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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 dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **CSC Financial Co., Ltd.**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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中信建投証券股份有限公司
CSC FINANCIAL CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6066)

- (1) THE EXTENSION OF THE VALIDITY PERIOD OF THE PLAN FOR THE NON-PUBLIC ISSUANCE OF A SHARES**
- (2) THE EXTENSION OF THE VALIDITY PERIOD OF FULL AUTHORIZATION TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN RELATION TO THE NON-PUBLIC ISSUANCE**
- (3) GENERAL MANDATE TO ISSUE ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS**
- (4) AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (5) NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING AND**
- (6) NOTICE OF THE 2020 FIRST H SHAREHOLDERS' CLASS MEETING**

A letter from the Board is set out on pages 1 to 24 of this circular. Please refer to pages 25 to 30 of this circular for the notices convening the Extraordinary General Meeting and the H Shareholders' Class Meeting.

Please complete and return the applicable reply as soon as possible in accordance with the instructions on the applicable return if you would like to attend the Extraordinary General Meeting and/or the H Shareholders' Class Meeting, but in any event no later than Friday, March 20, 2020.

Please complete and return the applicable proxy form in accordance with the instructions printed thereon, if the Shareholders are to appoint a proxy to attend the Extraordinary General Meeting and/or the H Shareholders' Class Meeting.

For H Shareholders, the proxy form and any authorization instruments should be returned to Computershare Hong Kong Investor Services Limited (whose address is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) as soon as possible, but in any event not less than 24 hours before the time appointed for holding the Extraordinary General Meeting and the H Shareholders' Class Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting and/or the H Shareholders' Class Meeting or at any adjourned meetings should you so wish.

February 21, 2020

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Notes: 1. In the event of any discrepancy between the English and Chinese versions of this circular, the Chinese version shall prevail.

2. The currency for the amounts included in this Circular, unless otherwise stated, is Renminbi.

DEFINITIONS

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

“A Share(s)”	the ordinary shares in the issued share capital of the Company with a nominal value of RMB1.00 each, which have been listed on the Shanghai Stock Exchange
“A Shareholders”	holders of A Shares
“A Shareholders’ Class Meeting” or “2020 First A Shareholders’ Class Meeting”	the 2020 first A Shareholders’ Class Meeting or any adjournment thereof to be convened at 10:30a.m. on Thursday, April 9, 2020 at the Multi-function Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC or immediately after the end of the EGM, whichever is the later
“Administrative Measures for Issuance”	the Administrative Measures for the Issuance of Securities by Listed Companies
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of Directors”	the board of Directors of the Company
“Board Meeting”	the board meetings of the Company convened on Monday, January 13, 2020 and on Monday, February 17, 2020
“Company”	CSC Financial Co., Ltd. (中信建投証券股份有限公司), a joint stock company incorporated in the People’s Republic of China with limited liability, the H Shares of which have been listed and traded on the main board of the Hong Kong Stock Exchange (stock code: 6066) and the A Shares of which have been listed and traded on the Shanghai Stock Exchange (stock code: 601066)
“Company Law”	the Company Law of the People’s Republic of China
“connected person”	has the meaning ascribed to such term under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM” or “2020 First Extraordinary General Meeting”	The 2020 first extraordinary general meeting or any adjournment thereof of the Company to be convened at 9:30 a.m. on Thursday, April 9, 2020 at the Multi-function Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC
“H Share(s)”	overseas listed foreign invested ordinary shares of RMB1.00 each in the share capital of the Company which are listed and traded in Hong Kong dollars on the Hong Kong Stock Exchange
“H Shareholders”	holders of H Shares
“H Shareholders’ Class Meeting” or “2020 First H Shareholders’ Class Meeting”	the 2020 first H Shareholders’ class meeting or any adjournment thereof to be convened at 11:30a.m. on Thursday, April 9, 2020 at the Multi-function Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC or immediately after the end of the A Shareholders’ Class Meeting
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Implementation Rules”	the Implementation Rules for the Non-public Issuance of Stocks by Listed Companies
“Independent Non-executive Director(s)” or “Independent Director(s)”	the independent non-executive Director(s) of the Company
“Independent Third Party(ies)”	persons who, to the best of the Directors’ knowledge having made all reasonable enquiries, are not connected persons of the Company
“Non-executive Director(s)”	non-executive director(s) of the Company
“Non-public Issuance” or “Issuance”	the proposed non-public issuance of not more than 1,277,072,295 A Shares by the Company

DEFINITIONS

“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Shareholders’ Meetings”	the 2019 second extraordinary general meeting, the 2019 first A Shareholders’ class meeting and the 2019 first H Shareholders’ class meeting of the Company
“Regulatory Questions and Answers”	Issuance Regulation Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Financing Activities of Listed Companies (Revision)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders’ Meetings”	the 2020 First Extraordinary General Meeting, the 2020 First A Shareholders’ Class Meeting and the 2020 First H Shareholders’ Class Meeting
“%”	per cent

LETTER FROM THE BOARD



中信建投証券股份有限公司
CSC FINANCIAL CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6066)

Mr. Wang Changqing (*Chairman, Executive Director*)
Mr. Yu Zhongfu (*Vice Chairman, Non-executive Director*)
Mr. Li Geping (*Executive Director*)
Ms. Zhang Qin (*Non-executive Director*)
Ms. Zhu Jia (*Non-executive Director*)
Mr. Wang Hao (*Non-executive Director*)
Mr. Wang Bo (*Non-executive Director*)
Mr. Xu Gang (*Non-executive Director*)
Mr. Feng Genfu (*Independent Non-executive Director*)
Ms. Zhu Shengqin (*Independent Non-executive Director*)
Mr. Dai Deming (*Independent Non-executive Director*)
Mr. Bai Jianjun (*Independent Non-executive Director*)
Mr. Liu Qiao (*Independent Non-executive Director*)

Registered office in the PRC:

Unit 4, No. 66 Anli Road
Chaoyang District
Beijing
PRC

Principal place of business in the PRC:

No. 188 Chaonei Avenue
Dongcheng District
Beijing
PRC

Principal place of business in Hong Kong:

18/F, Two Exchange Square,
Central, Hong Kong

February 21, 2020

To the Shareholders:

Dear Sir or Madam,

- (1) THE EXTENSION OF THE VALIDITY PERIOD OF THE PLAN FOR THE
NON-PUBLIC ISSUANCE OF A SHARES**
- (2) THE EXTENSION OF THE VALIDITY PERIOD OF FULL AUTHORIZATION
TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN RELATION TO
THE NON-PUBLIC ISSUANCE**
- (3) GENERAL MANDATE TO ISSUE ONSHORE AND OFFSHORE DEBT
FINANCING INSTRUMENTS**
- (4) AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (5) NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING
AND**
- (6) NOTICE OF THE 2020 FIRST H SHAREHOLDERS' CLASS MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the announcement of the Company dated January 13, 2020 with respect to the resolution in relation to the extension of the validity period of the plan for the Non-public Issuance of A Shares and relevant authorization of the Non-public Issuance of A Shares and the convening of the Shareholders Meetings, and to the announcement of the Company dated February 17, 2020 in relation to the amendments to the Articles of Association. I, on behalf of the Board, would like to invite you to attend the Shareholders' Meetings to be held at 9:30a.m. on Thursday, April 9, 2020 at the Multi-function Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC.

