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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 advisers.

If you have sold or transferred all your shares in **Haitong Securities Co., Ltd.**, 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 effected for transmission to the purchaser(s) or the transferee(s).



海通证券股份有限公司
HAITONG SECURITIES CO., LTD.*

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

(Stock Code: 6837)

**2019 REPORT OF THE BOARD
2019 REPORT OF THE SUPERVISORY COMMITTEE
2019 ANNUAL REPORT
2019 FINAL ACCOUNTS REPORT
2019 PROFIT DISTRIBUTION PROPOSAL
PROPOSED APPOINTMENT OF AUDITING FIRMS
FOR THE YEAR 2020
PROPOSED APPOINTMENT OF MR. ZHOU DONGHUI
AS A NON-EXECUTIVE DIRECTOR
PROPOSED APPOINTMENT OF MR. LI ZHENGHAO
AS A SUPERVISOR
PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF
THE COMPANY IN 2020
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
GRANT OF GENERAL MANDATE TO AUTHORISE, ALLOT OR
ISSUE A SHARES AND/OR H SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the 2019 Annual General Meeting of the Company to be held at Conference Room, 3/F, Haitong Securities Building, No. 689 Guangdong Road, Huangpu District, Shanghai, the PRC on Thursday, 18 June 2020 at 1:30 p.m. is set out on pages 14 to 17 of this circular.

Reply slip for holders of H Shares for attending the AGM and the form of proxy have been distributed on 29 April 2020. They have also been published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). Whether or not you are 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 or not less than 24 hours before the time appointed for voting by poll, and deposit it together with the notarised power of attorney or other document of authorisation with Computershare Hong Kong Investor Services Limited. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so desire.

Holders of H Shares 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 on or before 29 May 2020 (Friday).

* For identification purpose only

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DEFINITIONS

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

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|-----------------------------------|--|
| “A Share(s)” | domestic shares 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” or “Annual General Meeting” | the annual general meeting for the year 2019 of the Company to be held at Conference Room, 3/F, Haitong Securities Building, No. 689 Guangdong Road, Huangpu District, Shanghai, the PRC on Thursday, 18 June 2020 at 1:30 p.m. |
| “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 |
| “Business Day(s)” | a day (other than Saturday or Sunday) on which the Hong Kong Stock Exchange is open for the business of dealing in securities |
| “Company” or “Haitong Securities” | Haitong Securities Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange under the stock code of 6837 and the A Shares of which are listed on the Shanghai Stock Exchange under the stock code of 600837 |
| “Company Law” | the Company Law of the People’s Republic of China |
| “CSRC” | the China Securities Regulatory Commission |
| “Director(s)” | the director(s) of the Company |
| “General Mandate” | a general mandate proposed to be granted to the Board by the AGM to authorise, allot or issue A Shares and/or H Shares |
| “Group” | the Company and its subsidiaries |
| “H Share(s)” | ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars |

DEFINITIONS

| | |
|--|---|
| “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 |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “INED” or “Independent Director(s)” or “Independent Non-executive Director(s)” | The independent non-executive director(s) of the Company |
| “Latest Practicable Date” | 24 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “PBOC” | the People’s Bank of China, the central bank of the PRC |
| “PRC” or “China” | the People’s Republic of China, but for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “Securities Law” | the Securities Law of the People’s Republic of China |
| “Shanghai Guosheng Group” | Shanghai Guosheng (Group) Co., Ltd., an existing shareholder of the Company, holding approximately 4.9999% equity interest in the total issued share capital of the Company as of the Latest Practicable Date |
| “Share(s)” | the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Shares |
| “Shareholder(s)” | the shareholder(s) of the Company, including holder(s) of H Shares and holder(s) of A Shares |
| “Supervisor(s)” | the supervisor(s) of the Company |
| “Supervisory Committee” | the supervisory committee of the Company |

Unless otherwise indicated, all the financial data in this circular are presented in Renminbi.

LETTER FROM THE BOARD



海通证券股份有限公司
HAITONG SECURITIES CO., LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6837)

Executive Directors:

Mr. Zhou Jie (Chairman)
Mr. Qu Qiuping (General Manager)
Mr. Ren Peng

Registered office:

Haitong Securities Building
No. 689 Guangdong Road
Shanghai
PRC

Non-executive Directors:

Mr. Tu Xuanxuan
Ms. Yu Liping
Mr. Xu Jianguo

*Principal place of business in
Hong Kong:*

21st Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

Independent Non-executive Directors:

Mr. Zhang Ming
Mr. Lam Lee G.
Mr. Zhu Hongchao
Mr. Zhou Yu

29 April 2020

To the Shareholders

Dear Sir or Madam,

INTRODUCTION

The purpose of this circular is to provide you with the notice of the AGM (set out on pages 14 to 17 of this circular) and provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions proposed at the AGM.

For reference purpose only, the notice of the AGM for holders of A Shares has been published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn/>) on 28 April 2020.

At the AGM, ordinary resolutions will be proposed to approve (i) the report of the Board of Directors of the Company for the year 2019 (the “**2019 Report of the Board**”); (ii) the report of the Supervisory Committee of the Company for the year 2019 (the “**2019 Report of the Supervisory Committee**”); (iii) the annual report of the Company for the year 2019 (the

* For identification purpose only

LETTER FROM THE BOARD

“**2019 Annual Report**”); (iv) the final accounts report of the Company for the year 2019 (the “**2019 Final Accounts Report**”); (v) the profit distribution proposal of the Company for the year 2019 (the “**2019 Profit Distribution Proposal**”); (vi) the appointment of auditing firms for the year 2020; (vii) the proposed appointment of Mr. Zhou Donghui as a non-executive Director; (viii) the proposed appointment of Mr. Li Zhenghao as a Supervisor; and (ix) the proposal regarding projected routine related party transactions of the Company in 2020.

At the AGM, special resolutions will be proposed to approve (i) the amendments to the Articles of Association; and (ii) the grant of general mandate to authorise, allot or issue A Shares and/or H Shares.

ORDINARY RESOLUTIONS:

1. 2019 Report of the Board

An ordinary resolution will be proposed at the AGM to approve the 2019 Report of the Board. Details of the aforesaid report of the Board are set out in Annex A to this circular.

The 2019 Report of the Board was considered and approved by the Board on 26 March 2020 and is hereby proposed at the AGM for consideration and approval.

2. 2019 Report of the Supervisory Committee

An ordinary resolution will be proposed at the AGM to approve the 2019 Report of the Supervisory Committee. Details of the aforesaid report of the Supervisory Committee are set out in Annex B to this circular.

The 2019 Report of the Supervisory Committee was considered and approved by the Supervisory Committee on 26 March 2020 and is hereby proposed at the AGM for consideration and approval.

3. 2019 Annual Report

An ordinary resolution will be proposed at the AGM to approve the 2019 Annual Report. The 2019 Annual Report of the Company has been despatched and also published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) on 16 April 2020.

The 2019 Annual Report was considered and approved by the Board on 26 March 2020 and is hereby proposed at the AGM for consideration and approval.

4. 2019 Final Accounts Report

An ordinary resolution will be proposed at the AGM to approve the 2019 Final Accounts Report. Details of the aforesaid final accounts report are set out in Annex C to this circular.

LETTER FROM THE BOARD

The 2019 Final Accounts Report was considered and approved by the Board on 26 March 2020 and is hereby proposed at the AGM for consideration and approval.

5. 2019 Profit Distribution Proposal

An ordinary resolution will be proposed at the AGM to approve the 2019 Profit Distribution Proposal.

As audited, the net profit attributable to owners of the parent company for the year 2019 in the consolidated financial statements was RMB9,523,247,834.58 and the net profit of the parent company for the year 2019 was RMB6,744,940,639.30. In accordance with the relevant regulations including the Company Law, the Securities Law, the Financial Rules for Financial Enterprises and the Articles of Association, the Company may distribute profits to investors after making appropriation to statutory reserve funds and reserve funds. The Company has made appropriation of 10% of the net profit for the year 2019 realised by the parent company to statutory reserve funds, general risk reserve and transaction risk reserve, respectively, each amounting to RMB674,494,063.93, totaling RMB2,023,482,191.79, adding the retained profits of the parent company of RMB21,691,709,782.49 at the beginning of the year, deducting the dividends of RMB1,725,255,000.00 distributed by the Company due to implementation of the profit distribution plan for 2018, adding the retained profit of RMB20,323,663.88 transferred from other comprehensive income and the parent company's retained profits of RMB24,708,236,893.88 at the end of the year. Gains from fair value changes contained in the distributable profit shall not be used for cash distribution according to relevant regulations, despite this impact, the Company's retained profits for distribution to investors of 2019 amounted to RMB3,267,779,604.81 at the end of the year.

