising the power of the Chief Executive Officer of the Company.</b></p>	<p>Same as the above</p>
<p><b>Article 191</b> The president shall serve a term of three years and may serve consecutive terms upon reappointment.</p>	<p><b>Article 191</b> <b>The Chief Executive Officer, members of the Executive Committee and other senior management officers</b> shall serve a term of three years and may serve consecutive terms upon reappointment.</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 192</b> The president shall be accountable for the Board and exercise the following powers:</p> <p>(1) to be in charge of the operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his or her work to the Board;</p> <p>(2) to formulate the Company’s annual development plans, annual business plans and investment plans;</p> <p>(3) to organize and implement the Company’s annual operational plan and investment plan;</p> <p>(4) to prepare the plan for the arrangement of internal management organizations of the Company;</p> <p>(5) to prepare the plan of the basic management system of the Company;</p> <p>(6) to formulate the Company’s specific rules;</p> <p>(7) to deal with important business and affairs externally on behalf of the Company;</p> <p>(8) to propose to the Board to appoint or dismiss the vice president, Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer and other senior management officers of the Company;</p>	<p><b>Article 192</b> The <b>Chief Executive Officer</b> shall be accountable for the Board and exercise the following powers:</p> <p><b>(1) to be in charge of the operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his or her work to the Board;</b></p> <p><b>(2) to organize and implement the Company’s annual operational plan and investment plan;</b></p> <p><b>(3) to prepare the plan of the basic management system of the Company;</b></p> <p><b>(4) to formulate the Company’s specific rules;</b></p> <p><b>(5) to propose to the Board to appoint or dismiss members of the executive committee, Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer and other senior management officers of the Company;</b></p> <p><b>(6) to decide to appoint or dismiss executives other than those appointed or removed by the Board;</b></p> <p><b>(7) to determine the appointment and dismissal of the staff of the Company;</b></p> <p><b>(8) to carry out the Company’s risk control system, and to ensure the Company complies with the risk control index prescribed by the CSRC;</b></p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(9) to decide to appoint or dismiss executives other than those appointed or removed by the Board;</p> <p>(10) to determine the awards and punishments, promotion and demotion, increase/decrease of salaries, appointment, dismissal, and recruitment of the staff of the Company;</p> <p>(11) to temporarily deal with the emergencies in the operation activities which shall be determined by the Board and reported to the Board of the Company afterwards;</p> <p>(12) to exercise other functions and powers conferred in the Articles of Association and by the Board.</p> <p>The president shall be in charge of the daily work of the Company and attend the Board meeting, president who is not a Director does not have voting rights at the Board meeting; report his or her work to the Board and exercise his or her power in accordance with the scope of the president's duties.</p> <p>In exercising his or her power, the president shall fulfill a fiduciary obligation and have a duty of due diligence pursuant to the requirements of laws, administrative regulations and the Articles of Association.</p>	<p><b>(9) to exercise other functions and powers conferred in the Articles of Association and by the Board.</b></p> <p><b>The Chief Executive Officer shall be in charge of the daily work of the Company, attend the Board meeting and report his or her work to the Board. Chief Executive Officer who is not a Director does not have voting rights at the Board meeting.</b></p> <p>In exercising his or her power, the <b>Chief Executive Officer</b> shall fulfill a fiduciary obligation and have a duty of due diligence pursuant to the requirements of laws, administrative regulations and the Articles of Association.</p> <p>As for the connected transactions between the Company and connected persons, should the transactions not reach the standards specified in paragraph 3 of Article 156 in the Articles of Association, the <b>Chief Executive Officer</b> is entitled to make the decision of examination and approval.</p> <p>As for external investments, acquisition and disposal of assets, assets mortgages and other matters of the Company, should the foregoing matters not reach the standards specified in paragraph 5 of Article 156 in the Articles of Association, the <b>Chief Executive Officer</b> is entitled to make the decision of examination and approval.</p>	

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**APPENDIX VI****EXPLANATION TABLE OF THE PROPOSED  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p>As for the connected transactions between the Company and connected persons, should the transactions not reach the standards specified in paragraph 3 of Article 156 in the Articles of Association, the president is entitled to make the decision of examination and approval.</p> <p>As for external investments, acquisition and disposal of assets, assets mortgages and other matters of the Company, should the foregoing matters not reach the standards specified in paragraph 5 of Article 156 in the Articles of Association, the president is entitled to make the decision of examination and approval.</p> <p>The president of the Company shall take the major responsibility for the effectiveness of the execution of the comprehensive risk management of the Company.</p>	<p>The <b>Chief Executive Officer</b> of the Company shall take the major responsibility for the effectiveness of the execution of the comprehensive risk management of the Company.</p>	

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 193</b> The president shall formulate the working rules of the president. Such working rules shall be implemented upon approval by the Board.</p>	<p><b>Article 193</b> The executive committee shall perform the following functions and powers:</p> <p>(1) to implement business policy as approved by the Board and determine important issues relating to the operation and management of the Company;</p> <p>(2) to draft and implement the financial budget of the Company;</p> <p>(3) to draft final accounting plan, profit distribution plan and loss recovery plan of the Company;</p> <p>(4) to draft plans for change of registered capital and issuance of corporate bonds;</p> <p>(5) to draft plans for merger, division, change or dissolution;</p> <p>(6) to draft business plans, investment, financing and assets disposal plans, which shall be submitted for approval by the board of directors in accordance with corresponding scope of authority;</p> <p>(7) to draft the plan for establishment of the internal management departments of the Company;</p> <p>(8) to formulate and approve the plans for wages, awards and penalties of the staff of the Company;</p> <p>(9) to perform other powers and duties authorized by the Board.</p>	<p>Same as the above</p>

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 194</b> The working rules of the president shall include the following:</p> <p>(1) conditions for the convening of and the procedure for the president’s meeting, and the personnel to attend the meeting;</p> <p>(2) specific duties and allocation of work of the president and other senior management officers;</p> <p>(3) the authority to utilize the Company’s funds and assets and to enter into significant contracts, and the reporting system to the Board and the Supervisory Committee;</p> <p>(4) other matters which the Board considers necessary.</p>	<p><b>Article 194</b> <b>The Chief Executive and the executive committee shall formulate working rules, which shall be implemented upon approval by the Board.</b></p> <p>The working rules of the <b>Chief Executive Officer and the executive committee</b> shall include the following:</p> <p>(1) conditions for the convening of and the procedure for the meeting of the <b>executive committee</b>, and the personnel to attend the meeting;</p> <p>(2) specific duties and allocation of work of the <b>Chief Executive Officer, members of the executive committee</b> and other senior management officers;</p> <p>(3) the authority to utilize the Company’s funds and assets and to enter into significant contracts, and the reporting system to the Board and the Supervisory Committee;</p> <p>(4) other matters which the Board considers necessary.</p>	<p>Same as the above</p>
<p><b>Article 195</b> The president can tender his or her resignation prior to the expiry of his or her term of office. The specific procedures for such resignation shall be governed by the labour contract between the president and the Company.</p>	<p><b>Article 195</b> <b>The Chief Executive Officer, members of the executive committee and other senior management officers</b> can tender their resignation prior to the expiry of their term of office. The specific procedures for such resignation shall be governed by the <b>labour contract</b> between <b>senior management officers</b> and the Company.</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 196</b> The vice presidents of the Company shall be nominated by the president, and shall be appointed or dismissed by the Board.</p> <p>The vice president shall assist the president in working and shall be accountable for and report duty to the president. He or she shall perform the relevant duties according to the business scope of work allocation. Should the president be unable to or fails to perform his or her duties, the vice president(s) shall perform the duties of the president on his or her behalf. In case two or more vice presidents are in the Company, the vice president(s) designated by the Board shall perform the duties of the president on his or her behalf.</p>	<p><b>Article 196 Members of the executive committee</b> of the Company shall be nominated by the <b>Chief Executive Officer</b>, and shall be appointed or dismissed by the Board.</p> <p><b>Members of the executive committee</b> shall assist the <b>Chief Executive Officer</b> in working and shall be accountable for and report duty to the president. He or she shall perform the relevant duties according to the business scope of work allocation. <b>Should the Chief Executive Officer be unable to or fails to perform his or her duties, the senior management officers designated by the Board shall perform the duties of the president on his or her behalf.</b></p>	<p>Same as the above</p>
<p><b>Article 205</b> The Chief Risk Officer shall be responsible for the comprehensive risk management. The Chief Risk Officer shall be nominated by the President and appointed by the Board.</p>	<p><b>Article 205</b> The Chief Risk Officer shall be responsible for the comprehensive risk management. The Chief Risk Officer shall be nominated by the <b>Chief Executive Officer</b> and appointed by the Board.</p>	<p>Same as the above</p>
<p><b>Article 210</b> The Directors, president and other senior management officers shall not concurrently take the position of Supervisors.</p>	<p><b>Article 210</b> The <b>Directors and senior management officers</b> shall not concurrently take the position of Supervisors.</p>	<p>Same as the above</p>
<p>Chapter X Qualifications and Obligations of Directors, Supervisors, Manager and Other Senior Management Officers of the Company</p>	<p>Chapter X Qualifications and Obligations of Directors, Supervisors and <b>Senior Management Officers</b> of the Company</p>	<p>Same as the above</p>