2. BUSINESS TO BE CONSIDERED AT THE EGM, THE A SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING

Resolutions will be proposed at the EGM to approve: (1) the resolution in relation to the extension of validity period of the plan for the Non-public Issuance of A Shares; (2) the extension of validity period of full authorization to the Board to deal with relevant matters in relation to the Non-public Issuance; (3) the resolution in relation to the general mandate to issue onshore and offshore debt financing instruments; and (4) the resolution in relation to the amendments to the Articles of Association.

Resolutions above are all subject to the approval by the Shareholders at the EGM by way of special resolutions, and the above resolutions (1) and (2) are also subject to the approval by the A Shareholders at A Shareholders' Class Meeting by way of special resolutions, and by the H Shareholders at the H Shareholders' Class Meeting by way of special resolutions.

The purpose of this circular is to provide you with the information on resolutions (1) to (4) above to enable you to vote for or against the proposed resolutions at the EGM, the A Shareholders' Class Meeting and/or the H Shareholders' Class Meeting under fully informed condition.

(1) THE EXTENSION OF THE VALIDITY PERIOD OF THE PLAN FOR THE NON-PUBLIC ISSUANCE OF A SHARES

At the Previous Shareholders' Meetings, the Shareholders passed the resolution to approve the Non-public Issuance of A Shares. The validity period of such resolution was 12 months, being calculated from May 21, 2019 (i.e. the date of the Previous Shareholders' Meetings).

LETTER FROM THE BOARD

As the validity period of the resolution in relation to the issuance considered and approved at the Previous Shareholders' Meetings will expire soon, the Company expects that there may be possibilities that it may not be able to complete relevant matters in relation to the Non-public Issuance of Shares during the validity period of the resolution considered and approved at the Previous Shareholders' Meetings. In order to ensure smooth progress of the Non-public Issuance, the Board resolved to seek the Shareholders' approval at the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting, respectively, of the proposed extension of the validity period of the resolution for a period of 12 months commencing on the date when such resolution is considered and approved at the Shareholders' Meetings, meaning that the validity period of the resolution will be extended to April 8, 2021. The other contents as approved by such resolution remain unchanged. Details of the resolution are set out below.

Proposed Non-public Issuance of A Shares

To strengthen capital capability of the Company and enhance overall competitiveness and ability to withstand risks, the Previous Shareholders' Meetings have resolved to approve the proposed Non-public Issuance of the A Shares of the Company. Pursuant to the provisions under the Company Law, Securities Law, Administrative Measures for Issuance, Implementation Rules, the Regulation Questions and Answers and other relevant laws, regulations and normative documents, the detailed plan of the Non-public Issuance of A Shares is as follows:

A. Class and nominal value of shares to be issued

The class of shares under the Non-public Issuance are domestically listed RMB-denominated ordinary Shares (A Shares) with a nominal value of RMB1.00 per Share.

B. Issue method and time

Issuance is conducted by way of non-public issuance of Shares to specific subscribers. The Company will issue Shares at an appropriate time within the validity period upon obtaining the approval documents of the CSRC.

LETTER FROM THE BOARD

C. *Target subscribers and subscription method*

The target subscribers for the Non-public Issuance will be no more than ten target subscribers which satisfy the relevant requirements of the CSRC. The scope of the target subscribers is no more than ten target subscribers, which are securities investment fund management companies, securities firms, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFII), and other domestic institutional and individual investors, which satisfy the relevant requirements of the CSRC. A securities investment fund management company subscribing for the shares with two or more of the funds under its management shall be deemed as one single target subscriber. Trust investment companies shall only subscribe for the A Shares with their own capital.

The final target subscribers shall be determined by the Company upon obtaining the written approval for the Non-public Issuance based on the prices offered by the target subscribers in accordance with the requirements of the Implementation Rules and the principle of price priority. All target subscribers shall subscribe the Shares under the Non-public Issuance by cash. Where there are other provisions in relation to the shareholder qualifications and respective review procedures for the target subscribers by the regulatory authorities, those provisions shall be complied with.

The Company has not determined the final target subscribers. In the event that any of the final target subscribers is a connected person of the Company, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

D. *Issue price and pricing principles*

The price determination date of the Non-public Issuance shall be the first day of the issue period of the Non-public Issuance of the Company. The issue price of the Issuance shall be no less than 90% of the average trading price (rounded up to the nearest two decimal places) of the A Shares of the Company for the 20 trading days preceding the price determination date (excluding the price determination date; same for below) or the last audited net asset per Share attributable to the ordinary shareholders of the parent company of the Company, whichever is higher.

For reference only, the audited net asset value per Share attributable to ordinary shareholders of the Company (excluding the impact of the perpetual bonds issued by the Company) as of December 31, 2018 was RMB5.57.

LETTER FROM THE BOARD

The average trading price of the A Shares of the Company for the 20 trading days preceding the price determination date shall be the total trading amount of A Shares of the Company for the 20 trading days preceding the price determination date divided by the total trading volume of A Shares of the Company for the 20 trading days preceding the price determination date. In the event that there are ex-right or ex-dividend activities causing adjustment to the share prices during the 20 trading days, the trading prices for the trading days before such adjustment shall be calculated on the basis of the price adjusted by the ex-right or ex-dividend activities.

In the event that the Company distributes dividends, grants bonus shares, allots shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities during the period commencing from the balance sheet date of the latest audited financial reports to the Issuance date, adjustments shall be made to the abovementioned net assets per Share accordingly.

Upon obtaining the written approval of the CSRC, the final issue price under the Nonpublic Issuance shall be determined by the Board of the Company or its authorized person(s), under the authorization granted at the Shareholders' Meetings, with the lead underwriter according to the prices offered by the target subscribers and in accordance with the requirements of the CSRC and the principle of price priority.

E. Issue size

Subject to compliance with the regulator requirements of the places where the Shares of the Company are listed, the number of A Shares to be issued under the Non-public Issuance shall be no more than 1,277,072,295 Shares (inclusive). In the event that the Company grants bonus shares, allots shares, converts capital reserve into share capital or carries out any other ex-right activities during the period commencing from the announcement date of the Board resolution in relation to the Non-public Issuance to the Issuance Date, the size of the Issuance will be adjusted accordingly.

The final issue size under the Non-public Issuance of A Shares shall be determined by the Board of the Company or its authorized person(s), under the authorization granted at the Shareholders' Meetings, with the lead underwriter according to the cap and the issue price approved by the CSRC.