As prescribed in the Measures for the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》) issued by the CSRC, listed companies shall only issue securities after submitting the profit distribution plan and plan for conversion of capital reserve into share capital to the general meeting for approval or putting such plans approved at the general meeting into implementation. If the Company implements the profit distribution plan of 2019, the Company shall not proceed with the non-public issuance of A Shares until completion of the profit distribution. Given the Company is currently proceeding with the non-public issuance of A Shares of the Company, after comprehensive consideration of factors such as the interests of shareholders and the development of the Company, the Company will not make profit distribution for 2019, nor will it convert its capital reserve funds into share capital. The Company intends to proceed with the related matters for profit distribution as soon as practicable following completion of the non-public issuance of A Shares of the Company in accordance with requirements of relevant regulatory authorities and the Articles of Association.

The 2019 Profit Distribution Proposal was considered and approved by the Board on 26 March 2020 and is hereby proposed at the AGM for consideration and approval.

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6. Appointment of Auditing Firms for the Year 2020

Reference is made to the announcement of the Company dated 26 March 2020 in relation to, among other things, the proposed change of accounting firms for 2020.

In accordance with the relevant requirements under Administrative Measures of the Appointment of Accounting Firms by Financial Enterprises (Cai Jin [2016] No. 12) (《金融企業選聘會計師事務所管理辦法》(財金[2016]12號)) issued by Ministry of Finance of the People's Republic of China, a financial enterprise shall not appoint the same accounting firm for five consecutive years in principle. As to the accounting firms ranked top 15 in terms of the comprehensive assessment ranking by the Chinese Institute of Certified Public Accountants with outstanding auditing quality, such financial enterprise may extend the reappointment term to no more than eight years. The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) (德勤華永會計師事務所) (特殊普通合夥) and Deloitte Touche Tohmatsu (德勤•關黃陳方會計師行) (“**Deloitte**”) as the external auditor to provide overseas audit service of the Company since 2012. Deloitte has been providing both overseas and domestic audit services as the external auditor of the Company since 2019. Deloitte will have served as the Company's external auditor for eight years upon completion of their auditing works for the year of 2019. Deloitte will cease to be the Company's external auditor responsible for relevant audit services since 2020 due to the above prescribed maximum number of years of services. Deloitte has confirmed that there were no matters regarding their retirement that should be brought to the attention of the shareholders of the Company. The Board has confirmed that there were no disagreements or unresolved matters between the Company and Deloitte, nor were there any relevant matters that should be brought to the attention of the shareholders of the Company.

The Board has considered and agreed to propose the resolution regarding the appointment of accounting firms for 2020 to the general meeting of the Company for consideration and approval, to recommend the appointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (普華永道中天會計師事務所) (特殊普通合夥) and PricewaterhouseCoopers (羅兵咸永道會計師事務所) (“**PwC**”) as the external auditors of the Company for 2020 for a term of one year, who will be responsible for the provision of relevant domestic and overseas audit and review services in accordance with PRC GAAP and IFRS, respectively, with auditing fees (including those for internal control) amounting to RMB3.66 million for 2020. The Company believes that PwC has the experience and capability to provide audit services for the Company, and the qualifications for securities and futures related business, and is therefore capable to provide professional services for the Company.

It will be proposed at the AGM to authorise the Board to determine the adjustment to the auditing fees if there is any increase to the auditing fees due to the change in the scope of services.

The aforesaid resolution was considered and approved by the Board on 26 March 2020 and is hereby proposed at the AGM for consideration and approval as an ordinary resolution.

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7. Proposed Appointment of Mr. Zhou Donghui as a Non-executive Director of the Company

Reference is made to the announcement of the Company dated 26 March 2020 in relation to, among other things, the proposed appointment of Mr. Zhou Donghui (“Mr. Zhou”) as a non-executive Director of the Company.

An ordinary resolution will be proposed at the AGM to consider and approve the appointment of Mr. Zhou Donghui as a non-executive Director of the Company.

The biography of Mr. Zhou is as follows:

Mr. Zhou, born in 1969, a holder of a bachelor’s degree in accounting, a senior accountant. Mr. Zhou has been the general manager of Shanghai Haiyan Investment Management Company Limited* (上海海煙投資管理有限公司) since July 2015. Mr. Zhou served as an officer of the finance section and deputy section chief of fund and price section of the finance and price department of Shanghai Tobacco (Group) Company* (上海煙草(集團)公司) from July 1991 to October 2000. Mr. Zhou was also the deputy manager and manager of finance department of China Tobacco Shanghai Import & Export Co., Ltd.* (中國煙草上海進出口有限責任公司) from October 2000 to October 2008 and was deputy director of investment management division of Shanghai Tobacco (Group) Co., Ltd. from October 2008 to April 2011. Mr. Zhou served as the deputy director of finance department of Shanghai Tobacco Group Co., Ltd.* (上海煙草集團有限責任公司) from April 2011 to February 2015, and the executive deputy director of the investment department of Shanghai Tobacco Group Co., Ltd.* (上海煙草集團有限責任公司) and the executive deputy general manager of Shanghai Haiyan Investment Management Company Limited* (上海海煙投資管理有限公司) from February 2015 to July 2015.

As far as the Directors are aware, save as disclosed above, Mr. Zhou has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Mr. Zhou has no relationship with any directors, supervisors, senior management or substantial shareholders of the Company, nor does he hold any position in the Company or any of its subsidiaries. As at the Latest Practicable Date, Mr. Zhou has no interest in the shares of the Company or its associated companies within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Zhou which is required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders. Mr. Zhou has not been penalized by CSRC or other relevant departments or stock exchanges.

As at the Latest Practicable Date, the Company has not entered into any service contract with Mr. Zhou. In accordance with the Articles of Association and the provisions of the relevant PRC laws and regulations, the appointment of Mr. Zhou as a non-executive Director

LETTER FROM THE BOARD

will become effective from the date of approval by the shareholders at the AGM. The terms of office of Mr. Zhou shall be the same as the seventh session of the Board. Mr. Zhou will not receive remuneration from the Company.

The aforesaid resolution was considered and approved by the Board on 26 March 2020 and is hereby proposed at the AGM for consideration and approval.

8. Proposed Appointment of Mr. Li Zhenghao as a Supervisor of the Company

Reference is made to the announcement of the Company dated 26 March 2020 in relation to, among other things, the proposed appointment of Mr. Li Zhenghao as a Supervisor of the Company.

An ordinary resolution will be proposed at the AGM to consider and approve the appointment of Mr. Li (“Mr. Li”) Zhenghao as a Supervisor.

The biography of Mr. Li is as follows:

Mr. Li, born in 1975, a holder of a bachelor’s degree and an executive master’s degree in business administration and a senior accountant. Mr. Li has been the manager of the Finance Department of Shenergy Group* (申能(集團)有限公司) since June 2019. Mr. Li worked at Shanghai Pudong Development Bank Co., Ltd.* (上海浦東發展銀行股份有限公司) from July 1997 to January 2003, serving as an accountant, a loan officer and a senior account manager. Mr. Li worked at Siping Road Sub-branch of Shanghai Pudong Development Bank from February 2003 to March 2007, serving as the president. Mr. Li worked at Shenergy Group Finance Co., Ltd.* (申能集團財務有限公司) from April 2007 to April 2017, successively serving as an assistant manager of finance department, a deputy manager, manager of accounting and settlement department, manager of planning and finance department, and director of operations. Mr. Li served as the deputy manager of the finance department at Shenergy Group* (申能(集團)有限公司) from May 2017 to May 2019. Mr. Li served as a supervisor of Shenergy Group Finance Co., Ltd.* (申能集團財務有限公司) from February 2010 to April 2017. Mr. Li served as a council member of Shanghai Payment & Clearing Association* (上海市支付清算協會理事) from May 2015 to April 2017. Mr. Li has been a director of Shanghai Gas Company Limited* (上海燃氣有限公司) since June 2019. Mr. Li has been the chairman of the supervisory committee of Shanghai Shenxin Environmental Protection Industrial Co., Ltd.* (上海申欣環保實業有限公司) and a supervisor of Shanghai ICY Capital* (上海申能誠毅股權投資有限公司) since June 2019.