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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p><b>Article 227</b> The following person shall not serve as a Director, Supervisor, general manager or other senior management officers of the Company:</p> <p>(1) persons without capacity or with limited capacity of civil conduct;</p> <p>(2) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy, where less than five years have elapsed since the expiration of the sentence, or who have been deprived of the political rights due to a criminal offense, where less than five years have elapsed since the expiration of the period of deprivation;</p> <p>(3) persons who were former Directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;</p>	<p><b>Article 227</b> The following person shall not serve as a Director, Supervisor or <b>senior management officer</b> of the Company:</p> <p>(1) persons without capacity or with limited capacity of civil conduct;</p> <p>(2) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy, where less than five years have elapsed since the expiration of the sentence, or who have been deprived of the political rights due to a criminal offense, where less than five years have elapsed since the expiration of the period of deprivation;</p> <p>(3) persons who were former Directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(4) persons who were legal representatives of a company or enterprise which had its business license revoked or was ordered to close down due to violation of the law and who were personally liable, where less than three years has elapsed since the date of the revocation;</p> <p>(5) persons who have a substantial amount of debts due and outstanding;</p> <p>(6) persons who are subject to the CSRC’s punishment which prohibits them from entering into the securities market for a period which has not yet expired;</p> <p>(7) persons in charge of stock exchange, securities registration and clearing institutions or Directors, Supervisors or senior management officers of securities companies, who were dismissed for any act against law or relevant discipline where less than five years have elapsed since the date of the removal;</p> <p>(8) persons who have been convicted by the relevant competent authority for violation of securities regulations by acting fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction;</p>	<p>(4) persons who were legal representatives of a company or enterprise which had its business license revoked or was ordered to close down due to violation of the law and who were personally liable, where less than three years has elapsed since the date of the revocation;</p> <p>(5) persons who have a substantial amount of debts due and outstanding;</p> <p>(6) persons who are subject to the CSRC’s punishment which prohibits them from entering into the securities market for a period which has not yet expired;</p> <p>(7) persons in charge of stock exchange, securities registration and clearing institutions or Directors, Supervisors or senior management officers of securities companies, who were dismissed for any act against law or relevant discipline where less than five years have elapsed since the date of the removal;</p> <p>(8) persons who have been convicted by the relevant competent authority for violation of securities regulations by acting fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction;</p>	

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Original Articles	Articles after proposed amendments	Basis for amendments
<p>(9) persons who were attorneys, certified public accountants or professionals of investment consultation institutions, financial consultation and advice institutions, credit appraisal institutions, assets evaluation institutions or verification institutions, whose qualifications were revoked for any act against law or relevant discipline, where less than five years have elapsed since the date of the revocation;</p> <p>(10) government officers and other persons who are prohibited by law and administrative regulations from concurrently holding position in a company;</p> <p>(11) persons who were subject to administrative penalties by the financial regulatory department due to his or her serious violation of laws or regulations where less than three years have elapsed since the date of completion of the penalties;</p> <p>(12) persons who were disqualified by the CSRC where less than three years have elapsed since the date of disqualification;</p> <p>(13) persons who were determined to be unfit by the CSRC where less than two years has elapsed since the date of the determination;</p>	<p>(9) persons who were attorneys, certified public accountants or professionals of investment consultation institutions, financial consultation and advice institutions, credit appraisal institutions, assets evaluation institutions or verification institutions, whose qualifications were revoked for any act against law or relevant discipline, where less than five years have elapsed since the date of the revocation;</p> <p>(10) government officers and other persons who are prohibited by law and administrative regulations from concurrently holding position in a company;</p> <p>(11) persons who were subject to administrative penalties by the financial regulatory department due to his or her serious violation of laws or regulations where less than three years have elapsed since the date of completion of the penalties;</p> <p>(12) persons who were disqualified by the CSRC where less than three years have elapsed since the date of disqualification;</p> <p>(13) persons who were determined to be unfit by the CSRC where less than two years has elapsed since the date of the determination;</p>	

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(14) persons who are prohibited from acting as a leader of an enterprise by virtue of laws or administrative regulations;</p> <p>(15) persons other than a natural person;</p> <p>(16) persons who are under the investigation of the legal authority in accordance with the criminal laws and the case is not concluded;</p> <p>(17) other circumstances identified by the CSRC;</p> <p>(18) other contents required by the laws, administrative regulations, departmental rules or the listing rules at the place where the shares of the Company are listed.</p> <p>Any election, designation or appointment of Directors, Supervisors, the general manager or other senior management officers in violation of this provision shall be invalid. The Company shall dismiss the Director, Supervisor, the general manager or other senior management officers if they are involved in the said circumstances during their respective term of office.</p>	<p>(14) persons who are prohibited from acting as a leader of an enterprise by virtue of laws or administrative regulations;</p> <p>(15) persons other than a natural person;</p> <p>(16) persons who are under the investigation of the legal authority in accordance with the criminal laws and the case is not concluded;</p> <p>(17) other circumstances identified by the CSRC;</p> <p>(18) other contents required by the laws, administrative regulations, departmental rules or the listing rules at the place where the shares of the Company are listed.</p> <p>Any election, designation or appointment of Directors, Supervisors or <b>senior management officers</b> in violation of this provision shall be invalid. The Company shall dismiss the Director, Supervisor or <b>senior management officers</b> if they are involved in the said circumstances during their respective term of office.</p>	
<p><b>Article 228</b> The validity of an act of a Director, the general manager or other senior management officers on behalf of the Company to a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.</p>	<p><b>Article 228</b> The validity of an act of a Director or <b>senior management officers</b> on behalf of the Company to a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.</p>	<p>Same as the above</p>

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<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p><b>Article 229</b> In addition to the obligations imposed by laws, administrative regulations or the listing rules of the securities regulatory authorities in the place where the Company’s shares are listed, each of the Company’s Directors, Supervisors, general manager and other senior management officers owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him or her:</p> <p>(1) not to cause the Company to exceed the scope of business stipulated in its business license;</p> <p>(2) to act honestly in the best interests of the Company;</p> <p>(3) not to expropriate the Company’s property in any guise, including (but not limited to) any opportunities advantageous to the Company;</p> <p>(4) not to deprive of the individual rights and interests of the shareholders, including (but not limited to) the rights to distribution and voting rights, but excluding a restructuring of the Company submitted to the general meeting for approval in accordance with the Articles of Association.</p>	<p><b>Article 229</b> In addition to the obligations imposed by laws, administrative regulations or the listing rules of the securities regulatory authorities in the place where the Company’s shares are listed, each of the Company’s Directors, Supervisors and <b>senior management officers</b> owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him or her:</p> <p>(1) not to cause the Company to exceed the scope of business stipulated in its business license;</p> <p>(2) to act honestly in the best interests of the Company;</p> <p>(3) not to expropriate the Company’s property in any guise, including (but not limited to) any opportunities advantageous to the Company;</p> <p>(4) not to deprive of the individual rights and interests of the shareholders, including (but not limited to) the rights to distribution and voting rights, but excluding a restructuring of the Company submitted to the general meeting for approval in accordance with the Articles of Association.</p>	<p>Same as the above</p>
<p><b>Article 230</b> Each of the Company’s Directors, Supervisors, general manager and other senior management officers owes a duty, in the exercise of his or her powers and discharge of his or her obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.</p>	<p><b>Article 230</b> Each of the Company’s Directors, Supervisors and <b>senior management officers</b> owes a duty, in the exercise of his or her powers and discharge of his or her obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.</p>	<p>Same as the above</p>