LETTER FROM THE BOARD

F. Amount and the use of proceeds

The total amount of proceeds from the Non-public Issuance is no more than RMB13 billion (inclusive), all of which will be used for replenishment of capital and working capital of the Company after deducting the Issuance expenses in order to expand the Company's business scale and improve competitiveness and ability to withstand risks. The proceeds are mainly used in the following areas:

No.	Investment projects for the proceeds	Proposed investment amount
1	Development of brokerage business	Not exceeding RMB5.5 billion
2	Development of investment trading business	Not exceeding RMB4.5 billion
3	Information system infrastructure	Not exceeding RMB1 billion
4	Capital contribution to subsidiaries	Not exceeding RMB1.5 billion
5	Other arrangements of working capital	Not exceeding RMB500 million
	Total	Not exceeding RMB13 billion

G. Lock-up period

According to the relevant requirements under the Administrative Measures for Issuance, the Implementation Rules and the Guidelines on Administrative Approval for Securities Companies No. 10 – Increase and Change in Equity Interest of Securities Companies 《(證券公司行政許可審核工作指引第10號－證券公司增資擴股和股權變更)》), following the completion of the Issuance, the specific target subscribers holding 5% or more (inclusive) of the Shares of the Company shall not transfer their shares for 48 months from the date of completion of Issuance. Specific target subscribers holding less than 5% of the Shares of the Company shall not transfer their shares for 12 months from the date of completion of the Issuance. Where there are provisions of other laws and regulations on the lock-up period, those provisions shall be complied with.

LETTER FROM THE BOARD

H. *Listing venue*

The shares to be issued under the Non-public Issuance will be listed on the Shanghai Stock Exchange.

I. *Arrangement of accumulated undistributed profits prior to the completion of the Issuance*

Both new Shareholders and existing Shareholders after the Issuance are entitled to the accumulated undistributed profits of the Company prior to the completion of the Non-public Issuance.

J. *Validity period*

Validity period of the resolution for the Non-public Issuance is 12 months from the date when the resolutions relating to the Issuance are considered and approved at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

As noted in the announcement of the Company dated January 19, 2020, the Issuance Approval Committee of the CSRC has reviewed and approved the application for the Non-public Issuance of A Shares. However, the Non-public Issuance of A Shares remains subject to the approval of CSRC. A series of follow-up procedures are still pending fulfillment by the Company and there are multiple precedents of significant delay in the process. Considering that the current resolution in relation to the proposed Non-public Issuance of A Shares will be expired on May 20, 2020, leaving only three months for the follow-up procedures and the issuance, the Board deems it necessary and beneficial to extend the validity period of such resolution, as failing to carry out the Non-public Issuance before the expiry of the validity period of such resolution could significantly hinder the A Share financing process of the Company and affect the interests of Shareholders.

The Non-public Issuance of A Shares is subject to the approval of the CSRC, and the plan approved by the CSRC shall ultimately prevail. The detailed terms on the Issuance (including the issue price and issue size) will be announced separately by the Company upon final determination.

LETTER FROM THE BOARD

(2) **THE EXTENSION OF VALIDITY PERIOD OF FULL AUTHORIZATION TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN RELATION TO THE NON-PUBLIC ISSUANCE**

At the Previous Shareholders' Meetings, the Shareholders passed the resolution to authorize the Board to deal with relevant matters in relation to the Non-public Issuance of A Shares with full discretion. The validity period of such resolution shall be 12 months commencing from May 21, 2019, being the date of the Previous Shareholders' Meetings.

As the validity period of the authorization considered and approved at the Previous Shareholders' Meetings will expire soon, the Company expects that there may be possibilities that it may not be able to complete relevant matters in relation to the Non-public Issuance of Shares during the validity period of the resolution considered and approved at the Previous Shareholders' Meetings. In order to ensure smooth progress of Non-public Issuance of the Company, the Board resolved to seek the Shareholders' approval at the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting, respectively, of the extension of the validity period of the resolution in relation to the authorization for a period of 12 months commencing on the date when such resolution is considered and approved at the Shareholders' Meetings, meaning that the validity period of the resolution will be extended to April 8, 2021. The other contents as approved by such resolution remain unchanged. Details of the resolution are set out below.

The resolution in relation to authorization to the Board to deal with relevant matters in relation to the Non-public Issuance of A Shares with full discretion

In order to complete the Non-public Issuance in an efficient and orderly manner, in accordance with the relevant provisions under the Company Law, Securities Law, Administrative Measures for Issuance and other relevant laws, regulations and the Articles of Association, this resolution will be submitted to the Shareholders for approval by way of a special resolution at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, to authorize the Board for the Board to in turn authorize the management of the Company to deal with the matters in relation to the Non-public Issuance of A Shares within the scope of authorization. The contents of authorization include but not limited to:

- (i) formulate, adjust and implement a detailed plan for the Non-public Issuance in accordance with the PRC laws and regulations, relevant provisions and opinions of regulatory authorities and taking into account the market environment and the Company's actual conditions, including but not limited to the determination or adjustment of issuance date, amount of proceeds, issue price, issue size, target subscribers and any other matters relating to the issuance plan;

LETTER FROM THE BOARD

- (ii) process the filing for the Issuance, including but not limited to the preparation, modification, signing, submitting, supplementing, executing and publishing the materials in relation to the Issuance and listing in accordance with the requirements of relevant government authorities, regulatory institutions, stock exchanges and securities depository and clearing institutions; reply to the comments from the relevant regulatory authorities; and deal with information disclosure matters relating to the Issuance according to the regulatory requirements;
- (iii) determine and engage intermediaries such as the sponsor, lead underwriter, law firm, accountant firm, independent financial adviser and to deal with other related matters;
- (iv) sign, revise, supplement, complete, submit, execute all agreements, contracts and documents in relation to the Issuance (including but not limited to sponsor and underwriting agreements, engagement letters of intermediaries, agreements relating to proceeds, subscription agreements and supplemental agreements entered into with investors, circulars, announcements and other disclosure documents, etc.);
- (v) subject to the then applicable PRC laws, if there are changes in policies and requirements or market conditions in respect of the Non-public Issuance of A Shares, except for those matters that must be resolved at a general meeting and which cannot be authorized pursuant to relevant laws, regulations and the Articles of Association, adjust the plan of the proposed Non-public Issuance and use of proceeds in accordance with relevant rules and requirements of regulatory authorities (including any comments upon review of the application for the Non-public Issuance), the market situation and actual operations of the Company, and to continue to deal with the matters relating to the Non-public Issuance;
- (vi) open a special account for proceeds to be raised from the Non-public Issuance, and deal with matters in relation to the use of proceeds raised from the Issuance;
- (vii) upon completion of the Issuance, confirm the change in registered capital and amend the relevant provisions in the Articles of Association in accordance with the results of the Issuance, and report to the relevant governmental departments and regulatory authorities for approval or filing, and complete the change of industry and commerce registration with the industry and commerce administrative authorities and filing of the Articles of Association as a result of the change in registered capital, and complete the registration, custody and restricted sales of new shares and other relevant matters with the relevant authorities;

LETTER FROM THE BOARD

- (viii) review and screen the qualifications of investors who intend to subscribe for the Shares to be issued under the Issuance according to the CSRC's qualification requirements for shareholders of securities companies;
- (ix) in the event that the relevant laws and regulations and regulatory authorities impose new provisions and requirements regarding compensating current returns by refinancing, further analyze, study and demonstrate the effect of the Non-public Issuance on the current financial ratios and current return for Shareholders of the Company, formulate and modify relevant remedial measures and policies, and deal with all other relevant matters with absolute discretion; and
- (x) deal with other matters relating to the Non-public Issuance.