As far as the Directors are aware, save as disclosed above, Mr. Li has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Mr. Li has no relationship with any directors, supervisors, senior management or substantial shareholders of the Company, nor does he hold any position in the Company or any of its subsidiaries. As at the Latest Practicable Date, Mr. Li has no interest in the shares of the Company or its associated companies within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance.

LETTER FROM THE BOARD

Save as disclosed above, there is no other information in relation to the appointment of Mr. Li which is required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders. Mr. Li has not been penalized by CSRC or other relevant departments or stock exchanges.

As at the Latest Practicable Date, the Company has not entered into any service contract with Mr. Li. In accordance with the Articles of Association and the provisions of the relevant PRC laws and regulations, the appointment of Mr. Li as a Supervisor will become effective from the date of approval by the shareholders at the AGM. The terms of office of Mr. Li shall be the same as the seventh session of the Supervisory Committee. Mr. Li will not receive remuneration from the Company.

The aforesaid resolution was considered and approved by the Supervisory Committee on 26 March 2020 and are hereby proposed at the AGM for consideration and approval.

9. Projected Routine Related Party Transactions of the Company in 2020

Reference is made to the announcement of the Company dated 26 March 2020 in relation to, among other things, the projected routine related party transactions in 2020.

Ordinary resolutions will be proposed at the AGM to consider and approve the projected routine related party transactions of the Company in 2020, details of which are set out in Annex E to this circular.

The aforesaid resolution was considered and approved by the Board on 26 March 2020 and are hereby proposed at the AGM for consideration and approval.

SPECIAL RESOLUTIONS:

1. Amendments to the Articles of Association

Reference is made to the announcement of the Company dated 30 August 2019 and 26 March 2020 in relation to, among other things, the proposed amendments to the Articles of Association.

The Board has resolved to amend relevant articles in the Articles of Association, details of which are set out in Annex F of this circular.

Such amendments to the Articles of Association will come into effect after being considered and approved at the AGM. The Board has resolved to propose a resolution at the AGM to authorise the Board in turn to authorise the management of the Company to handle the approval and filing procedures with relevant regulatory authorities involved in such amendments, and to make wording adjustments to such amendments according to opinions of regulatory authorities.

LETTER FROM THE BOARD

The aforesaid resolution was considered and approved by the Board on 30 August 2019 and 26 March 2020, respectively, and is hereby proposed at the AGM for consideration and approval as a special resolution.

2. Grant of General Mandate to Authorise, Allot or Issue A Shares and/or H Shares

The Board has resolved to propose a resolution regarding the grant of the General Mandate to authorise, allot or issue A Shares and/or H Shares at the shareholders' general meeting of the Company. Details of the General Mandate are as follows:

In accordance with the requirements stipulated in the Company Law, the Securities Law, the Hong Kong Listing Rules and the Articles of Association, and subject to the terms and conditions set out in the following provisions (1), (2) and (3), it is proposed at the shareholders' general meeting to grant an unconditional general mandate to the Board to authorise, allot or issue A Shares and/or H Shares (including warrants, convertible bonds and other securities which carry rights to subscribe for or are convertible into shares) separately or concurrently, and to execute the necessary documents, complete the necessary formalities and take other necessary steps to complete the aforesaid matters:

- (1) the authorisation is valid for the period from the date of passing of this resolution at the shareholders' general meeting to approve the grant of such authorisation until whichever is the earliest of:
 - (a) the conclusion of the next annual shareholders' general meeting of the Company following the passing of this resolution at the shareholders' general meeting;
 - (b) the expiration of the 12-month period following the passing of this resolution at the shareholders' general meeting; or
 - (c) the date on which the authorisation set out in this resolution is revoked or varied by a resolution of the shareholders of the Company at any shareholders' general meeting.

Should the Board, during the validity period of the authorisation, execute the necessary documents, complete the necessary formalities or take relevant steps which might be required to be performed or carried out upon or after the end of the validity period or continued until the end of the validity period, the validity period of the authorisation will be extended accordingly;

- (2) the respective number of A Shares and/or H Shares which the Board proposes to authorise, allot or issue, or conditionally or unconditionally agrees to authorise, allot or issue (including warrants, convertible bonds and other securities that carry rights to subscribe for or are convertible into shares, which will be calculated based on the

LETTER FROM THE BOARD

aggregate number of shares potentially convertible by them) shall not exceed 20% of the respective number of A Shares and/or H Shares of the Company in issue as at the date of passing of this resolution at the shareholders' general meeting;

- (3) the Board shall exercise the authorisation pursuant to the Company Law, the Securities Law and the Hong Kong Listing Rules and all other applicable laws, regulations and requirements of any other government or regulatory authorities and with the approval by CSRC and/or other relevant governmental authorities in the PRC.

With respect to an issue of shares pursuant to the General Mandate set out in this resolution, a proposal is made to the shareholders' general meeting to authorise the Board to increase the Company's registered capital corresponding to the number of shares issued under the general mandate, to make amendments to the Articles of Association where applicable and necessary in response to the increase of the Company's registered capital, and to take any other necessary actions and complete any other necessary procedures.

After the Board has obtained the aforesaid general mandate, a proposal is made to the shareholders' general meeting to approve the Board to in turn authorise the chairman and the general manager of the Company to jointly or separately sign, execute, amend, complete and submit all agreements, contracts and documents relating to the recognition, allotment or issuance of shares under the general mandate, unless otherwise provided by laws and regulations.

The aforesaid resolution was considered and approved by the Board on 26 March 2020 and is hereby proposed at the AGM for consideration and approval as a special resolution.

READING MATERIALS – 2019 DUTY PERFORMANCE REPORT OF INDEPENDENT DIRECTORS

Pursuant to the requirements of *the Rules of General Meeting of Listed Companies* (《上市公司股東大會規則》) issued by the CSRC, Independent Directors shall present a duty performance report at the AGM. Such report will be presented at the general meeting, but no Shareholder's approval is required. The duty performance report of the Independent Directors of the Company is made available to the Shareholders in Annex D to this circular.

2019 ANNUAL GENERAL MEETING

The AGM of the Company will be held at Conference Room, 3/F, Haitong Securities Building, No. 689 Guangdong Road, Huangpu District, Shanghai, the PRC on Thursday, 18 June 2020 at 1:30 p.m. The notice of the AGM is set out on pages 14 to 17 of this circular.

The register of members of H Shares of the Company has been closed from 19 May 2020 (Tuesday) to 18 June 2020 (Thursday) (both days inclusive), during which time no share transfers of H Shares will be effected. Purchasers of H Shares who have submitted their

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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 18 May 2020 (Monday) 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 H 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 18 May 2020 (Monday).

Reply slip for holders of H Shares for attending the Annual General Meeting and the form of proxy have been distributed on 29 April 2020. They have also been published on the website of Hong Kong Stock Exchange (www.hkexnews.hk). Holders of H Shares 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 on or before 29 May 2020 (Friday).

To be valid, for holders of H Shares, the form of proxy and notarised power of attorney or other document of authorisation must be delivered to Computershare Hong Kong Investor Services Limited not less than 24 hours before the time appointed for the AGM (i.e., 1:30 p.m. on 17 June 2020 (Wednesday)) or not less than 24 hours before the time appointed for voting by poll. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM in person if you so wish.

For reference purpose only, the record date for determining the eligibility of holders of A Shares for attending the AGM is 11 June 2020. For more details, please refer to the notice of the AGM published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn/>) on 28 April 2020.

LISTING RULES REQUIREMENT

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of shareholders at a shareholders' general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions at the AGM will be taken by way of a poll.