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Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 231</b> In fulfilling their duties, the Directors, Supervisors, the general manager and other senior management officers must observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. The said principle includes (but not limited to) the following obligations:</p> <p>(1) to sincerely act in the best interests of the Company;</p> <p>(2) to exercise their rights within their terms of reference;</p> <p>(3) to exercise the discretion vested in them in person and shall not be controlled by others and; save as permitted by laws or administrative regulations or with the informed consent of shareholders given at the general meeting, not to transfer the exercise of their discretion to others;</p> <p>(4) to be equal towards shareholders of the same class and fair towards shareholders of different classes;</p> <p>(5) not to conclude any contract, conduct any transaction or make any arrangement with the Company saved as otherwise specified in the Articles of Association or with the informed consent of shareholders given at the general meeting;</p>	<p><b>Article 231</b> In fulfilling their duties, the Directors, Supervisors and <b>senior management officers</b> must observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. The said principle includes (but not limited to) the following obligations:</p> <p>(1) to sincerely act in the best interests of the Company;</p> <p>(2) to exercise their rights within their terms of reference;</p> <p>(3) to exercise the discretion vested in them in person and shall not be controlled by others and; save as permitted by laws or administrative regulations or with the informed consent of shareholders given at the general meeting, not to transfer the exercise of their discretion to others;</p> <p>(4) to be equal towards shareholders of the same class and fair towards shareholders of different classes;</p> <p>(5) not to conclude any contract, conduct any transaction or make any arrangement with the Company saved as otherwise specified in the Articles of Association or with the informed consent of shareholders given at the general meeting;</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(6) not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at the general meeting;</p> <p>(7) not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Company’s property in any form, including (but not limited to) opportunity favorable to the Company;</p> <p>(8) not to accept commissions in connection with the Company’s transactions without the informed consent of shareholders given at the general meeting;</p> <p>(9) to observe the Articles of Association, fulfill duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;</p> <p>(10) not to compete with the Company in any form without the informed consent of shareholders given at the general meeting;</p>	<p>(6) not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at the general meeting;</p> <p>(7) not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Company’s property in any form, including (but not limited to) opportunity favorable to the Company;</p> <p>(8) not to accept commissions in connection with the Company’s transactions without the informed consent of shareholders given at the general meeting;</p> <p>(9) to observe the Articles of Association, fulfill duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;</p> <p>(10) not to compete with the Company in any form without the informed consent of shareholders given at the general meeting;</p>	

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<p>(11) not to divert the Company funds or lend the same to others, not to deposit the Company’s assets in the accounts of their own or others, and not to use the Company’s assets as security for the personal debts of the shareholders of the Company or others;</p> <p>(12) not to disclose any confidential information related to the Company acquired by them during the term of their office without the informed consent of the shareholders given at the general meeting; not to use the said information save for the interests of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:</p> <ol style="list-style-type: none"> <li>1. As required by law;</li> <li>2. As required for the interests of the public;</li> <li>3. As required for the interests of the said Directors, Supervisors, the general manager and other senior management officers.</li> </ol>	<p>(11) not to divert the Company funds or lend the same to others, not to deposit the Company’s assets in the accounts of their own or others, and not to use the Company’s assets as security for the personal debts of the shareholders of the Company or others;</p> <p>(12) not to disclose any confidential information related to the Company acquired by them during the term of their office without the informed consent of the shareholders given at the general meeting; not to use the said information save for the interests of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:</p> <ol style="list-style-type: none"> <li>1. As required by law;</li> <li>2. As required for the interests of the public;</li> <li>3. As required for the interests of the said Directors, Supervisors and <b>senior management officers</b>.</li> </ol>	



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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 232</b> Each Director, Supervisor, general manager and any other senior management officers of the Company shall not cause the following persons or institutions (“associates”) to do what he or she is prohibited from doing:</p> <p>(1) the spouse or minor child of such Director, Supervisor, general manager and other senior management officer;</p> <p>(2) a person acting in the capacity of trustee of such Director, general manager or other senior management officer or any person specified in subparagraph (1) hereinabove;</p> <p>(3) a person acting in the capacity of partner of such Director, Supervisor, general manager or other senior management officer or any person specified in subparagraphs (1) and (2) hereinabove;</p> <p>(4) a company in which that Director, Supervisor, general manager or other senior management officer, alone or jointly with one or more persons specified in subparagraphs (1), (2) and (3) hereinabove, have a de facto controlling interest; and</p> <p>(5) the Directors, Supervisors, general manager and other senior management officers of the controlled company referred to in clauses (4) of this Article.</p>	<p><b>Article 232</b> Each Director, Supervisor and <b>senior management officer</b> of the Company shall not cause the following persons or institutions (“associates”) to do what he or she is prohibited from doing:</p> <p>(1) the spouse or minor child of such Director, Supervisor and <b>senior management officer</b>;</p> <p>(2) a person acting in the capacity of trustee of such Director or <b>senior management officer</b> or any person specified in subparagraph (1) hereinabove;</p> <p>(3) a person acting in the capacity of partner of such Director, Supervisor or <b>senior management officer</b> or any person specified in subparagraphs (1) and (2) hereinabove;</p> <p>(4) a company in which that Director, Supervisor or <b>senior management officer</b>, alone or jointly with one or more persons specified in subparagraphs (1), (2) and (3) hereinabove, have a de facto controlling interest; and</p> <p>(5) the Directors, Supervisors and <b>senior management officers</b> of the controlled company referred to in clauses (4) of this Article.</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 233</b> The fiduciary duties of Directors, Supervisors, the general manager and other senior management officers shall not end with the expiry of their terms of office, and their confidentiality obligation in respect of any commercial secrets of the Company shall continue after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require depending on the time lapse between the termination and the occurrence of the matter and the specific circumstances and conditions under which the relationship between them and the Company was terminated.</p>	<p><b>Article 233</b> The fiduciary duties of Directors, Supervisors and <b>senior management officers</b> shall not end with the expiry of their terms of office, and their confidentiality obligation in respect of any commercial secrets of the Company shall continue after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require depending on the time lapse between the termination and the occurrence of the matter and the specific circumstances and conditions under which the relationship between them and the Company was terminated.</p>	<p>Same as the above</p>
<p><b>Article 234</b> Except as provided in the Article 68 of the Articles of Association, a Director, Supervisor, general manager and any other senior management officer of the Company may be relieved of liability for specific breaches of his or her duty by the informed consent of shareholders given at the general meeting.</p>	<p><b>Article 234</b> Except as provided in the Article 68 of the Articles of Association, a Director, Supervisor and <b>senior management officer</b> of the Company may be relieved of liability for specific breaches of his or her duty by the informed consent of shareholders given at the general meeting.</p>	<p>Same as the above</p>

**APPENDIX VI**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 235</b> If the Directors, Supervisors, the general manager and other senior management officers of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or proposed with the Company (excluding any employment contracts signed by the Company with such Directors, Supervisors, the general manager and other senior management officers), they shall responsively disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.</p> <p>Except as provided in Note 1, Appendix III of the Hong Kong Listing Rules or as allowed by the Hong Kong Stock Exchange, a Director shall not be entitled to vote on any contract, arrangement or any other relevant proposals in which he or she or any person connected to him or her (as defined in the Hong Kong Listing Rules) has any material interest and which is to be approved by the Board. Additionally, he or she may not count in the quorum for the meeting.</p>	<p><b>Article 235</b> If the Directors, Supervisors and <b>senior management officers</b> of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or proposed with the Company (excluding any employment contracts signed by the Company with such Directors, Supervisors and <b>senior management officers</b>), they shall responsively disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.</p> <p>Except as provided in Note 1, Appendix III of the Hong Kong Listing Rules or as allowed by the Hong Kong Stock Exchange, a Director shall not be entitled to vote on any contract, arrangement or any other relevant proposals in which he or she or any person connected to him or her (as defined in the Hong Kong Listing Rules) has any material interest and which is to be approved by the Board. Additionally, he or she may not count in the quorum for the meeting.</p>	<p>Same as the above</p>