The validity period of the above authorization is 12 months from the date when this resolution is considered and approved by the Shareholders at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

(3) GENERAL MANDATE TO ISSUE ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS

In order to meet the debt financing needs of the Company, a resolution was considered and approved at the 2018 first extraordinary general meeting on April 16, 2018 in relation to the general mandate for the issuance of onshore and offshore debt financing instruments, and authorization for the issuance of onshore and offshore debt financing instruments (excluding types of debts such as perpetual subordinated bonds which will result in a change in the Shareholders' equity of the Company) was granted accordingly. The resolution shall be valid for a period of 24 months commencing from the date of consideration and approval at the 2018 first extraordinary general meeting, which shall expire on April 15, 2020.

In addition, the resolution in relation to the application for the continuation of issuance of perpetual subordinated bonds was considered and approved at the 2019 first extraordinary general meeting on March 14, 2019, pursuant to which it was approved that the Company would issue perpetual subordinated bonds of not more than RMB10 billion in aggregate. The resolution shall be valid for a period of 24 months commencing from the date of consideration and approval at the 2019 first extraordinary general meeting, which shall expire on March 13, 2021.

LETTER FROM THE BOARD

Pursuant to the relevant laws and regulations, regulatory rules and market practice, in order to seize market opportunities, improve financing efficiency, optimize debt structure and reduce financing costs in a timely manner, the Board has resolved to seek the approval from the Shareholders to authorize the Board and such authorization will be further delegated by the Board to the Company's operational management, to deal with all matters in connection with the issuance of debt financing instruments, including but not limited to the determination of the issuance type, issuance size, place of issuance, timing of issuance, maturity, interest rate, use and management of proceeds, credit enhancement arrangements such as guarantee, safeguard measures for repayment and engagement of intermediary agencies for the debt financing instruments as and when appropriate, within the limit of outstanding debt financing instrument and during the validity period of the resolution, adhering to the principle of maximizing the interest of shareholders, provided that the leverage ratio, risk control indicators, liquidity regulatory indicators and risk limits of various debt financing instruments shall be in compliance with the requirements of the regulatory authorities. Details of the basic scheme are set out as follows. For any changes to the terms of the previous mandate, please refer to the notes to the terms and conditions for details of the changes:

A. *Type of issuance*

Onshore and offshore debt financing instruments to be issued by the Company include, but are not be limited to, corporate bonds issued onshore, subordinated bonds (including perpetual subordinated bonds), subordinated debts, short-term financing bonds, beneficial certificate, renewable bonds, asset-backed securities and other onshore debt financing instruments permitted to be issued by the Company as approved or permitted by or filed with the CSRC and other relevant regulatory authorities and self-regulatory organizations of the securities industry; offshore debt financing instruments including US dollar, Euro and other currency denominated or CNH corporate bonds issued offshore, subordinated bonds, subordinated debts, medium term note programs, bills (including but not limited to commercial paper), perpetual subordinated bonds, renewable bonds, structured notes and other instruments permitted by regulatory authorities.

The onshore and offshore debt financing instruments mentioned above do not carry any share conversion provisions, and are not linked to the Shares of the Company and any other derivatives of the equity.

Types and ranking of payment of the Company's onshore and offshore debt financing instruments will be determined in accordance with relevant regulations and market conditions at the time of issuance.

LETTER FROM THE BOARD

Note: Pursuant to the laws and regulations governing the issuance of onshore and offshore debt financing instruments and with reference to the financing practice of securities industry, the perpetual subordinated bonds and renewable bonds are incorporated into the Company's unified management for these types of debt financing instruments, and the mandate from the resolutions of the Shareholders' Meeting is applicable. The mandate for the issuance of perpetual subordinated bonds at the 2019 first extraordinary general meeting shall be abolished from the effective date of the resolution at the Shareholders' Meeting.

B. Issuer, issuance size and issuance method

The Company or a wholly-owned subsidiary of the Company will act as the issuer of the onshore and offshore debt financing instruments of the Company. If an asset-backed security is issued, the Company or a wholly-owned subsidiary of the Company will act as original beneficial holder and the asset service agency.

Onshore debt financing instruments shall be issued on a one-off or multiple issuance or multi-tranche basis through public offering to public investors or qualified investors upon review and approval by or filing with the CSRC, other regulatory authorities and self-regulatory organizations of securities industry or through private placement to qualified investors in accordance with relevant requirements of the CSRC, other regulatory authorities and self-regulatory organizations of securities industry. Offshore debt financing instruments shall be issued outside China on a one-off, multiple issuance or multi-tranche basis through public offering or private placement.

The aggregate size of onshore and offshore debt financing instruments (to be measured by outstanding balances after issuance and, in case of instruments denominated by foreign currencies, to be measured by the central parity rate announced by the People's Bank of China at each issuance date) of the Company and the wholly-owned subsidiary of the Company shall not exceed three times the net asset value on consolidated basis of the Company as at the end of the last accounting period (excluding balances of debt financing instruments included in other equity instruments), and shall comply with the requirements prescribed in the relevant laws and regulations on the maximum issuance size of the Company's onshore and offshore debt financing instruments.

Note: In order to further strengthen the Company's liability management, wholly-owned subsidiaries are incorporated into the Company's unified management of issuers of debt financing instruments.

LETTER FROM THE BOARD

C. *Term of issuance*

The term of the onshore and offshore debt financing instruments shall be no longer than 15 years (inclusive), except for the issuance of perpetual subordinated bonds and renewable bonds. They may have single or multiple terms. The specific term structure and the size of each type of terms will be determined in accordance with the relevant requirements and the market conditions at the time of issuance.

D. *Interest rate*

The interest rate of the Company's onshore and offshore debt financing instruments and the method of calculation and payment thereof will be determined by the Company in accordance with the then prevailing market conditions at the time of issuance and the relevant requirements concerning interest rate management of debt financing instruments.

E. *Issuance price*

The issuance price of the Company's onshore and offshore debt financing instruments will be determined by the Company in accordance with the then prevailing market conditions at the time of issuance and requirements of relevant laws and regulations.

F. *Security and other arrangements for credit enhancement*

The onshore and offshore debt financing instruments of the Company may be issued by the Company or the qualified wholly-owned subsidiaries of the Company. Where the Company, its wholly-owned subsidiaries and/or third parties, in compliance with the State's foreign exchange management policies and upon the fulfillment of relevant procedures in accordance with the laws and regulations, provide the necessary security and other arrangements for credit enhancement, the amount of security shall not exceed 30% of the latest consolidated net asset of the Company as at the end of the period (excluding the balance of debt financing instruments under other equity instruments). The specific method is determined according to the structure of each issuance.

Note: Pursuant to the aforesaid adjustments to the types of issuance, issuer and the requirements of the Articles of Association in relation to the decision-making process for the guarantees, the mandate includes the authorization of guarantees and other credit enhancement arrangements for debt financing instruments issued by wholly-owned subsidiaries.