According to the requirements of relevant PRC laws and regulations, the ordinary resolutions 9.01, 9.02, 9.03, 9.04 and 9.05 set out in the notice of the AGM on page 14 to 17 of this circular and proposed at the Annual General Meeting shall be voted by the Shareholders who do not have substantial interest in such resolutions. Therefore, Shanghai Guosheng Group and Shanghai Guosheng Group Assets Co., Ltd. shall abstain from voting on the ordinary resolution 9.01, BNP Paribas Investment Partners BE Holding SA and its related companies shall abstain from voting on the ordinary resolution 9.02. Shanghai Shengyuan Real Estate (Group) Co., Ltd. shall abstain from voting on the ordinary resolution 9.03. The companies (other than the Company and its controlling subsidiaries) of which the Directors, Supervisors

LETTER FROM THE BOARD

and senior management of the Company hold positions as their directors or senior management, and other related corporate entities, shall abstain from voting on the ordinary resolution 9.04. The related natural persons of the Company shall abstain from voting on the ordinary resolution 9.05.

Save as disclosed above, as far as the Directors are aware as of the Latest Practicable Date, no other Shareholder is required to abstain from voting in respect of the ordinary and special resolutions at the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors 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 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 this circular or any statement herein misleading.

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 to vote in favour of the relevant resolutions to be proposed at the AGM as set out in the notice of the AGM as attached to this circular.

Yours faithfully,
By Order of the Board
Haitong Securities Co., Ltd.
ZHOU Jie
Chairman

29 April 2020

NOTICE OF ANNUAL GENERAL MEETING



海通证券股份有限公司
HAITONG SECURITIES CO., LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6837)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Haitong Securities Co., Ltd. (the “**Company**”) will be held at Conference Room, 3/F, Haitong Securities Building, No. 689 Guangdong Road, Huangpu District, Shanghai, the PRC on Thursday, 18 June 2020 at 1:30 p.m., for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and approve the report of the board of directors of the Company for the year 2019.
2. To consider and approve the report of the supervisory committee of the Company for the year 2019.
3. To consider and approve the annual report of the Company for the year 2019.
4. To consider and approve the final accounts report of the Company for the year 2019.
5. To consider and approve the profit distribution proposal of the Company for the year 2019.
6. To consider and approve the appointment of auditing firms for the year 2020.
7. To consider and approve the appointment of Mr. Zhou Donghui as a non-executive director of the Company;
8. To consider and approve the appointment of Mr. Li Zhenghao as a supervisor of the Company.

NOTICE OF ANNUAL GENERAL MEETING

9. To consider and approve the proposal regarding projected routine related party transactions of the Company in 2020, including:
 - 9.01 To consider and approve the proposal regarding related party transactions of the Company and its subsidiaries with Shanghai Guosheng Group Co., Ltd. and Shanghai Guosheng Group Asset Co., Ltd.;
 - 9.02 To consider and approve the proposal regarding related party transactions of the Company and its subsidiaries with BNP Paribas Investment Partners BE Holding SA and its related companies;
 - 9.03 To consider and approve the proposal regarding related party transactions of the Company and its subsidiaries with Shanghai Shengyuan Real Estate (Group) Co., Ltd.;
 - 9.04 To consider and approve the proposal regarding related party transactions of the Company and its subsidiaries with the companies (other than the Company and its subsidiaries) where the Company's directors, supervisors and senior management hold positions as directors or senior management, and other related corporate entities;
 - 9.05 To consider and approve the proposal regarding related party transactions of the Company and its subsidiaries with related natural persons.

SPECIAL RESOLUTIONS

1. To consider and approve the proposed amendments to the Articles of Association.
2. To consider and approve the proposal regarding the grant of general mandate for the board to authorize, allot or issue A shares and/or H shares.

By order of the Board
Haitong Securities Co., Ltd.
ZHOU Jie
Chairman

Shanghai, the PRC
29 April 2020

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Eligibility for attending the Annual General Meeting and date of registration of members for H shares

The register of members of H Shares of the Company has been closed from 19 May 2020 (Tuesday) to 18 June 2020 (Thursday) (both days inclusive), during which time 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 18 May 2020 (Monday) are entitled to attend and vote in respect of all resolutions to be proposed at this Annual General Meeting.

In order to attend this Annual General Meeting, 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 18 May 2020 (Monday).

2. Proxy

- (1) Each shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies in writing to attend and vote on his behalf. A proxy needs not be a shareholder of the Company.
- (2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorised attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign or other document of authorisation must be notarised.

To be valid, for holders of H Shares, the form of proxy and notarised power of attorney or other document of authorisation 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 Annual General Meeting (i.e. 1:30 p.m. on 17 June 2020 (Wednesday)) or not less than 24 hours before the time appointed for voting by poll.

- (3) Any voting at the Annual General Meeting shall be taken by poll.

3. Registration procedures for attending the Annual General Meeting

- (1) A shareholder or his proxy should present proof of identity when attending the Annual General Meeting. If a shareholder is a legal person, its legal representative or other person authorised by the board of directors or other governing body of such shareholder may attend the Annual General Meeting by providing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.
- (2) Holders of H Shares of the Company intending to attend the Annual General Meeting in person or by their proxies should complete and return the reply slip for attending the Annual General Meeting to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 29 May 2020 (Friday).

4. Voting by poll

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the Chairman of the Annual General Meeting will demand a poll in relation to all the proposed resolutions at the Annual General Meeting in accordance with Article 108 of the Articles of Association of the Company.

NOTICE OF ANNUAL GENERAL MEETING

5. Miscellaneous

- (1) The Annual General Meeting 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 office of the Company:

Haitong Securities Building
No. 689 Guangdong Road
Shanghai
The People's Republic of China

Contact office: Office of the Board
Telephone No.: 86 (21) 2321 9000
Facsimile No.: 86 (21) 6341 0627
Contact Person: Mr. Jiang Chengjun

As at the date of this notice, the executive directors of the Company are Mr. ZHOU Jie, Mr. QU Qiuping and Mr. REN Peng; the non-executive directors of the Company are Mr. TU Xuanxuan, Ms. YU Liping and Mr. XU Jianguo; and the independent non-executive directors of the Company are Mr. ZHANG Ming, Mr. LAM Lee G., Mr. ZHU Hongchao and Mr. ZHOU Yu.

* *For identification purpose only*

2019 REPORT OF THE BOARD OF HAITONG SECURITIES CO., LTD.¹

Dear Shareholders,

As entrusted by the Board, the work report of the Board for the year of 2019 is hereby presented for your consideration.

In 2019, China's economic development continued to achieve progress amid overall stability, with per capita GDP exceeding US\$10,000. At the same time, global economic and trade growth has slowed down as sources of volatility and risks increased, and the domestic structural, systematic and cyclical issues have intertwined with the economic downward pressure still relatively high. The reform of the capital market has been accelerated in all aspects, including the establishment of the Sci-Tech Innovation Board featured with the pilot registration system, and the successive implementation of various major reforms. The A-share market index rose in line with the increase in trading volume, and the annual operating results of the securities industry rebounded rapidly.

In 2019, facing the severe challenges from the complicated domestic and overseas environment, the Board continued to support the Company to seize the opportunities brought by the deepening reforms in the capital market in accordance with the general requirements of "firm confidence, deepening reform, consolidating foundation and improving quality and efficiency" formulated at the beginning of the year, steadily promote the optimization of the Company's mechanism and structural reform, continuously strengthen basic management and infrastructure establishment, and achieved excellent operating results. The major financial indicators of the Company ranked top three in the industry, among which, the total assets, operating income and net profit ranked top two in the industry, and the classified supervision rating maintained at Class AA.

I. MAJOR WORKS IN 2019**1. Carefully arranging the re-election of the Board to achieve a smooth and steady transition**

Upon the expiry of the term of the sixth session of the Board, the Company initiated the re-election procedures in accordance with the Articles of Association. To ensure the smooth progress in all aspects of the re-election, the Board thoroughly organised and arranged the re-election progress, formulated corresponding implementation schemes and made overall arrangements for the number and composition, steps and procedures of the members of the seventh session of the Board and the principles for nomination and election of candidates for Directors. After full communication and close cooperation among all parties, candidates for the new session of the Board have been selected.