**APPENDIX VI**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>Unless the interested Director, Supervisor, general manager and other senior management officer of the Company has disclosed his or her interests to the Board in accordance with the preceding paragraph hereof and the matter has been approved by the Board at a meeting in which the interested Director, Supervisor, general manager or other senior management officer was not counted in the quorum and has abstained from voting, the Company shall have the right to void the contract, transaction or arrangement, unless the other party is a bona fide party acting without knowledge of the breach of obligation by the Director, Supervisor, general manager and other senior management officer concerned.</p> <p>A Director, Supervisor, general manager and other senior management officer of the Company is deemed to be interested in a contract, transaction or agreement in which an associate of that Director, Supervisor, general manager and other senior management officer is interested.</p>	<p>Unless the interested Director, Supervisor and <b>senior management officer</b> of the Company has disclosed his or her interests to the Board in accordance with the preceding paragraph hereof and the matter has been approved by the Board at a meeting in which the interested Director, Supervisor or <b>senior management officer</b> was not counted in the quorum and has abstained from voting, the Company shall have the right to void the contract, transaction or arrangement, unless the other party is a bona fide party acting without knowledge of the breach of obligation by the Director, Supervisor and <b>senior management officer</b> concerned.</p> <p>A Director, Supervisor and <b>senior management officer</b> of the Company is deemed to be interested in a contract, transaction or agreement in which an associate of that Director, Supervisor and <b>senior management officer</b> is interested.</p>	

**APPENDIX VI**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p><b>Article 236</b> Where a Director, Supervisor, general manager and other senior management officer of the Company gives to the Board a written notice before the conclusion of the contract, transaction or arrangement is first considered by the Company stating that, by reason of the facts specified in the notice, he or she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such Director, Supervisor, general manager or other senior management officer of the Company shall be deemed for the purposes of the preceding Article to have declared his or her interests, to the extent stated in the notice.</p>	<p><b>Article 236</b> Where a Director, Supervisor and <b>senior management officer</b> of the Company gives to the Board a written notice before the conclusion of the contract, transaction or arrangement is first considered by the Company stating that, by reason of the facts specified in the notice, he or she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such Director, Supervisor or <b>senior management officer</b> of the Company shall be deemed for the purposes of the preceding Article to have declared his or her interests, to the extent stated in the notice.</p>	<p>Same as the above</p>
<p><b>Article 237</b> The Company shall not, by any means, pay taxes for or on behalf of its Director, Supervisor, general manager and any other senior management officers.</p>	<p><b>Article 237</b> The Company shall not, by any means, pay taxes for or on behalf of its Director, Supervisor and <b>senior management officers</b>.</p>	<p>Same as the above</p>

**APPENDIX VI**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 238</b> The Company shall not, directly or indirectly, provide a loan to, or any loan guarantee for, its Director, Supervisor, general manager and other senior management officers, or provide loans to, or any loan guarantee for those of the related persons of the abovementioned persons.</p> <p>However, the preceding paragraph shall not apply if:</p> <p>(1) the provision by the Company of a loan or a loan guarantee for a subsidiary of the Company;</p> <p>(2) the provision by the Company of a loan or loan guarantee, or any other funds to any of its Directors, Supervisors, general manager and other senior management officers to meet expenditure incurred by him or her for the purposes of the Company or for the purpose of enabling him or her to perform his or her duties properly, in accordance with the terms of a service contract approved by the shareholders in the general meeting;</p> <p>(3) the provision by the Company of a loan or loan guarantee to a relevant Director, Supervisor or senior management officers of the Company or to an associate thereof based on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan guarantee.</p>	<p><b>Article 238</b> The Company shall not, directly or indirectly, provide a loan to, or any loan guarantee for, its Director, Supervisor and <b>senior management officers</b>, or provide loans to, or any loan guarantee for those of the related persons of the abovementioned persons.</p> <p>However, the preceding paragraph shall not apply if:</p> <p>(1) the provision by the Company of a loan or a loan guarantee for a subsidiary of the Company;</p> <p>(2) the provision by the Company of a loan or loan guarantee, or any other funds to any of its Directors, Supervisors and <b>senior management officers</b> to meet expenditure incurred by him or her for the purposes of the Company or for the purpose of enabling him or her to perform his or her duties properly, in accordance with the terms of a service contract approved by the shareholders in the general meeting;</p> <p>(3) the provision by the Company of a loan or loan guarantee to a relevant Director, Supervisor or <b>senior management officers</b> of the Company or to an associate thereof based on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan guarantee.</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 240</b> Any loan guarantee provided by the Company in breach of paragraph 1 of Article 238 shall not be enforceable against the Company, unless:</p> <p>(1) loan guarantee was provided to an associate of any of the Directors, Supervisors, general manager and other senior management officers of the Company or of the Company’s holding company and the lender did not know the relevant circumstances at the time the loan was advanced;</p> <p>(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.</p>	<p><b>Article 240</b> Any loan guarantee provided by the Company in breach of paragraph 1 of Article 238 shall not be enforceable against the Company, unless:</p> <p>(1) loan guarantee was provided to an associate of any of the Directors, Supervisors and <b>senior management officers</b> of the Company or of the Company’s holding company and the lender did not know the relevant circumstances at the time the loan was advanced;</p> <p>(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.</p>	<p>Same as the above</p>
<p><b>Article 242</b> If the Directors, Supervisors, the general manager or other senior management officers violate the obligations to the Company, the Company shall, in addition to the rights and remedies provided for under the relevant laws and administrative regulations, be entitled to take the following actions:</p> <p>(1) requiring the Directors, Supervisors, the general manager or other senior management officers to compensate the Company for the losses arising from their dereliction of duties;</p>	<p><b>Article 242</b> If the Directors, Supervisors or <b>senior management officers</b> violate the obligations to the Company, the Company shall, in addition to the rights and remedies provided for under the relevant laws and administrative regulations, be entitled to take the following actions:</p> <p>(1) requiring the Directors, Supervisors or <b>senior management officers</b> to compensate the Company for the losses arising from their dereliction of duties;</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(2) rescinding the contracts or transactions concluded between the Company and the Directors, Supervisors, the general manager or other senior management officers of the Company, or between the Company and a third person (if the third person knows or should have known that the Directors, Supervisors, the general manager or other senior management officers representing the Company have breached their obligations to the Company);</p> <p>(3) requiring the relevant Directors, Supervisors, the general manager or other senior management officers to surrender their gains arising from breach of obligations;</p> <p>(4) recovering the money, including (but not limited to) commissions, received by Directors, Supervisors or senior management officers which should be given to the Company;</p> <p>(5) requiring the relevant Directors, Supervisors, the general manager or other senior management officers to return any interest that is earned or may be earned on the monies that should have been paid to the Company.</p>	<p>(2) rescinding the contracts or transactions concluded between the Company and the Directors, Supervisors or <b>senior management officers</b> of the Company, or between the Company and a third person (if the third person knows or should have known that the Directors, Supervisors or <b>senior management officers</b> representing the Company have breached their obligations to the Company);</p> <p>(3) requiring the relevant Directors, Supervisors or <b>senior management officers</b> to surrender their gains arising from breach of obligations;</p> <p>(4) recovering the money, including (but not limited to) commissions, received by Directors, Supervisions or <b>senior management officers</b> which should be given to the Company;</p> <p>(5) requiring the relevant Directors, Supervisors or <b>senior management officers</b> to return any interest that is earned or may be earned on the monies that should have been paid to the Company.</p>	



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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 243</b> The Company shall enter into a written contract with each Director, Supervisor, president and other senior management officers and such contract shall at least include the following provisions:</p> <p>(1) Directors, Supervisors, president and other senior management officers shall make commitment to the Company and express that they shall comply with the Company Law, Special Provisions, the Articles of Association, the Code on Takeovers and Mergers (《公司收購及合併守則》), the Code on Share Buy-backs 《股份購回守則》 and other provisions of Hong Kong Stock Exchange and agree that the Company shall be entitled to the remedial measures provided herein. Such contract and their positions shall not be transferred;</p> <p>(2) Directors, Supervisors, president and other senior management officers shall make commitment to the Company and express that they shall comply with and perform such duties that they should be accountable to the shareholders as provided herein;</p> <p>(3) such arbitration terms as provided in Article 305 hereof.</p>	<p><b>Article 243</b> The Company shall enter into a written contract with each Director, Supervisor and <b>senior management officer</b> and such contract shall at least include the following provisions:</p> <p>(1) Directors, Supervisors and <b>senior management officers</b> shall make commitment to the Company and express that they shall comply with the Company Law, Special Provisions, the Articles of Association, the Code on Takeovers and Mergers (《公司收購及合併守則》), the Code on Share Buy-backs 《股份購回守則》 and other provisions of Hong Kong Stock Exchange and agree that the Company shall be entitled to the remedial measures provided herein. Such contract and their positions shall not be transferred;</p> <p>(2) Directors, Supervisors and <b>senior management officers</b> shall make commitment to the Company and express that they shall comply with and perform such duties that they should be accountable to the shareholders as provided herein;</p> <p>(3) such arbitration terms as provided in Article 305 hereof.</p>	<p>Same as the above</p>