LETTER FROM THE BOARD

G. Use of proceeds

The proceeds from the issuance of onshore and offshore debt financing instruments of the Company shall be used to fund the business needs of the Company, improve the debt structure of the Company, supplement working capital of the Company and/or fund project investments. Specific use of proceeds raised and the detailed proposal for its implementation, the feasibility report of the projects and other documents will be determined by the Company in accordance with the capital needs and the relevant laws and regulations.

H. Issuance target and arrangements on placement to shareholders

The issuance targets of the Company's onshore and offshore debt financing instruments are onshore or offshore institutional investors and/or individuals qualified for subscription (public offering) or qualified investors (private placement).

The issuance of onshore and offshore debt financing instruments may be placed to the shareholders of the Company. Details of the placing arrangements (including whether to make such placement and the proportion of placement, etc.) will be determined by the Company in accordance with the then prevailing market conditions and matters in connection with the issuance.

I. Listing arrangements

Matters in connection with the application for listing or transfer of the Company's onshore and offshore debt financing instruments will be determined by the Company in accordance with relevant laws and regulations, the then actual conditions of the Company and market conditions in and outside of the PRC.

J. Safeguard measures for repayment

The Company shall at least take the following measures in the event that it is projected that the Company will be unable to repay the principal and interests of the debt financing instruments as scheduled, or that the Company fails to repay the principal and interests of the debt financing instruments when they fall due:

- (i) no dividend shall be distributed to shareholders;
- (ii) the implementation of projects that would incur capital expenditure such as material external investments, acquisitions and mergers shall be suspended;

LETTER FROM THE BOARD

- (iii) payment of salary and bonus of the directors and senior management of the Company shall be reduced or ceased;
- (iv) key responsible personnel for such event shall not be allowed for re-designation.

K. Extension of terms and adjustment of interest rate

The subordinated bonds, subordinated debts and their respective arrangements in respect of the specific extension of terms and adjustments of interest rate among the Company's onshore and offshore debt financing instruments will be determined by the Company in accordance with relevant laws and regulations, the then prevailing market conditions and matters in connection with the issuance.

L. Validity period of the resolution

The validity period of the resolution in relation to issue of onshore and offshore debt financing instruments shall be 36 months from the date of consideration and approval at the EGM. The resolution on the proposed general mandate to issue onshore and offshore debt financing instruments considered and approved at the 2018 first extraordinary general meeting of the Company, and the resolution on the application for the continued issuance of perpetual subordinated bonds considered and approved at the 2019 first extraordinary general meeting shall be abolished from the effective date of this resolution. If the Company has made decisions on the issuance or partial issuance of onshore and offshore debt financing instruments during the validity period of the previous resolution and the validity period of this resolution, and if the Company has obtained the approval and permit and has filed or registered with the regulatory authorities during the validity period of the mandate (if applicable), the Company may complete the issuance or partial issuance of onshore and offshore debt financing instruments within the validity period of such approval, permit, filing or registration. The validity period of the above mandate regarding matters of the issuance and partial issuance may be extended to the date when such issuance and partial issuance is completed.

Note: Pursuant to the laws and regulations governing the issuance of onshore and offshore debt financing instruments and with reference to the financing practice of the securities industry, the authorization is valid for 36 months.

LETTER FROM THE BOARD

M. Matters about mandate to issue onshore and offshore debt financing instruments

In accordance with relevant laws and regulations, opinions and advices from regulators, the framework and principle considered and approved by the general meeting, a proposal is approved to authorize the Board and such authorization will be further delegated by the Board to the Company's management (except for financing arrangements that shall be proposed to the Board or the general meeting for approval in accordance with state policies and regulations and the Company's policies) to deal with all matters related to the issuance of onshore and offshore debt financing instruments within outstanding balances of debt financing instruments, which shall be based on the conditions that leverage ratio, risk control indicator, liquidity indicator and risk limit of all debt financing instruments comply with requirements set by regulators, that interest of the shareholders will be maximized. Such matters include but are not limited to:

- (i) formulating and adjusting detailed plans for issuing onshore and offshore debt financing instruments in accordance with the applicable laws, regulations and relevant requirements of regulatory authorities as well as resolutions passed at the general meeting of the Company, and based on conditions of the Company and related markets, including without limitation, the determination of the suitable issuer, timing of issuance, types of issuance, details of issuance size and method, asset disposal scale, product plan, terms of issuance, issuance targets, maturity of issuance, whether to issue on a one-off, multiple issuances, multi-tranche issuances or multiple-category issuances basis and, for each issuance, tranche or category, the arrangement in respect of the issuance size and term, the nominal value, the methods in which the interest rate is determined, currency (including CNH), pricing method, issuance arrangements, terms and methods of repayment of the principal and the interests, whether to extend and make adjustments to the interest rates of subordinated bonds and subordinated debts and their methods, credit enhancement arrangements including rating arrangement, details of subscription method, whether to incorporate terms of repurchase or redemption, whether to set the issuer's option for upward change in the interest rate and the investors' option to sell back, details of placement arrangements, use of proceeds, registration, listing or transfer of onshore and offshore debt financing instruments of the Company and place of trading, measures to mitigate repayment risks, measures to ensure debt repayment (if applicable), and all specific matters in connection with the issuance of onshore and offshore debt financing instruments of the Company;

LETTER FROM THE BOARD

- (ii) engaging relevant intermediary agencies (if applicable) for signing, executing, amending and completing all agreements and documents relating to the issuance of onshore and offshore debt financing instruments, including without limitation, the prospectus, the sponsor agreement, the underwriting agreement, credit enhancement agreements such as bond indenture, engagement letters with intermediary agencies, trustee management agreement, rules of procedure for bondholder meeting, settlement management agreement, registration and custody agreement, listing or transfer agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and the listing and transfer rules of the securities markets on which the Company's securities are listed (including without limitation, the preliminary and final offering memoranda of the debt financing instruments, and all announcements and circulars in relation to the issuance of onshore and offshore debt financing instruments, etc.);
- (iii) selecting and engaging trustee manager(s) and settlement manager(s) for the issuance of onshore and offshore debt financing instruments, signing the trustee management agreement(s) and settlement management agreement(s) and (if applicable) formulating rules for meetings of the holders of the debt financing instruments;
- (iv) determining and undertaking relevant matters in relation to the application, approval, filing, registration, listing or transfer, redemption, custody and settlement of issuance of onshore and offshore debt financing instruments to relevant regulatory authorities and self-regulatory organizations of securities industry, including without limitation, preparing, revising and submitting relevant application and filing materials relating to the issuance, listing or transfer of onshore and offshore debt financing instruments and application and filing materials in respect of credit enhancement agreements such as (counter-) guarantee, letter of support or keep well deed to be provided by the Company, the issuer and/or third parties, in accordance with the requirements of relevant regulatory authorities and self-regulatory organizations of securities industry, and signing the relevant application and filing documents and other legal documents; and handling matters in relation to the reporting, issuance, establishment, filing as well as listing and transfer for each tranche of special assets-backed plans.