The members of the seventh session of the Board were elected at the 2018 annual general meeting of the Company; the Chairman of the Board was elected at the first meeting of the seventh session of the Board and the appointment of senior management was completed. The re-election of the Board and the appointment of senior management were in compliance with laws and regulations, and the procedures were in place, which realised a steady transition and effective connection. The composition of the Board was further optimised, and scientific decision-making capabilities were further enhanced, which laid a solid foundation for the Company's continuing stable operation.

¹ Unless the context otherwise requires, all amounts under this report are set out in RMB.

2. Steadily progressing in the non-public issuance of A shares and achieving substantial progress

To enhance the Company's capital strength and promote its business development to cope with the development and competition in the securities industry, the Company actively promoted the non-public issuance of A Shares. On 25 April 2019, *the Resolution regarding the Revised Proposal for Non-public Issuance of A Shares of the Company* and other relevant resolutions were considered and approved at the 37th meeting of the sixth session of the Board of the Company, and were considered and approved at the 2018 annual general meeting of the Company. The Company actively carried out the relevant application for the issuance, which was successfully approved by the CSRC Issuance Examination Committee on 6 December 2019. On 25 February 2020, according to the latest amended new regulations on refinancing by the CSRC, *the Resolution regarding the 2nd Revised Proposal for Non-public Issuance of A Shares of the Company* and other relevant resolutions were considered and approved at the sixth meeting of the seventh session of the Board of the Company and has been approved by the First Extraordinary General Meeting of 2020.

3. Adhering to the concept of prudent risk management and strengthening the compliance of basic system

The Board attaches great importance to adhering to compliance operation, strengthening internal control and improving risk management. In 2019, the Company continued to consolidate the foundation of compliance management in accordance with the new rules on compliance management, strengthened the establishment of compliance management teams, and continued to improve various mechanisms of compliance management. On the basis of considering the regular reports such as *the 2018 Compliance Report of the Company* and *the Report on Evaluation of Internal Control of the Company in 2018*, etc., for the purpose of implementing the regulatory requirements, the Board has, after considering the Company's own situation, considered and approved *the Proposal on Formulation and Amendment of Relevant Compliance Management Systems*. In 2019, the Board continued to adhere to the prudent risk concept, required management to continuously improve risk management capabilities, and promoted the full coverage of risk management to consolidate the foundation of risk management as a conglomerate and continuously improve the efficiency of consolidated risk control of the Group. The Board also further refined and improved the risk management requirements of subsidiaries in terms of system establishment, limit management, monitoring and measurement, internal control, data and system, risk control and consolidation, response and reporting, risk assessment and other aspects.

4. Strengthening the allocation of assets and liabilities and capital management capabilities to enhance the return on capital of the Company

The Board paid close attention to the establishment of the Company's assets and liabilities allocation and management capabilities, and established a comprehensive management and control system for fund management, liability management, liquidity management and liquidity risk management; further improved internal fund pricing and

formulated differentiated internal pricing models. In 2019, the Company flexibly adjusted its capital allocation structure according to market changes, fully explored the potential of capital use, stimulated the momentum of capital use and further improved the efficiency of capital allocation. In order to promote the rapid development of various businesses and optimise the financing structure of the Company, *the Resolution regarding the General Mandate to Issue Onshore and Offshore Debt Financing Instruments by the Company* was considered and approved at the 36th meeting of the sixth session of the Board. In 2019, the Company actively seized the issuance window and completed the issuance of corporate bonds of RMB9,500 million, financial bonds of RMB7,000 million, subordinated bonds of RMB3,300 million, ABS9,000 million and four tranches of short-term financing bonds of RMB20,000 million in total.

5. Actively promoting development strategies as a conglomerate with global presence and bringing development to the next level

In 2019, the scale and proportion of overseas business revenue of the Company continued to maintain its leading position in the industry. Haitong UT successfully completed the H-share listing raising a total amount of HK\$2,320 million, which made it the third listing platform of the Company on Hong Kong Stock Exchange. While continuing to maintain its leading position as a Chinese investment bank in Hong Kong, Haitong International has opened a new era of 3.0 development with the goal of achieving higher profitability, stabler profit model and stronger risk resistance. Haitong Bank strengthened management, operated in a stable manner, and stepped on a positive development track. The establishment of the Macau Branch was officially approved by the Banco de Portugal, laying a solid foundation for Haitong Bank to further develop its business model of “local market + cross-border business linkages”.

6. Continuing the enhancement of the Group’s corporate governance and implementing the mid-and long-term incentive mechanism

The Board of the Company continued to pay attention to the construction of the authorisation management system and regularly listened to the report on the implementation of the authorisation plan. The Board emphasised the comprehensiveness, consistency and effectiveness of the corporate governance of the Group. With the aim of enhancing functional management, *the Proposal regarding Amendments to the Administrative Measures on Subsidiaries of Haitong Securities Co., Ltd.* was considered and approved at the 36th meeting of the sixth session of the Board of the Company in accordance with regulatory requirements.

For the purpose of further implementing the remuneration and assessment management system of the Company’s directors and senior management personnel, *the Proposal regarding the Results of Assessment on the Company’s Senior Management in 2018* and *the Proposal regarding the Appraisal and Incentive Plans for Senior Management of the Company in 2019* were considered and approved at the 37th meeting of the sixth session of the Board; the Board issued the annual performance appraisal objective to the professional managers according to

the Company's *Assessment Management Rules for Professional Managers*. The Nomination, Remuneration and Assessment Committee of the Board has organised and implemented the duty performance report of the Company's professional managers.

7. Actively promoting the establishment of technological work of the Company and showing results of technology-focused development

The Board supported the Company to increase investment in IT construction, consolidate and strengthen the Company's advantages in the field of Internet finance. In 2019, the Company's five-year plan for science and technology has entered the sprint stage, various key tasks of science and technology have achieved positive progress, and the Company's transaction service capability, supporting conglomeration management capability and technology governance level have been further improved. The first meeting of the seventh session of the Board of the Company considered and approved *the Resolution regarding the Formulation of the Management Measures on the Information Technology of Haitong Securities Co., Ltd.*, which clarified the Company's information technology management objectives and ensured that the Company's information technology development strategies are consistent with the Company's strategies, risk management strategies and capital strength.

8. Continuing to achieve Grade A granted by the Shanghai Stock Exchange for its timeliness, compliance and efficiency of its information disclosure work

The Board fulfilled its information disclosure obligation in a compliant, efficient, true, accurate, complete, timely and fair manner in strict compliance with the regulatory requirements of the two places, continued to increase its efforts in active disclosure of the Company's business and financial indicators, strengthened the interpretation and impact analysis of regulatory policies, and provided a basis for investors to fully understand the Company's business model, competitive advantages and risk status, which was highly recognised by investors and played a positive role in promoting the Company's valuation levels. In 2019, the Company published 87 temporary announcements, four periodic reports, one social responsibility report, 12 monthly financial data announcements in the A share market, as well as 179 announcements and circulars in the H share market. In 2019, the Company continued to be granted the highest Grade A in respect of information disclosure by the Shanghai Stock Exchange.

9. Strengthening the depth and breadth of interactions with the capital market and increasing the Company's market value

In 2019, as required by the Board, the management took effective measures to actively maintain investor relationship by introducing investors the Company's business strategies, the approaches and operation results in various manners, including performance updates, domestic and overseas roadshows, investor visits, participation in investor meetings, active enhancement on contacts between investors and analysts, so as to carefully manage investors' expectations and effectively increase investor's confidence in the Company. In 2019, the Company convened a total of two results announcement sessions and conducted domestic and overseas

performance roadshows. The Company was invited and attended forums held by 10 domestic and foreign investment banks and brokerages, received domestic and overseas investors for a total of 26 survey visits and received approximately 320 visits by investors. With good fundamentals and through multi-dimensional and continuous effective communication with investors, the Company's market value realised rapid growth in 2019, while the share prices of its A Shares and H Shares both outperformed the market.

10. Strengthening the construction of social responsibility system and driving sustainable and healthy development of the Company

In 2019, the Company took full advantage of its financial expertise to perform responsibilities in serving real economy, fin-tech, care for employees, green finance and targeted poverty alleviation work so as to create values for stakeholders including shareholders, customers, employees and the society. The Company referred to high quality practices from the industry to prepare our social responsibility report, in which we responded in details to key concerns from each stakeholder including investors and credit-rating agencies on the Company's social responsibility, presenting a socially responsible image internally and externally. Meanwhile, the Company clarified and concluded on its practices on social responsibility management in order to build a social responsibility model for Haitong Securities in preparation for strategic guidelines for our future social responsibility work.