**APPENDIX VI**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p>The Company shall conclude written contracts with Directors and Supervisors in relation to their remunerations, subject to prior approval of the general meeting. The aforesaid remunerations shall include:</p> <p>(1) the remunerations in respect of his or her service as Director, Supervisor or senior management officer of the Company;</p> <p>(2) the remunerations in respect of his or her service as director, supervisor or senior management officer of any subsidiary of the Company;</p> <p>(3) the remunerations in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;</p> <p>(4) the payment by way of compensation for loss of office, or as consideration for or in connection with his or her retirement from office.</p> <p>Directors and Supervisors shall not sue the Company for benefits due to him or her on the basis of the aforementioned matters, except under a contract as mentioned above.</p>	<p>The Company shall conclude written contracts with Directors and Supervisors in relation to their remunerations, subject to prior approval of the general meeting. The aforesaid remunerations shall include:</p> <p>(1) the remunerations in respect of his or her service as Director, Supervisor or senior management officer of the Company;</p> <p>(2) the remunerations in respect of his or her service as director, supervisor or senior management officer of any subsidiary of the Company;</p> <p>(3) the remunerations in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;</p> <p>(4) the payment by way of compensation for loss of office, or as consideration for or in connection with his or her retirement from office.</p> <p>Directors and Supervisors shall not sue the Company for benefits due to him or her on the basis of the aforementioned matters, except under a contract as mentioned above.</p>	

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Original Articles</b>	<b>Articles after proposed amendments</b>	<b>Basis for amendments</b>
<p><b>Article 265</b> The accounting firm appointed by the Company shall have the following rights:</p> <p>(1) to inspect the accounting books, records or proofs at any time, and to require directors, general managers or other senior management officers of the Company to provide relevant documents and explanations;</p> <p>(2) to require the Company to take all reasonable actions to obtain from the Company’s subsidiaries such information and explanation as are necessary for the purpose of discharging its duties;</p> <p>(3) to attend general meetings, to receive all notices of, and other information relating to, the meeting that any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company’s accounting firm.</p>	<p><b>Article 265</b> The accounting firm appointed by the Company shall have the following rights:</p> <p>(1) to inspect the accounting books, records or proofs at any time, and to require directors or <b>senior management officers</b> of the Company to provide relevant documents and explanations;</p> <p>(2) to require the Company to take all reasonable actions to obtain from the Company’s subsidiaries such information and explanation as are necessary for the purpose of discharging its duties;</p> <p>(3) to attend general meetings, to receive all notices of, and other information relating to, the meeting that any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company’s accounting firm.</p>	<p>Same as the above</p>

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**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original Articles	Articles after proposed amendments	Basis for amendments
<p><b>Article 305</b> The Company shall follow the following rules for settlement of disputes:</p> <p>(1) all disputes and claims between shareholders of overseas listed foreign shares and the Company, between shareholders of overseas listed foreign shares and the Company’s directors, supervisors and other senior management officers, or between shareholders of overseas listed foreign shares and other shareholders arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other applicable laws and administrative regulations concerning the affairs of the Company shall be submitted by the relevant parties for arbitration.</p> <p>The dispute or claim shall be submitted for arbitration in their entirety. All parties which have a cause of action due to the same events, or are required to participate in the settlement of the dispute or claim, such parties shall abide by the arbitration result if such parties are the Company or the shareholders, directors, supervisors, general manager or other senior management officers of the Company.</p> <p>Disputes in relation to the identification of the shareholders and register of shareholders may be resolved without arbitration.</p>	<p><b>Article 305</b> The Company shall follow the following rules for settlement of disputes:</p> <p>(1) all disputes and claims between shareholders of overseas listed foreign shares and the Company, between shareholders of overseas listed foreign shares and the Company’s directors, supervisors and other senior management officers, or between shareholders of overseas listed foreign shares and other shareholders arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other applicable laws and administrative regulations concerning the affairs of the Company shall be submitted by the relevant parties for arbitration.</p> <p>The dispute or claim shall be submitted for arbitration in their entirety. All parties which have a cause of action due to the same events, or are required to participate in the settlement of the dispute or claim, such parties shall abide by the arbitration result if such parties are the Company or the shareholders, directors, supervisors or <b>senior management officers</b> of the Company.</p> <p>Disputes in relation to the identification of the shareholders and register of shareholders may be resolved without arbitration.</p>	<p>Same as the above</p>

Original Articles	Articles after proposed amendments	Basis for amendments
<p>(2) a claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must carry out arbitration in the arbitral body elected by the claimant.</p> <p>If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may request arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.</p> <p>(3) if any disputes or claims of rights are settled by way of arbitration in accordance with provision (1) of this article, the laws of the People's Republic of China shall apply, except as otherwise provided in the laws, administrative regulations, rules and normative documents.</p> <p>(4) The award of an arbitration body shall be final and conclusive and binding on all parties.</p>	<p>(2) a claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must carry out arbitration in the arbitral body elected by the claimant.</p> <p>If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may request arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.</p> <p>(3) if any disputes or claims of rights are settled by way of arbitration in accordance with provision (1) of this article, the laws of the People's Republic of China shall apply, except as otherwise provided in the laws, administrative regulations, rules and normative documents.</p> <p>(4) The award of an arbitration body shall be final and conclusive and binding on all parties.</p>	

**APPENDIX VII EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO  
THE RULES OF PROCEDURES OF THE GENERAL MEETING**

**Explanatory Table of the Proposed Amendments to the Rules of Procedures of the  
General Meeting of Huatai Securities Co., Ltd.**

Original terms	Revised terms	Basis for modification
<p><b>Article 17</b> The notice of the general meeting of shareholders shall be made in writing and shall include the following contents:</p> <p>(1) Time, venue, and period of the meeting;</p> <p>(2) Matters and proposals submitted for consideration at the meeting. All the specific contents of all proposals shall be fully and completely disclosed in the notice of shareholders' meeting and the supplementary notice. If the matters to be discussed require independent directors to express their opinions, the opinions and reasons of the independent directors shall be disclosed at the same time when the notice of the general meeting or the supplementary notice is issued;</p> <p>(3) Provision of information and explanations to shareholders that are necessary for the shareholders to make an informed decision on the matters to be discussed; which include, but are not limited to, the provision of specific conditions and contracts (if any) of the proposed transaction, and a careful explanation of its causes and consequences at the time the Company is proposing a merger, repurchase of shares, equity restructuring or other restructuring;</p>	<p><b>Article 17</b> The notice of the general meeting of shareholders shall be made in writing and shall include the following contents:</p> <p>(1) Time, venue, and period of the meeting;</p> <p>(2) Matters and proposals submitted for consideration at the meeting. All the specific contents of all proposals shall be fully and completely disclosed in the notice of shareholders' meeting and the supplementary notice. If the matters to be discussed require independent directors to express their opinions, the opinions and reasons of the independent directors shall be disclosed at the same time when the notice of the general meeting or the supplementary notice is issued;</p> <p>(3) Provision of information and explanations to shareholders that are necessary for the shareholders to make an informed decision on the matters to be discussed; which include, but are not limited to, the provision of specific conditions and contracts (if any) of the proposed transaction, and a careful explanation of its causes and consequences at the time the Company is proposing a merger, repurchase of shares, equity restructuring or other restructuring;</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>

**APPENDIX VII EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO  
THE RULES OF PROCEDURES OF THE GENERAL MEETING**