LETTER FROM THE BOARD

- (v) making relevant adjustments to matters relating to the issuance of onshore and offshore debt financing instruments in accordance with the advice of the relevant regulatory authorities, changes in their policies or the changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuance of onshore and offshore debt financing instruments in accordance with the actual conditions, unless re-approval by the shareholders at the general meeting is otherwise required pursuant to relevant laws, regulations and the Articles of Association; and
- (vi) dealing with other specific matters in connection with the issuance and listing of onshore and offshore debt financing instruments.

(4) AMENDMENTS TO THE ARTICLES OF ASSOCIATION

According to the Company's current Articles of Association, any external donation of the Company with the accumulated donation amount below RMB10 million within one accounting year must be approved by the Board of Directors whereas those equivalent to or exceeding that amount must be approved at a general meeting of the Company. Such authorisation arrangement stems from existing clauses in the Company's Articles of Association prior to its listing. At that time, following cautious consideration, the Company voluntarily incorporated the authorisation arrangement for external donations into its Articles of Association for regulation.

With societal development and the increased mutual assistance in society, financial institutions attach increasing importance to the fulfilment of their social responsibilities. Statistics from the Securities Association of China show that the amount for charitable expenses and the ratio of that to operating income among securities firms in mainland China have noticeably increased, with the average figures for securities firms that ranked among the top 20 in the two respective fields at RMB18.59 million and 0.39% (excluding companies with high ratios owing to their negative operating income) in 2018. In the same year, the Company's charitable expenses totalled RMB5.7798 million and the ratio of that to operating income was 0.05%, ranking 26th and 30th in two respective fields. The two rankings were much lower than that of the Company on operating income and net profits in the industry and below the industry medians.

LETTER FROM THE BOARD

Upon the listing of the Company's H Shares and A Shares, due to strict compliance with the corporate governance requirements of listed companies, it is difficult to timely and effectively satisfy the needs of our Company to support social welfare and give back to the society, and to provide timely assistance, especially in the event of unexpected and major events, with the authorisation arrangement in relation to external donation under the current Articles of Association. With reference to the experience of peers, in order to better fulfill the corporate social responsibility, optimize the authorisation system of the Company and improve the efficiency of decision-making, it is proposed to amend the authorisation arrangement of the Articles of Association in relation to external donation in accordance with the needs of social development, which will be submitted to the Shareholders for approval at the EGM. Details of which are as follows:

Comparison Table on the Amendments to the Articles of Association of CSC Financial Co., Ltd.

Articles and Content before Amendments	Articles and Content after Amendments
<p>Article 66 The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to law:</p> <p>(19) to consider and approve the external donations by the Company which accumulatively amount to RMB ten million (10,000,000) or above in one financial year;</p>	<p>Article 66 The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to law:</p> <p>(19) to consider and approve the external donations by the Company which accumulatively amount to exceed RMB ten twenty five million (10,000,000) or above in one financial year;</p>
<p>Article 147 The Board of Directors shall exercise the following powers and duties:</p> <p>(20) to consider and approve the external donation matters of the Company with the accumulated donation amount below RMB10 million (RMB10,000,000) within one financial year;</p>	<p>Article 147 The Board of Directors shall exercise the following powers and duties:</p> <p>(20) to consider and approve the external donation matters of the Company with the accumulated donation amount below RMB10 million (RMB10,000,000) within one financial year;</p>

The Articles of Association are prepared in Chinese with no official English version. Any English translation is for reference only. In the event of any inconsistency, the Chinese version shall prevail.

LETTER FROM THE BOARD

The amendments to the Articles of Association shall be effective upon approval by the Shareholders at the general meeting of the Company, as well as the approval by securities regulatory institutions.

3. IMPACT OF THE NON-PUBLIC ISSUANCE OF A SHARES ON THE COMPANY'S SHAREHOLDING STRUCTURE

For reference and illustration purposes only, assuming that there are no changes to the total issued share capital of the Company prior to the completion of the Issuance and that subject to the regulatory requirements of the places where the Shares of the Company are listed, a maximum of 1,277,072,295 A Shares are issued under the Issuance (which represents approximately 16.70% of the total issued share capital of the Company as at the date of this circular and approximately 14.31% of the total issued share capital of the Company as enlarged by the issuance of the A Shares under the Issuance), the shareholding structure of the Company immediately before and after completion of the Issuance is set out as follows:

	Immediately before completion of the Issuance		Immediately after completion of the Issuance	
	Number of Shares	Approximate percentage of the Company's total issued share capital	Number of Shares	Approximate percentage of the Company's total issued share capital
A Shares				
Beijing State-owned Capital Operation and Management Center ⁽¹⁾	2,684,309,017	35.11%	2,684,309,017	30.08%
Central Huijin Investment Ltd. ⁽¹⁾	2,386,052,459	31.21%	2,386,052,459	26.74%
Other A Shareholders	1,315,000,000	17.20%	1,315,000,000	14.74%
New A Shares to be issued under the Issuance	—	—	1,277,072,295	14.31%
Sub-total of A Shares:	<u>6,385,361,476</u>	<u>83.51%</u>	<u>7,662,433,771</u>	<u>85.87%</u>
H Shares	<u>1,261,023,762</u>	<u>16.49%</u>	<u>1,261,023,762</u>	<u>14.13%</u>
Total:	<u><u>7,646,385,238</u></u>	<u><u>100.00%⁽²⁾</u></u>	<u><u>8,923,457,533</u></u>	<u><u>100.00%</u></u>

LETTER FROM THE BOARD

Notes:

- (1) Beijing State-owned Capital Operation and Management Center and Central Huijin Investment Ltd. are substantial Shareholders of the Company, and therefore their shareholding shall not count towards public float of the Company.
- (2) The sum of the percentage of the separate figures is not 100% due to rounding.

At the time of the listing of the H Shares on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange has granted the Company, a waiver that the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules be reduced and the minimum percentage of the H Shares from time to time held by the public to be the highest of: (1) 15% of the total issued share capital of the Company; (2) such percentage of H Shares of the total issued share capital of the Company to be held by the public immediately after completion of the Global Offering (assuming the overallotment Option is not exercised); or (3) such percentage of H Shares of the enlarged issued share capital of the Company to be held by the public after the exercise of the Over-allotment Option. Immediately after the issue and allotment of the over-allotment Shares, the number of H Shares in public hands represents not less than 17.40% of the total issued Shares. Pursuant to the public information available to the Company and to the best knowledge of the Directors as at the date of this circular, 33.69% of the total issued share capital of the Company (including H Shares and A Shares) is held by the public.

As a result of the proposed Non-public Issuance and assuming a maximum of 1,277,072,295 A Shares are all issued to Independent Third Parties and counted as public float, the Company's public float (including H Shares and A Shares) will be approximately 43.18% and the Company's public float (including H Shares only) will be approximately 14.13%. The Company would still be able to meet the minimum requirement on public float percentage as imposed by the Hong Kong Stock Exchange at the time of the Company's listing of H Shares. The Company will closely monitor its public float percentage to make sure its compliance, at all time, with relevant requirements on public float as stipulated under the Hong Kong Listing Rules and will promptly notify the Hong Kong Stock Exchange of any changes in the Company's public float.