In 2019, the Company's MSCI ESG rating upgraded from B to BB. Moreover, we were listed in the "Top 60 of China CSR Brands" by China Association of Social Workers – Corporate Citizen Committee, and awarded the "2019 Evergreen Award • Sustainability Innovation Award" at the awards ceremony of 2020 Sustainability Innovation Summit and Evergreen Award hosted by Caijing, from which we continued to expand our social responsibility influence.

II. DUTY PERFORMANCE BY THE BOARD IN 2019

1. Overall assessment on duty performance

In 2019, the Board of the Company made steady progress in various tasks. All Directors were diligent and responsible, made use of their expertise and extensive experience to contribute wisdom and strength to the development of the Company, and provided a large number of constructive opinions and suggestions in respect of strategic guidance, risk management and control, internal control compliance, audit matters and corporate governance. They properly and effectively performed their duties under the Articles of Association, and effectively guaranteed the efficient operation, scientific decision-making of the Board and the sustainable and stable development of the Company.

(1) The Board operated efficiently and made decisions on major issues in a scientific and transparent manner

The Board plans meeting arrangements in a scientific manner, strengthens the implementation of meeting plans, optimises the meeting process, focuses on pre-meeting communication, strengthens information construction, and further improves the efficiency of the meetings. In 2019, the Company convened 24 meetings in total, including eight Board meetings, two annual report work meetings of Independent Directors, five meetings of the Audit Committee, three meetings of the Nomination, Remuneration and Assessment Committee, four meetings of the Development Strategy and Investment Management Committee and two meetings of the Compliance and Risk Control Committee, on which the Board considered and approved 69 proposals.

(2) The Board effectively conducted Directors' training and continuously improved duty performance capability

In 2019, Directors actively participated in the relevant trainings organised by supervisory departments and stock exchanges. The Company also organised specialised institutions such as law firms to conduct special training on the Hong Kong Listing Rules. In addition, Directors were kept duly informed of the operation and management of the Company, latest policies and regulations of securities market and relevant information through Newsletter of Directors and Supervisors and Regulations of Securities Market and Case Analysis provided by the Company on a regular basis.

(3) The Board strictly implemented the resolutions approved at general meetings and actively protected the legal interests of shareholders

In 2019, the Board convened one general meeting, on which it considered and approved 20 resolutions. According to the 2018 Profit Distribution Plan, the Board distributed cash dividend of RMB0.15 (tax inclusive) per share to the Shareholders, with total cash dividends amounting to RMB2,645 million. By strictly implementing the resolutions approved at general meetings, the Board performed the duties conferred by the Articles of Association and effectively protected the legal interests of all Shareholders.

2. Attendance of the meetings

The details of the attendance are as follows:

| Name of Directors | Attendance of the meetings | Name of Directors | Attendance of the meetings |
|--------------------------------------|--|--|---|
| Zhou Jie | 8 required attendances, 8 actual attendances in person | Zhu Hongchao (Independent Director) | 5 required attendances, 5 actual attendances in person |
| Qu Qiuping | 8 required attendances, 6 actual attendances in person, 2 attendances by proxy | Zhou Yu (Independent Director) | 5 required attendances, 5 actual attendances in person |
| Ren Peng | 5 required attendances, 5 actual attendances in person | Wu Yuezhou (Resignation) | 3 required attendances, 2 actual attendances in person, 1 attendance by proxy |
| Tu Xuanxuan | 5 required attendances, 5 actual attendances in person | Zhang Xinmei (Resignation) | 3 required attendances, 2 actual attendances in person, 1 attendance by proxy |
| Yu Liping | 8 required attendances, 8 actual attendances in person | Shen Tiedong (Resignation) | 3 required attendances, 3 actual attendances in person |
| Chen Bin* | 8 required attendances, 7 actual attendances in person, 1 attendance by proxy | Liu Cheeming (Resignation) | 3 required attendances, 3 actual attendances in person |
| Xu Jianguo | 8 required attendances, 7 actual attendances in person, 1 attendance by proxy | Xiao Suining (Resignation) | 7 required attendances, 7 actual attendances in person |
| Zhang Ming (Independent Director) | 8 required attendances, 7 actual attendances in person, 1 attendance by proxy | Feng Lun (Resignation) | 3 required attendances, 1 actual attendance in person, 2 attendances by proxy |
| Lam Lee G. (Independent Director) | 8 required attendances, 8 actual attendances in person | | |

* Chen Bin has resigned on March 26, 2020

III. MAJOR WORK OF THE BOARD IN 2020

1. Comprehensively promoting the three-year development strategy plan in accordance with high-quality development requirements

The year of 2020 marks the full conclusion of the Company's three-year development plan, and emphasis on strategic guidance has been the critical factor why the Company stays ahead of the competition over the long term. The Board of the Company will continue to guide the management to fully implement the strategic development plan and comply with high-quality development requirements, focus on the layout, coordinate development, implement the Company's development path from "large" to "strong" and further to "excellent", and realise its transformation from a high-speed development mode to a high-quality development mode.

2. Promoting equity financing of the Company and improving the precise allocation capability and allocation efficiency of assets and liabilities

The Board will continue to promote the Company to strengthen its capital strength, optimise its capital structure, strengthen communication with potential investors, and actively and prudently choose the reporting and issuance window to ensure the smooth implementation of the non-public issuance of A shares. The Board will also continue to promote the management of assets and liabilities of the Company, enrich financing channels, reduce financing costs and optimise the internal fund pricing system with various debt financing instruments such as financial bonds, so as to provide support for guiding capital flow into business lines with high profitability and improving the return on capital of the Company.

3. Further enhancing our risk prevention capability and continue to strengthen compliance management

The Board will continue to increase the Company's risk prevention capability, pay attention to pre-event efficiency, in-process inspection and post-event accountability and meanwhile ensure proper control before, during and after event. Further, the Company will continue to optimise the Company's authorisation management system transferring from compliant authorisation compliance to rational quantified authorisation. The Board will continue to promote the establishment of a unified compliance and risk control system for the subsidiaries, and improve the compliance and risk control work in all domestic and overseas business areas of the Company.

4. Continuing to stimulate innovation and strive to transform head-start on internationalization into competitive advantages

The Board will continue to support the Company to place innovation work in an important position, promote the Company to timely follow up the regulatory-led policy adjustment and product innovation, actively encourage the Company to promote independent innovation and create a good atmosphere of innovation and development throughout the Company. Internationalization is a major innovation in the strategic level of the Company over the years and an important breakthrough for the Company to seek differentiated development against the backdrop of homogeneous competition in the industry. While broadening the source of income, the Company aims to gradually strengthen the Group's talent pool, enrich product categories and improve the management and control system through in-depth international practice, so as to continuously enhance the Group's international competitiveness.

5. Fully boosting technology empowerment and strengthening corporate infrastructure

As one of the major strategies of the Company, the Board will promote the information construction of the Company under the guidance of “unified management, self-initiation and controllability, integration of business and leading development”, and strive to achieve and maintain the leading level of the Company’s technological strength in the domestic industry by enhancing the technological governance mechanism, consolidating the construction of infrastructure, realizing independent research and development of important business systems, and enhancing the risk prevention and control capability of the science and technology bureau.

6. Effectively implementing the new Securities Law, improving the level and quality of corporate governance, fulfilling the social responsibilities of public companies and strengthening brand influence

The Board will continue to thoroughly study the new Securities Law, interpret new laws and regulations, actively implement the latest requirements of the new Securities Law and supporting laws and regulations on corporate governance, continuously improve the structure and mechanism of corporate governance, and take our corporate governance to the next level. The Board will continue to strengthen the standardization of information disclosure and the specialization of investor relations management, fulfill the social responsibilities a public company should have, enhance the awareness and influence of the Company’s brand with a good market image, and enhance the value of the Company.