Original terms	Revised terms	Basis for modification
<p>(4) In case any directors, supervisors, general managers, and other senior management personnel have a material interest in the matters to be discussed, the nature and extent of their interests shall be disclosed; in case the influence of the matters to be discussed on the directors, supervisors, general managers, and other senior management as shareholders differs from that on other shareholders of the same class, the difference shall be stated;</p> <p>(5) A full text that contains all special resolutions proposed for resolution at the meeting;</p> <p>(6) Inclusion of the time and place of delivery of the power of attorney for the voting at the meeting;</p> <p>(7) Explanation in expressive wording: all shareholders are entitled to attend the general meeting of shareholders, and may entrust an agent to attend the meeting and vote in writing. The proxy of the shareholder need not be a shareholder of the Company;</p> <p>(8) The record date for shareholders who are entitled to attend the shareholders' meeting;</p>	<p>(4) In case any directors, supervisors, and <b>senior management officers</b> have a material interest in the matters to be discussed, the nature and extent of their interests shall be disclosed; in case the influence of the matters to be discussed on the directors, supervisors, and <b>senior management officers</b> as shareholders differs from that on other shareholders of the same class, the difference shall be stated;</p> <p>(5) A full text that contains all special resolutions proposed for resolution at the meeting;</p> <p>(6) Inclusion of the time and place of delivery of the power of attorney for the voting at the meeting;</p> <p>(7) Explanation in expressive wording: all shareholders are entitled to attend the general meeting of shareholders, and may entrust an agent to attend the meeting and vote in writing. The proxy of the shareholder need not be a shareholder of the Company;</p> <p>(8) The record date for shareholders who are entitled to attend the shareholders' meeting;</p>	

**APPENDIX VII EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO  
THE RULES OF PROCEDURES OF THE GENERAL MEETING**

Original terms	Revised terms	Basis for modification
<p>(9) The name and telephone number of the permanent contact of the shareholders' meeting;</p> <p>(10) Where the shareholders' meeting is convened on the Internet or by other means, the voting time and voting procedure on the Internet or by other means shall be clearly stated in the notice of the general meeting.</p> <p>The interval between the record date and the date of the meeting shall be no more than 7 working days. Once the record date is confirmed, it cannot be changed.</p>	<p>(9) The name and telephone number of the permanent contact of the shareholders' meeting;</p> <p>(10) Where the shareholders' meeting is convened on the Internet or by other means, the voting time and voting procedure on the Internet or by other means shall be clearly stated in the notice of the general meeting.</p> <p>The interval between the record date and the date of the meeting shall be no more than 7 working days. Once the record date is confirmed, it cannot be changed.</p>	
<p><b>Article 28</b> As the general meeting of shareholders is convened by the Company, all directors, supervisors, and secretary of the board of directors of the Company shall be present at the meeting, and the president and other senior management officers shall attend the meeting.</p>	<p><b>Article 28</b> As the general meeting of shareholders is convened by the Company, all directors, supervisors, and secretary of the board of directors of the Company shall be present at the meeting, and the <b>CEO and other senior management officers</b> shall attend the meeting.</p>	Same as the above



**APPENDIX VII EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO  
THE RULES OF PROCEDURES OF THE GENERAL MEETING**

Original terms	Revised terms	Basis for modification
<p><b>Article 48</b> The secretary of the board of directors shall keep minutes of the shareholders' meeting. The minutes of the meeting shall include the following contents:</p> <p>(1) The time, place, and agenda of the meeting, and the name of the convenor;</p> <p>(2) The name of the moderator, and the names of the directors, supervisors, secretary of the board of directors, managers, and other senior management officers who are present or in attendance in the meeting;</p> <p>(3) The number of shareholders and proxies who are present in the meeting, the total number of shares with voting rights held by them, and their proportion to the total number of shares of the Company;</p> <p>(4) The reviewing process, the key points of the speeches, and the voting results of each proposal;</p> <p>(5) The shareholders' opinions, questions or suggestions, and the corresponding answers or explanations;</p> <p>(6) The names of lawyers and scrutineers for the poll voting;</p> <p>(7) Other items that shall be included in the minutes of the meeting as required by the articles of association.</p>	<p><b>Article 48</b> The secretary of the board of directors shall keep minutes of the shareholders' meeting. The minutes of the meeting shall include the following contents:</p> <p>(1) The time, place, and agenda of the meeting, and the name of the convenor;</p> <p>(2) The name of the moderator, and the names of the directors, supervisors, and <b>senior management officers</b> who are present or in attendance in the meeting;</p> <p>(3) The number of shareholders and proxies who are present in the meeting, the total number of shares with voting rights held by them, and their proportion to the total number of shares of the Company;</p> <p>(4) The reviewing process, the key points of the speeches, and the voting results of each proposal;</p> <p>(5) The shareholders' opinions, questions or suggestions, and the corresponding answers or explanations;</p> <p>(6) The names of lawyers and scrutineers for the poll voting;</p> <p>(7) Other items that shall be included in the minutes of the meeting as required by the articles of association.</p>	<p>Same as the above</p>

**APPENDIX VII EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO  
THE RULES OF PROCEDURES OF THE GENERAL MEETING**

<b>Original terms</b>	<b>Revised terms</b>	<b>Basis for modification</b>
<p>The directors, secretary of the board of directors, and convener or their representatives who are present at the meeting, and the moderator of the meeting shall sign the minutes of the meeting and ensure that the contents of the minutes are true, accurate and complete. The minutes of the meeting shall be kept together with the signature book of the shareholders present in the meeting and the power of attorney, and valid record of the online and other means of voting, and the retention period shall be no less than 15 years.</p>	<p>The directors, secretary of the board of directors, and convener or their representatives who are present at the meeting, and the moderator of the meeting shall sign the minutes of the meeting and ensure that the contents of the minutes are true, accurate and complete. The minutes of the meeting shall be kept together with the signature book of the shareholders present in the meeting and the power of attorney, and valid record of the online and other means of voting, and the retention period shall be no less than 15 years.</p>	
<p><b>Article 81</b> When reviewing a proposal, only shareholders or proxies have the right to speak. Other participants shall not ask questions and speak. The speaking shareholders shall raise their hands first. At the permission of the moderator, they may speak at the spot or at the designated speaker's seat.</p> <p>When a number of shareholders raise their hands to speak, the moderator will designate the speaker.</p> <p>The moderator stipulates the time and the frequency each person speaks according to the actual circumstances. Shareholders must not be interrupted in the middle of the prescribed speech, in order for them to enjoy a full right to speak.</p>	<p><b>Article 81</b> When reviewing a proposal, only shareholders or proxies have the right to speak. Other participants shall not ask questions and speak. The speaking shareholders shall raise their hands first. At the permission of the moderator, they may speak at the spot or at the designated speaker's seat.</p> <p>When a number of shareholders raise their hands to speak, the moderator will designate the speaker.</p> <p>The moderator stipulates the time and the frequency each person speaks according to the actual circumstances. Shareholders must not be interrupted in the middle of the prescribed speech, in order for them to enjoy a full right to speak.</p>	<p>Same as the above</p>

**APPENDIX VII EXPLANATION TABLE OF THE PROPOSED AMENDMENTS TO  
THE RULES OF PROCEDURES OF THE GENERAL MEETING**

<b>Original terms</b>	<b>Revised terms</b>	<b>Basis for modification</b>
<p>The moderator of the meeting may refuse or stop the speech of a shareholder in violation of the provisions of the preceding three paragraphs.</p> <p>The directors, supervisors, president, and other senior management officers of the Company and those approved by the moderator of the meeting may make speeches.</p>	<p>The moderator of the meeting may refuse or stop the speech of a shareholder in violation of the provisions of the preceding three paragraphs.</p> <p>The directors, supervisors, and <b>senior management officers</b> of the Company and those approved by the moderator of the meeting may make speeches.</p>	Same as the above
<p><b>Article 90</b> The resolutions made at the shareholders' meeting shall be executed by the board of directors, and shall be submitted to the president of the Company for specific implementation according to the contents of the resolutions; for matters to be handled by the board of supervisors as decided at the shareholders' meeting, they shall be directly organised and implemented by the board of supervisors.</p>	<p><b>Article 90</b> The resolutions made at the shareholders' meeting shall be executed by the board of directors, and shall be submitted to the <b>CEO</b> of the Company for specific implementation according to the contents of the resolutions; for matters to be handled by the board of supervisors as decided at the shareholders' meeting, they shall be directly organised and implemented by the board of supervisors.</p>	Same as the above

**Explanatory Table of the Proposed Amendments to the Rules of Procedures  
of the Board of Huatai Securities Co., Ltd.**