LETTER FROM THE BOARD

4. REASONS FOR AND BENEFITS OF THE PROPOSED A SHARE OFFERING

As the economy of the PRC is transformed and upgraded, and as many guiding policies, such as developing multi-level capital markets, are published, which laid a policy foundation for securities companies engaging in innovative capital investment and capital-based intermediary business, the business model of securities companies will undergo transition from the previous commission-based business model to the integrated business model focusing on fee-based intermediary business, capital-based intermediary business, and self-funded investment business, and will gradually become a new niche for profit growth. Under the regulatory system centered on net capital, capital capability will become one of the key factors for securities companies to develop capital-based intermediaries and other innovative business, and enhance competitive advantages. Sufficient capital is the foundation and safeguards for securities companies to realize continuing healthy development and enhance competitive strength.

To actively seize the development opportunities in the industry and enhance the Company's competitiveness, the Company intends to expand its capital scale and reinforce the capital strength by way of Non-public Issuance of A Shares. On the basis of consolidating the advantageous business, the Company strengthens the capital-driven business and promotes the development of innovative business, in order to further optimize the income structure, improve resilience capability of risks, and help the Company maintain and steadily strengthen the advantage of innovative capability, thereby creating larger returns to the Shareholders by seizing the strategic opportunities for the Company among the increasingly fierce competition in the industry.

The Directors consider that the additional issuance of A Share is in the interests of the Company and the Shareholders as a whole. The above resolutions are required for the Issuance. In the event that any resolution is not approved by the Shareholders at the EGM, the A Shareholders' Class Meeting or the H Shareholders' Class Meeting, the Company will not proceed with the Issuance and will consider revising the terms of Issuance and have them re-submitted for Shareholders' approval.

5. CAPITAL RAISING ACTIVITIES

As at the date of this circular, the Company has not conducted any fund-raising activities in relation to the issue of the equity securities in the 12 months immediately preceding the date of this circular.

For the upcoming 12 months starting from the date of this circular, based on its working capital need and market conditions, the Company will flexibly raise capital through issuing corporate bonds, short-term corporate bonds, income receipts, and subordinated bonds etc., in order to satisfy the working capital need in relation to the Company's business development.

LETTER FROM THE BOARD

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable inquiries, confirm that, as far as they are aware and are satisfied that the information contained in this circular is accurate and complete in all material respects, there is no misleading or fraudulent material and no omission of any of the information contained in this circular or other matters which are misleading.

7. EGM, THE A SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING

The 2020 First Extraordinary General Meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting will be convened successively on Thursday, April 9, 2020 at 9:30 a.m. at the Multi-function Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC. The notices of EGM and the H Shareholders' Class Meeting are set out on pages 25 to 30 of this circular.

Forms of proxy to be used at the EGM and the H Shareholders' Class Meeting (if applicable) are enclosed. If you intend to appoint a proxy to attend the EGM and/or the H Shareholders' Class Meeting, please complete and return the enclosed proxy forms in accordance with the instructions printed thereon. For H Shareholders, the proxy form or any other authorization documents should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited. Completion and return of the proxy forms will not preclude you from attending and voting at the EGM and/or the H Shareholders Class Meeting or at any adjourned meetings if you so wish.

If you intend to attend the EGM and/or the H Shareholders' Class Meeting in person or by proxy, you are required to return the completed and signed reply slips to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders), on or before Friday, March 20, 2020 in person, by mail or by fax.

Computershare Hong Kong Investor Services Limited, the Company's H Share registrar, is located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Telephone: (852) 2862 8555).

LETTER FROM THE BOARD

In order to determine the list of Shareholders who are entitled to attend the EGM and the H Shareholders' Class Meeting, the Company will close the register of members of H Shares during the period from Tuesday, March 10, 2020 to Thursday, April 9, 2020 (both days inclusive), during which no registration of Shares will be made. H Shareholders who wish to attend the EGM and/or the H Shareholders' Class Meeting are required to send all the transfer documents together with the relevant Shares to Computershare Hong Kong Investor Services Limited which is at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, March 9, 2020 to complete registration. H Shareholders registered in Computershare Hong Kong Investor Services Limited or the office of the Board of the Company (if applicable) at the close of business on Monday, March 9, 2020 are entitled to attend the EGM and the H Shareholders' Class Meeting.

8. VOTING BY POLL

In accordance with rule 13.39 (4) of the Hong Kong Listing Rules, any vote made by the Shareholders at a Shareholders' general meeting shall be conducted by way of poll unless the chairman of the meeting so requests in good faith to allow a vote by hand to vote solely on resolutions relating to procedural or administrative matters. Accordingly, the resolutions proposed at the EGM and the H Shareholders' Class Meeting will be voted by way of poll.

To the best knowledge of the Directors based on the information currently available, no shareholder will be required to abstain from voting at the Shareholders' Meetings.

9. RECOMMENDATION

The Directors consider that all resolutions proposed above are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be submitted at the 2020 First Extraordinary General Meeting and the H Shareholders' Class Meeting.

By order of the Board
CSC Financial Co., Ltd.
Wang Changqing
Chairman

Beijing, the PRC
February 21, 2020



中信建投証券股份有限公司
CSC FINANCIAL CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6066)

- (1) THE EXTENSION OF THE VALIDITY PERIOD OF THE PLAN FOR THE
NON-PUBLIC ISSUANCE OF A SHARES**
- (2) THE EXTENSION OF THE VALIDITY PERIOD OF FULL AUTHORIZATION
TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN RELATION
TO THE NON-PUBLIC ISSUANCE**
- (3) GENERAL MANDATE TO ISSUE ONSHORE AND OFFSHORE DEBT
FINANCING INSTRUMENTS**
- (4) AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (5) NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING
AND**
- (6) NOTICE OF THE 2020 FIRST H SHAREHOLDERS' CLASS MEETING**

NOTICE IS HEREBY GIVEN that the 2020 first extraordinary general meeting (the "EGM") of CSC Financial Co., Ltd. (the "**Company**") will be held at 9:30 a.m. on Thursday, April 9, 2020 at the Multi-function Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC, to consider and, if thought fit, approve the following resolutions. Unless otherwise specified, capitalized terms used in this notice shall have the same meaning as those defined in the circular of the Company dated February 21, 2020.

SPECIAL RESOLUTIONS

To consider and approve:

- (1) the extension of the validity period of the plan for the Non-public Issuance of A Shares;
- (2) the extension of the validity period of full authorization to the Board to deal with relevant matters in relation to the Non-public Issuance;

NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING

- (3) general mandate to issue onshore and offshore debt financing instruments; and
- (4) amendments to the Articles of Association.