In 2019, with the full support of domestic and overseas Shareholders, the Board of Directors strived for exploration and progress, performed its duties in due diligence, seized the opportunities for reforms in the market, actively responded to challenges and strived to resolve risks. The year of 2020 is a concluding year of the Company’s three-year development plan. The Board of the Company will diligently implement the financial regulatory requirements, and be proactive, continuously improve the decision-making capability, promote and support the management to be well prepared for Haitong’s deepened reform, transformation and recommencement, aiming to become a role model for investment banks in China.

The above report is hereby proposed for consideration and approval of the general meeting.

**Board of Directors of
Haitong Securities Co., Ltd.**
18 June 2020

**2019 REPORT OF THE SUPERVISORY COMMITTEE OF
HAITONG SECURITIES CO., LTD.¹**

Dear Shareholders,

As entrusted by the Supervisory Committee, the work report of the Supervisory Committee for the year of 2019 is hereby presented for your consideration.

In 2019, facing the severe challenges from the complicated domestic and overseas environment, the Company seized the opportunities brought by the deepening reform of the PRC capital market to resolve risks. The overall development of various business was steady, with its major financial indicators and business indicators continuing ranking in the forefront of the industry. At 31 December 2019, the Company's total assets amounted to RMB636.794 billion, the equity net asset attributable to shareholders of the listed company amounted to RMB126.090 billion, and the net capital of the parent company amounted to RMB72.875 billion. The Company's operating revenue amounted to RMB34.429 billion, and the net profit attributable to shareholders of the listed company was RMB9.523 billion, with earnings per share and net assets per share reaching RMB0.83 and RMB10.96, respectively. The company continues maintaining the highest rating of Grade AA under Class A in the classified supervision evaluation of the CSRC.

In 2019, with active support and cooperation of the Board and the management, the Supervisory Committee continued to diligently perform its duties to promote the compliant and healthy development of the Company and safeguard the legal rights and interests of the Company and Shareholders in the spirit of accountability to all Shareholders and in strict accordance with laws and regulations including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), the Articles of Association, the Rules of Procedure for the Supervisory Committee and Rules of Performance for the Supervisory Committee (Trial) of the Company, etc.

As entrusted by the Supervisory Committee, I report the major work of the Supervisory Committee in 2019 as follows for your consideration:

I. MAJOR WORK OF THE SUPERVISORY COMMITTEE IN 2019

1. Performing legal duties and deliberating major events

In 2019, the Supervisory Committee convened five meetings and considered relevant reports and proposals including the Company's annual report, interim report, quarterly reports and other periodic financial reports, annual compliance reports and annual reports on the evaluation of internal control, as well as such important issues as the amendments to the accounting policy and the election of new session of the supervisory committee.

¹ Unless the context otherwise requires, all amounts under this report are set out in RMB.

Details about the five meetings of the Supervisory Committee are as follows:

| Serial no. | Name of the meetings | Date of the meetings | Approved proposals | Form of the meetings |
|------------|---|----------------------|--|-----------------------------|
| 1 | 21st meeting of the sixth session of the Supervisory Committee | 27 March 2019 | 1. 2018 Annual Report of the Company 2. 2018 Annual Internal Control Evaluation Report of the Company 3. 2018 Annual Compliance Report of the Company 4. 2018 Annual Work Report of the Supervisory Committee of the Company 5. Resolution on Amendment of the Company's accounting policy 6. Resolution on Amendment of the Rules of Procedure for meetings of the Supervisory Committee of the Company 7. The proposal regarding the election of new session of the supervisory committee of the Company | On-site and Conference call |
| 2 | 22nd meeting of the sixth session of the Supervisory Committee | 25 April 2019 | First Quarterly Report for the Year 2019 of the Company | On-site and Conference call |
| 3 | 1st meeting of the seventh session of the Supervisory Committee | 18 June 2019 | Resolution regarding the Election of the Vice Chairman of the Supervisory Committee | On-site |
| 4 | 2nd meeting of the seventh session of the Supervisory Committee | 30 August 2019 | 2019 Interim Report of the Company | On-site |
| 5 | 3rd meeting of the seventh session of the Supervisory Committee | 30 October 2019 | Third Quarterly Report for the Year 2019 of the Company | Correspondence |

2. Attending the general meetings and meetings of the Board and supervising the implementation of the corporate governance system

In 2019, Supervisors attended the 2018 annual general meeting convened on 18 June 2019, at which Supervisors supervised the legality and compliance of the process of making decisions on significant events, such as considering and approving the periodic reports of the Company, amending the Articles of Association and amending the plan of the non-public issuance of A shares.

Supervisors attended five on-site meetings of the Board, i.e. the 36th meeting of the sixth session of the Board convened on 27 March 2019, the 37th meeting of the sixth session of the Board convened on 25 April 2019, the 1st meeting of the seventh session of the Board convened on 18 June 2019, the 3rd meeting of the seventh session of the Board convened on 30 August 2019, and the 5th meeting of the seventh session of the Board convened on 30 December 2019, and supervised deliberation and voting of the Board on periodic financial reports, work reports of the Board, work reports of Independent Directors, compliance reports and report on evaluation of internal control, formulation of major development strategies, decisions on significant events such as major investments and financing, formulation of important rules and regulations of the Company, and performance appraisal and motivation of the management. Notices and materials relating to the meetings convened by the Board through voting by correspondence were also issued to Supervisors for review. By attending meetings of the Board and reviewing various resolutions at the meetings of the Board convened through voting by correspondence, the Supervisory Committee supervised in real time the entire decision-making process of the Board regarding significant events and learned about the implementation of resolutions of the Board by the management, which helped to effectively perform its supervisory functions.

3. Promoting the improvement of the compliance and risk control system and ensuring the sustainable development of the Company

In 2019, the Board considered the Proposal regarding the Establishment and Amendment to the Relevant Compliance Management Systems, approved the Management Measures for the Information Wall, the Management Measures for the Conflict of Interest and the Management Measures of Money Laundering and Terrorism Financing Risk of the Company, and listened to the Working Report on Compliance Management of the Company for the First Half of 2019. During meetings of the Board, Supervisors listened to related special reports and supervised the full process of consideration of the above resolutions. Moreover, at the beginning of 2020, special reports were submitted to the Supervisory Committee to report details in respect of the compliance of overseas subsidiaries and cross-border business development, as well as the establishment and use of internal rating system in order to be supervised by all Supervisors.

Annual compliance reports of the Company were submitted as resolutions to the Supervisory Committee for consideration. Monthly, quarterly and interim compliance and risk control reports of the Company were submitted to the vice chairman of the Supervisory Committee for review so that the Supervisory Committee is able to acquire full knowledge of compliance and risk control particulars of the Company.

The Supervisory Committee is committed to integrating various supervisory resources of the Company to improve the efficiency of duty performance. The Company continued to adhere to the internal control and compliance management joint meeting system. The meeting was convened by vice chairman of the Supervisory Committee and attended by General Compliance Officer, Chief Risk Control Executive, Chief Financial Officer, Employee Representative Supervisors and persons in charge of the relevant departments. Taking advantage of the synergy of corporate governance supervision, discipline inspection and supervision, compliance and risk control supervision and audit supervision, the quarterly joint meeting played an active role in preventing and mitigating ethic risks and operational risks, thereby ensuring business compliance and controllable risks and regulating duty performance of the staff. This enabled the Supervisory Committee to promptly get informed of potential risks of the Company and to track and urge relevant departments to effectively solve actual problems in compliance and internal control.

4. Examining financial position of the Company and supervising the Company to continuously improve its asset quality

Monthly financial reports of the Company were submitted to the vice chairman of the Supervisory Committee for review, and monthly financial data were also submitted to all Supervisors for review in a timely manner. The Supervisory Committee deliberated the annual, semi-annual and quarterly financial reports of the Company and listened to the reports on the annual, semi-annual and quarterly financial positions of the Company and annual final accounts and budget.

In 2019, the Company issued several debt financial instruments, including subordinated bonds, corporate bonds and financial bonds. At the beginning of 2020, the special report on use of the proceeds from the aforesaid issuance was submitted to the Supervisory Committee for all Supervisors' supervision. Meanwhile, the Company has also provided the Supervisory Committee with a written special report on the new measures on fund management and liquidity risk management.

5. Supervising duty performance of the Company's management and promoting due diligence of the Company's senior management

The Supervisors were present at the Board meetings to supervise the whole process of election of the new session of the Board, to determine the employment and the annual assessment, as well as the performance appraisal and motivation schemes for senior management.