Original terms	Revised terms	Basis for modification
<p><b>Article 4</b> Proposals for regular meetings</p> <p>Before issuing a notice to convene a regular meeting of the board of directors, the office of the board of directors shall fully seek the opinions of the directors, and make a meeting proposal and submit it to the chairman.</p> <p>Before making a proposal, the chairman of the board of directors should seek the advice of managers and other senior management personnel when needed.</p>	<p><b>Article 4</b> Proposals for regular meetings</p> <p>Before issuing a notice to convene a regular meeting of the board of directors, the office of the board of directors shall fully seek the opinions of the directors, and make a meeting proposal and submit it to the chairman.</p> <p>Before making a proposal, the chairman of the board of directors should seek the advice of the <b>CEO</b> and other senior management personnel when needed.</p>	<p>In order to actively explore and establish a new business management system, improve the management and operational efficiency as well as clarify work responsibilities, the amendments are made by the Company based on its actual situations and in accordance with relevant requirements under related laws, regulations and regulatory documents.</p>

**APPENDIX VIII**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS  
TO THE RULES OF PROCEDURES OF THE BOARD**

<b>Original terms</b>	<b>Revised terms</b>	<b>Basis for modification</b>
<p><b>Article 5</b> Ad hoc meetings</p> <p>In any of the following circumstances, the board of directors shall convene an ad hoc meeting:</p> <p>(1) Shareholders who represents more than one tenth of the voting rights make a proposal;</p> <p>(2) Over one third of the directors jointly make a proposal;</p> <p>(3) The board of supervisors makes a proposal;</p> <p>(4) The chairman considers it is necessary;</p> <p>(5) Over one-half of the independent directors make a proposal;</p> <p>(6) The president makes a proposal;</p> <p>(7) The securities regulatory department requests a meeting;</p> <p>(8) Other circumstances as stipulated in the Company's Articles of Association.</p>	<p><b>Article 5</b> Ad hoc meetings</p> <p>In any of the following circumstances, the board of directors shall convene an ad hoc meeting:</p> <p>(1) Shareholders who represents more than one tenth of the voting rights make a proposal;</p> <p>(2) Over one third of the directors jointly make a proposal;</p> <p>(3) The board of supervisors makes a proposal;</p> <p>(4) The chairman considers it is necessary;</p> <p>(5) Over one-half of the independent directors make a proposal;</p> <p>(6) The <b>CEO</b> makes a proposal;</p> <p>(7) The securities regulatory department requests a meeting;</p> <p>(8) Other circumstances as stipulated in the Company's Articles of Association.</p>	<p>Same as the above</p>

**APPENDIX VIII**

**EXPLANATION TABLE OF THE PROPOSED AMENDMENTS  
TO THE RULES OF PROCEDURES OF THE BOARD**

<b>Original terms</b>	<b>Revised terms</b>	<b>Basis for modification</b>
<p data-bbox="261 338 541 365"><b>Article 8 Meeting notice</b></p> <p data-bbox="196 409 576 931">When convening regular and ad hoc meetings of board of directors, the office of board of directors shall prepare written notices with the seal of the board of directors, which shall be given, 14 days and 5 days before the meeting, respectively, to all directors and supervisors, and managers and secretary of the board of directors by means of direct delivery, fax, email or other means. Notices given by means other than direct delivery should be confirmed by telephone and recorded accordingly.</p> <p data-bbox="196 976 576 1236">In urgent situations when an extraordinary meeting of the board of directors needs to be convened as soon as possible, the meeting notices may be sent by telephone or other oral means at any time, but the convener shall explain the cause at the meeting.</p>	<p data-bbox="659 338 938 365"><b>Article 8 Meeting notice</b></p> <p data-bbox="592 409 1019 869">When convening regular and ad hoc meetings of board of directors, the office of board of directors shall prepare written notices with the seal of the board of directors, which shall be given, 14 days and 5 days before the meeting, respectively, to all directors and supervisors, and the <b>CEO</b> and secretary of the board of directors by means of direct delivery, fax, email or other means. Notices given by means other than direct delivery should be confirmed by telephone and recorded accordingly.</p> <p data-bbox="592 913 1019 1137">In urgent situations when an extraordinary meeting of the board of directors needs to be convened as soon as possible, the meeting notices may be sent by telephone or other oral means at any time, but the convener shall explain the cause at the meeting.</p>	<p data-bbox="1102 338 1315 365">Same as the above</p>

Original terms	Revised terms	Basis for modification
<p><b>Article 11</b> Convening a meeting</p> <p>A board meeting shall be held only when more than half of the directors are present. The chairman of the board of directors and the secretary of the board of directors shall report to the regulatory authorities in a timely manner when the director refuses to be present or is negligent of being present at the meeting, leading to a failure in meeting the minimum number of people required for the convening of a meeting.</p> <p>Supervisors may attend board meetings; managers and the secretary to the board of directors who do not concurrently serve as directors shall attend the board meeting. If the moderator believes it is necessary, he may notify other relevant personnel to attend the board meeting.</p>	<p><b>Article 11</b> Convening a meeting</p> <p>A board meeting shall be held only when more than half of the directors are present. The chairman of the board of directors and the secretary of the board of directors shall report to the regulatory authorities in a timely manner when the director refuses to be present or is negligent of being present at the meeting, leading to a failure in meeting the minimum number of people required for the convening of a meeting.</p> <p>Supervisors may attend board meetings; the <b>CEO</b> and the secretary of the board of directors who do not concurrently serve as directors shall attend the board meeting. If the moderator believes it is necessary, he may notify other relevant personnel to attend the board meeting.</p>	<p>Same as the above</p>

Original terms	Revised terms	Basis for modification
<p data-bbox="194 338 576 398"><b>Article 16</b> Expression of opinions</p> <p data-bbox="194 443 576 667">The directors should carefully read the relevant meeting materials, and express their opinions independently and prudently on the basis of a complete understanding of the situation.</p> <p data-bbox="194 712 576 1160">Directors may consult, among others, the office of board of directors, conference convener, manager, other senior management personnel, special committees, accounting firms and law firms before the meeting for the information required for decision-making. During the meeting, they may also advise the moderator to invite the above-mentioned personnel and agency representatives to explain the situation.</p>	<p data-bbox="592 338 1019 398"><b>Article 16</b> Expression of opinions</p> <p data-bbox="592 443 1019 633">The directors should carefully read the relevant meeting materials, and express their opinions independently and prudently on the basis of a complete understanding of the situation.</p> <p data-bbox="592 678 1019 1070">Directors may consult, among others, the office of board of directors, conference convener, <b>CEO</b>, other senior management personnel, special committees, accounting firms and law firms before the meeting for the information required for decision-making. During the meeting, they may also advise the moderator to invite the above-mentioned personnel and agency representatives to explain the situation.</p>	<p data-bbox="1098 338 1316 365">Same as the above</p>



Dear Shareholders,

On June 21, 2017, the Resolution on the General Authorization of the Company's Domestic and Foreign Debt Financing Instruments was considered and approved at the 2016 Annual General Meeting of the Company, authorizing the Company to carry out debt financing of not more than RMB200 billion through various domestic and foreign debt financing instruments other than interbank borrowing and bond repurchase. The authorization shall be valid for 36 months from the date of approval by the general meeting, namely, valid until June 20, 2020. Although the general authorization has not yet matured, the Company's capital has increased substantially and tends to grow further as a result of the Company's completion of private placement during the authorization period. The available financing limit for the Company's debt financing instruments rose accordingly. Apart from that, given regulatory authorities' adjustment of the limit for bond repurchase and constant increase of new debt financing instruments (including Pledge-style Repo., box options, credit-linked notes, etc.), it is necessary to adjust the existing authorization. In order to ensure the smooth development of relevant financing activities, promptly grasp market opportunities, satisfy the Company's business needs, replenish its working capital in a timely manner, adjust its debt structure and improve its capital operation efficiency without prejudice to the controllability of risks, it is hereby proposed again that the general meeting authorize the Board to and agree with it to further authorize the authorized persons (an authorized team consisting of the Chairman, CEO and CFO of the Company) to make decisions on the issuance of domestic and foreign debt financing instruments of the Company. The authorized persons may jointly or severally sign relevant documents according to the importance of the authorized matters. Details are as follows:

#### **I. Debt Principals and Methods**

At the time of raising funds in other countries with domestic and overseas debt financing instruments, the Company shall take itself, its branches, or its domestic and overseas wholly-owned subsidiaries as debt principals to issue the debts in public at home and abroad one time or multiple times, or in multiple phases, to qualified investors in a specified manner, or in other ways allowed by regulatory authorities.

The principals, time, quantities, phases, currencies, and methods of issuing debts shall be submitted to the general meeting to authorize the Board and agree with the Board to authorize its authorized personnel to jointly or separately determine as per laws, regulations, market environment and actual needs.