By order of the Board
CSC Financial Co., Ltd.
Wang Changqing
Chairman

Beijing, the PRC
February 21, 2020

Notes:

1. Eligibility for Attending the EGM and Closure of Register of Members

The register of members of the Company will be closed for the purpose of determining Shareholders' entitlement to attend the EGM from Tuesday, March 10, 2020 to Thursday, April 9, 2020 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend the EGM, Shareholders 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 (for H Shareholders) no later than 4:30 p.m. on Monday, March 9, 2020 to complete registration. Holders of H Shares and A Shares who are registered with Computershare Hong Kong Investor Services Limited at the close of business on Monday, March 9, 2020 are entitled to attend the EGM.

Where there are joint holders of any shares, the one whose name stands first on the register of members shall be entitled to attend and vote at the EGM in respect of such shares.

2. Proxy

- (1) Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote at the meeting on his or her behalf. A proxy need not be a Shareholder.
- (2) The instrument appointing a proxy must be in writing by 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.

To be valid, the proxy form together with the notarized power of attorney or other documents of authorization, if any, must be completed and delivered to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), no later than 24 hours before the time fixed for the EGM (i.e. 9:30 a.m. on Wednesday, April 8, 2020) or 24 hours before the time of any adjournment thereof. The proxy form for the EGM is enclosed herewith.

Completion and return of the proxy form will not preclude the Shareholders from attending and voting at the EGM or at any adjourned meeting if they so wish.

NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING

3. Registration Procedures for Attending the EGM

- (1) Shareholder or his/her proxy shall produce proof of identity when attending the EGM
 - (a) Legal representatives of legal person shareholders who attend the meeting shall produce their own identity cards and effective proof of their capacity as legal representatives. Proxies of legal person shareholders shall produce their own identity cards and the form of proxy duly signed by the legal representatives of the legal person shareholders according to laws.
 - (b) Individual Shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity. Proxies of individual Shareholders shall produce effective proof of identity and form of proxy.
- (2) H Shareholders intending to attend the EGM in person or by their proxies should return the completed and signed reply slip for attending the EGM in person, by post or by fax to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before Friday, March 20, 2020.

4. Voting by Poll

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the resolutions to be proposed at the EGM will be voted by poll. Results of the poll voting will be posted on the website of the Company at www.csc108.com and on the HKEX news website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the EGM.

5. Miscellaneous

- (1) The duration of the EGM is expected not to exceed half a day. Shareholders who attend the EGM shall arrange for their own transportation and accommodation at their own expenses.
- (2) The address of Computershare Hong Kong Investor Services Limited is at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Telephone: (852) 2862 8555, Fax: (852) 2865 0990).

For the matters relating to the attendance of the EGM by A Shareholders, please refer to the notice of meeting and other relevant documents published by the Company on website of the Shanghai Stock Exchange (www.sse.com.cn).



中信建投証券股份有限公司
CSC FINANCIAL CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6066)

- (1) THE EXTENSION OF THE VALIDITY PERIOD OF THE PLAN FOR THE NON-PUBLIC ISSUANCE OF A SHARES**
- (2) THE EXTENSION OF THE VALIDITY PERIOD OF FULL AUTHORIZATION TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN RELATION TO THE NON-PUBLIC ISSUANCE**
- (3) GENERAL MANDATE TO ISSUE ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS**
- (4) AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (5) NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING AND**
- (6) NOTICE OF THE 2020 FIRST H SHAREHOLDERS' CLASS MEETING**

NOTICE IS HEREBY GIVEN that the 2020 first H Shareholders' class meeting ("H Shareholders' Class Meeting") of CSC Financial Co., Ltd. (the "Company") will be held at 11:30 a.m. on Thursday, April 9, 2020 (or immediately after the 2020 First A Shareholders' Class Meeting) at Multi-function Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC, to consider and, if thought fit, approve the following resolution. Unless otherwise specified, capitalized terms used in this notice shall have the same meaning as those defined in the circular of the Company dated February 21, 2020.

SPECIAL RESOLUTIONS

To consider and approve:

- (1) the extension of the validity period of the plan for the Non-public Issuance of A Shares; and
- (2) the extension of the validity period of full authorization to the Board to deal with relevant matters in relation to the Non-public Issuance.

By order of the Board
CSC Financial Co., Ltd.
Wang Changqing
Chairman

Beijing, the PRC
February 21, 2020

NOTICE OF THE 2020 FIRST H SHAREHOLDERS' CLASS MEETING

Notes:

1. Eligibility for Attending the H shareholders' class meeting and Closure of Register of Members

The register of members of the Company will be closed for the purpose of determining Shareholders' entitlement to attend the H shareholders' class meeting from Tuesday, March 10, 2020 to Thursday, April 9, 2020 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend the H shareholders' class meeting, Shareholders 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, no later than 4:30 p.m. on Monday, March 9, 2020 to complete registration. Holders of H Shares who are registered with Computershare Hong Kong Investor Services Limited or the Company's Board Office (where appropriate) at the close of business on Monday, March 9, 2020 are entitled to attend the H shareholders' class meeting.

Where there are joint holders of any shares, the one whose name stands first on the register of members shall be entitled to attend and vote at the H shareholders' class meeting in respect of such shares.

2. Proxy

- (1) Any Shareholder entitled to attend and vote at the H shareholders' class meeting is entitled to appoint one or more proxies to attend and vote at the meeting on his or her behalf. A proxy need not be a Shareholder.
- (2) The instrument appointing a proxy must be in writing by 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.

To be valid, the proxy form together with the notarized power of attorney or other documents of authorization, if any, must be completed and delivered to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 24 hours before the time fixed for the H shareholders' class meeting (i.e. 11:30 a.m. on Wednesday, April 8, 2020) or 24 hours before the time of any adjournment thereof. The proxy form for the H shareholders' class meeting is enclosed herewith.

Completion and return of the proxy form will not preclude the Shareholders from attending and voting at the H shareholders' class meeting or at any adjourned meeting if they so wish.

3. Registration Procedures for Attending the H shareholders' class meeting

- (1) Shareholder or his/her proxy shall produce proof of identity when attending the H shareholders' class meeting:
 - (a) Legal representatives of legal person shareholders who attend the meeting shall produce their own identity cards and effective proof of their capacity as legal representatives. Proxies of legal person shareholders shall produce their own identity cards and the form of proxy duly signed by the legal representatives of the legal person shareholders according to laws.
 - (b) Individual Shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity. Proxies of individual Shareholders shall produce effective proof of identity and form of proxy.
- (2) Shareholders intending to attend the H shareholders' class meeting in person or by their proxies should return the completed and signed reply slip for attending the H shareholders' class meeting in person, by post or by fax to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before Friday, March 20, 2020.

NOTICE OF THE 2020 FIRST H SHAREHOLDERS' CLASS MEETING

4. Voting by Poll

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the resolution to be proposed at the H shareholders' class meeting will be voted by poll. Results of the poll voting will be posted on the website of the Company at www.csc108.com and on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the H shareholders' class meeting.

5. Miscellaneous

- (1) The duration of the H shareholders' class meeting is expected not to exceed half a day. Shareholders who attend the H shareholders' class meeting shall arrange for their own transportation and accommodation at their own expenses.
- (2) The address of Computershare Hong Kong Investor Services Limited is at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Telephone: (852) 2862 8555, Fax: (852) 2865 0990).