**II. Varieties and Issuing Scale of Debt Financing Instruments**

(1) The varieties and issuing scale ceiling of the debt financing instruments are given below:

<b>Varieties of debt financing instruments</b>	<b>Issuing scale ceiling</b>
<b>Corporate bonds (public offering)</b>	Not more than 40% of the Company's net capital for the recent period. If the relevant laws and regulations are adjusted, the upper limit of public offering of corporate bonds required by relevant laws and regulations shall prevail.
<b>Corporate bonds (private offering, including short-term corporate bonds)</b>	Not exceeding RMB80 billion
<b>Short-term financing securities</b>	Not more than 60% of the Company's net capital and subject to the highest balance approved by the PBOC.
<b>Subordinated bonds (including perpetual subordinated bond) and subordinated debt</b>	Not exceeding RMB60 billion (with perpetual subordinated bond not more than RMB20 billion)
<b>Structured notes</b>	Not more than 60% of the Company's net capital for the recent period
<b>Refinancing by CSF (including refinanced capital and refinanced bonds)</b>	Not exceeding RMB30 billion
<b>Asset securitization</b>	Not exceeding RMB30 billion
<b>Overseas bonds of foreign currencies such as US dollars and Euros, offshore RMB bonds, medium term note programme, foreign currency bills, commercial paper, credit-linked notes, overseas bank loans (syndicated loans and bilateral loans included) and other overseas debt financing instruments</b>	Not more than 50% of the Company's net assets for the recent period
<b>Inter-bank borrowing</b>	Not more than 80% of the Company's net capital and subject to the scale approved by the PBOC
<b>Bond repurchase (Pledge-style Repo. included)</b>	Not more than 120% of the Company's net assets as at the end of the recent period

**Other financing instruments, including but not limited to bond lending, noble metal financing, asset or ROA right sales and repurchase, domestic bank loans and corporation overdraft** Not exceeding RMB80 billion

**Other financing instruments required to be submitted to the Board of Directors or general meetings of the Company for approval by laws, regulations and the Company's rules** Not exceeding RMB30 billion

Notes: ① All of the upper limits on the issuing scale of debt financing instruments above are calculated based on the outstanding balance after issuance;

② The authorization amount of the debt financing instruments includes the scale of the debt financing instruments issued but not yet repaid before the resolution;

③ Regarding inter-bank borrowing, bond repurchase, structured notes and other financing instruments, the management may give hierarchical authorization based on the characteristics of the debt financing instruments and business needs in accordance with the regulatory requirements and risk control.

(2) The total amount of debt financing carried out by the Company using various domestic and overseas debt financing instruments other than inter-bank borrowing and bond repurchase shall be within 250% of the Company's net assets as at the end of the recent period (including 250%, to be calculated based on the outstanding balance after issuance; if issued in foreign currency, to be calculated at the central parity rate published by the PBOC).

After the resolution is passed, the authorized amounts of various debt financing instruments passed at the previous Board meetings and general meetings held by the Company shall be cancelled. If the Company, however, has decided and submitted a written application to the regulators for it to examine and approve the issuance of debt financing instruments as per the resolutions made at the Board meetings and general meetings, the authorization validity of original resolutions shall be extended to the date when the issue of the debt financing instruments is approved and permitted by the regulators and completed. If the debt financing instruments issuing arrangement has been approved, permitted, put on records, or registered (if applicable) by the regulators, the Company can fully or partly issue its domestic and overseas debt financing instruments within the confirmed validity of approval, permission, filing, and registration. The authorization validity of the original resolutions shall be extended to the date when the instruments are fully or partly issued.

The Company's domestic and overseas debt financing instruments mentioned above shall be free of share transferring terms and clauses.

The varieties and amounts of the Company's debt financing instruments shall be determined by the personnel authorized and agreed by the Board of Directors with the consent of the AGM according to the authorization remaining amounts, authorization validity, each issuing scale and periods of various debt financing instruments. The varieties and payoff status of the Company's domestic and overseas debt financing instruments shall be rendered to the AGM for it to authorize the Board of Directors to further authorize personnel to determine based on the regulations and market conditions at the time of issuing.

### **III. Maturity of Debt Financing Instruments**

The maturity of the Company's domestic and overseas debt financing instruments shall be no more than 10 years (including 10 years) except for the issue of perpetual bonds, which can either be a single-maturity variety or hybrid multiple-maturity varieties. The maturities and the scale of varieties of different maturities shall be rendered to the AGM for it to authorize the Board of Directors to further authorize personnel to determine based on the regulations and market conditions at the time of issuing.

### **IV. Issuing Prices and Interest Rates of Debt Financing Instruments**

The pricing methods, issuing prices, interest rates, interest rate calculating and paying methods of the Company's domestic and overseas debt financing instruments shall be determined by the Board of Directors authorized by the AGM and jointly or separately by the personnel authorized by the Board of Directors according to laws, regulations, and the market conditions at the time when domestic and overseas debt financing instruments are issued.

### **V. Guarantee and Other Credits Enhancement Arrangement**

The guarantee and other credits enhancement arrangement shall be determined by the Board of Directors authorized by the AGM and jointly or separately by the personnel authorized by the Board of Directors according to the characteristics and issuing demands of the Company's domestic and overseas debt financing instruments and laws.

### **VI. Use of Raised Funds**

The funds raised with the Company's domestic and overseas debt financing instruments shall be used to supplement the working capital, expand business scope and scale, optimize financial and business structures, and heighten the Company's overall competitiveness. The usage shall be jointly or separately determined by the Board of Directors authorized by the AGM and by the personnel authorized by the Board of Directors according to the Company's capital needs.

**VII. Issuing Objects and Arrangement of Placement to the Company's Shareholders**

The issuing objects of the Company's domestic and overseas debt financing instruments are investors meeting the subscription conditions. The issuing objects shall be determined by the Board of Directors authorized by the AGM and jointly or separately by the personnel authorized by the Board of Directors according to the laws, regulations, market conditions, and issuing-related matters. The Company's domestic and overseas debt financing instruments can be placed to its Shareholders and the placement arrangement (including whether to place and the proportion thereof) shall be determined by the Board of Directors authorized by the AGM and jointly or separately by the personnel authorized by the Board of Directors according to laws, market conditions and issuing-related matters.

**VIII. Appointment of Issuing Organizations and Handling of Other Related Matters**

The AGM is proposed to authorize the Board of Directors and agree with the Board of Directors to authorize its authorized personnel to jointly or separately decide the appointment of intermediaries, trustees and liquidation managers and other related institutions regarding the issuing of instruments; to sign, implement, modify and complete all the agreements and documents relating to the domestic and overseas debt financing instruments; to disclose relevant information by laws and regulations and the listing rules of the securities exchange where the Company is listed; and other matters relating to the issuing of the instruments.

**IX. Repayment Supporting Measures**

In respect of the Company's issuing of domestic and overseas debt financing instruments, the AGM is proposed to authorize the Board of Directors and agree with the Board of Directors to authorize its authorized personnel to jointly or separately take the following measures when it is estimated that the Company is unable to repay the principals and interests of domestic and overseas debt financing instruments in due time or fail to repay on time:

- (1) To increase the proportion of any surplus reserve and of general risk reserve in the bond duration to lower the solvency risk;
- (2) Not to distribute profits to Shareholders;
- (3) To suspend the implementation of capital expenditure projects, such as material external investment, acquisition and merge;
- (4) To reduce or suspend wages and bonuses to Directors and senior executives;
- (5) To refuse the transfer of main responsible persons.

**X. Listing of Debt Financing Instruments**

The related matters on the application for the listing of the Company's domestic and overseas debt financing instruments shall be determined by the Board of Directors authorized by the AGM and jointly or separately by the personnel authorized by the Board of Directors according to the Company's actual conditions and market conditions.

**XI. Authorization Validity**

The authorization stated above shall be valid for 36 months from the date of consideration and approval by the AGM. If the Board of Directors and/or its authorized personnel has or have decided within the authorization validity to fully or partly issue the Company's domestic and overseas debt financing instruments and the Company has gained the approval and permission of the supervisory department and has them put on record or registered (if applicable), the Company can have the domestic and overseas debt financing instruments fully or partly issued within the validity confirmed and extend the authorization validity to the date of completion of fully or partly issuing the instruments.

This resolution has been considered and approved at the 20th meeting of the fourth session of the Board of Directors, and is now submitted to the Shareholders for your consideration.

**The Board of Directors of the Company**