6. Supervising major operation and management activities of the Company to promote the compliant operation and business development of the Company

In 2019, as the Board considered the amendment of the plan of non-public issuance of A Shares, purchase of office occupancy, material guarantees and important authorisation of the Board, the Supervisors present also expressed their opinions and recommendations. At the beginning of 2020, according to market hotspots, the Company submitted to the Supervisory Committee a special report on the situation related to underwriting corporate bonds for all Supervisors' supervision.

Based on the specific conditions of the business of the subsidiaries, the Supervisory Committee conducted on-site survey on Haitong Chuangxin Securities Investment Company Limited* (海通創新證券投資有限公司) and Shanghai Haitong Securities Asset Management Company Limited* (上海海通證券資產管理有限公司), which confirmed the relevant administrative measures of the above subsidiaries, and also pointed out the problems in the actual operation and the measures required to be improved by the Company and the subsidiaries, and urged the subsidiaries to further strengthen the compliance and risk control measures while expanding their businesses, so as to prevent various risks.

Attendances of the vice chairman of the Supervisory Committee at meetings of the general manager office, other various meetings of special committees and thematic meetings of the Company helped the Supervisory Committee promptly keep informed of various major decisions and operating conditions of the Company and play its supervisory role.

7. Continuously improving self-building of the Supervisory Committee to enhance duty performance capability

In 2019, The Supervisory Committee of the Company completed the election of the new session. Among the eight members of the new session of the Supervisory Committee, three of them have financial background, two of them have legal background, and the remaining three members have years of experiences in investment or management in large enterprises, which formed a reasonable structure, laying a foundation for the new session of the Supervisory Committee to perform its duties better.

Since 2018, employee representative Supervisors shall debrief to the employees' representative meeting. Since 2019, the employees' representative meeting shall conduct annual assessment on duty performance for every employee representative in accordance to the Measures for the Assessment of Duty Performance of Employee Representative Supervisors (Trial). At the beginning of 2019, the 4th employees' representative meeting of the fourth session of the Company conducted assessment on duty performance for five employee representatives.

In 2019, the Company formulated relevant regulations on the performance of duties, daily management and performance appraisal of Supervisors of the subsidiaries, including the Duty Performance of Supervisors of Subsidiaries, the Administrative Measures for Supervisors of

Subsidiaries, the Administrative Measures for Information Database of Dispatched Supervisors of Subsidiaries and the Performance Appraisal Measures for Dispatched Supervisors of Subsidiaries, which were issued to relevant subsidiaries and departments for implementation. The Company believes that the work of the Supervisory Committee (Supervisors) of the subsidiaries can promote the construction of the corporate governance structure system of the subsidiaries, thus ensuring the steady development of the whole Group. The Supervisory Committee also organised and convened four regular meetings of Supervisors of the subsidiaries, delivered the new documents issued by the supervisory departments, carried out exchanges on the (supervisory) works conducted by the Supervisory Committee of each subsidiary, and listened to the introduction of relevant risks and compliance cases to discuss and analyze how to avoid the circumstances.

To enhance the performance skills of the Supervisors, the Supervisory Committee has attached great importance to the training for the Supervisors. In 2019, the Supervisors of the Company not only participated in the relevant training organised by the supervisory departments and the Stock Exchange, but also participated in the on-site and the written training organised by the Company. After the election of the new session of the Supervisory Committee, the Company immediately arranged the training regarding the information disclosure in Hong Kong conducted by overseas attorneys. The Office of the Supervisory Committee compiled Regulations of Securities Market and Case Analysis quarterly to deliver information regarding the updates of regulatory policies and regulations of both domestic and overseas financial market to each Supervisor in a timely manner, enabling the Supervisors to know the position of the latest regulatory trend in time and implement effective supervision.

II. THE 4TH MEETING OF THE SEVENTH SESSION OF THE SUPERVISORY COMMITTEE AND EVALUATION THEREOF ON OPERATING MANAGEMENT OF THE COMPANY

On 26 March 2020, the 4th meeting of the seventh session of the Supervisory Committee listened to the Report on Operation of the Company in 2019 and Business Plans for 2020, 2019 Final Accounts Report of the Company and 2019 Profit Distribution Plan of the Company, and considered the 2019 Annual Report of the Company, Report on Evaluation of Internal Control of the Company in 2019, 2019 Compliance Report of the Company, etc. Upon deliberation, the Supervisory Committee was of the view that:

1. Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) audited the financial statements and notes (A Shares) for 2019 prepared by the Company according to PRC GAAP and issued Deshibao (Shen) Zi No. P00824 standard and unqualified audit report. Deloitte Touche Tohmatsu audited the financial statements and notes (H Shares) for 2019 prepared by the Company according to IFRS and issued an unqualified audit report. Pursuant to the above audit reports, the financial statements including the Company's 2019 consolidated balance sheet of A Shares (consolidated statement of financial position of H Shares), consolidated income statement of A Shares (consolidated statement of profit or loss and other comprehensive income of H Shares), consolidated statement of cash flows

of A Shares and H Shares, consolidated statement of changes in owners' equity of A Shares (consolidated statement of changes in equity of H shares) conformed to PRC GAAP (A Shares) or IFRS (H Shares), respectively, which truly and fairly reflected the Company's financial position at the end of 2019 and operating results and cash flows for the year of 2019 in all material respects and was recognised by the Supervisory Committee upon review.

2. The Company has a sound corporate governance structure, which is in compliance with the regulatory requirements in Mainland China and Hong Kong. In 2019, the Company conducted the elections of the new sessions of the Board and the Supervisory Committee, re-appointed the senior management, completed the relevant decision-making and consideration procedures, and made information disclosure in accordance with the regulatory requirements.

The Board and the management of the Company diligently performed duties in accordance with laws and regulations. The Company fulfilled the overall objectives set at the beginning of the year with the key financial indicators continued to occupy a leading position in the PRC securities industry. During the operation, none of the Directors or senior management was found violating laws and regulations or damaging the interests of Shareholders, the Company or the staff.

3. In 2019, the Company's businesses were conducted steadily. Compliance management and the business development were merged organically, a relatively complete compliance management structure was established, and there were no major violations of laws or regulations nor significant compliance risks. The Company has evaluated the effectiveness of compliance management for 2019 and did not identify any significant defect on compliance management and significant compliance risks regarding the compliance management environment, performance of compliance management functions and the construction and operation of the business management system and mechanism of the Company.

In 2019, the Company further promoted the construction of the Group risk management system and further improved the comprehensive risk management capability. All risk control indicators met the regulatory requirements, risk management capability of the Group was significantly improved.

On the reporting base date of the internal control evaluation report of 2019, there were no significant defects in terms of the internal control in financial reports, and there were no significant defects in terms of internal control in non-financial reports. The external certified public accountants were of the opinion that the Company had maintained effective internal control on financial reports pursuant to the Basic Standards for Enterprise Internal Control and relevant regulations in all material aspects, and they did not identify any significant defects in non-financial reports related internal control systems.

4. In 2019, the Company seized the opportunities of reforms in the capital market, achieved excellent operating results, and successfully accomplished major strategic tasks: the Company's application for non-public offering of A-shares was approved by the CSRC Issuance Examination Committee; Haitong UT Capital Group Co., Limited successfully completed its listing on the Hong Kong Stock Exchange; Haitong Bank's application for the establishment of the Macau branch was approved by the Banco de Portugal. In 2019, the Company strengthened its capability construction regarding capital and investment management to obtain good investment results; strengthened the capability construction of investment banking underwriting and pricing to rank top in the industry in terms of various indicators; strengthened the capability construction of asset management to significantly increase the level of profit; strengthened the capability building of wealth management to continuously improve its wealth management service system; strengthened the capability construction of institutional brokerage and sales to gain more customers. Meanwhile, the Company continued to reinforce the four pillars including compliance and risk management, talent, IT and research, and consolidated the foundation of development. The conglomerated and united management capability enhanced significantly.
5. The Company complied with relevant laws and regulations on use of proceeds. In 2019, the parent company issued debt finance instruments for or over one year with a scale of RMB28.825 billion, and short-term finance bonds with a maturity period less than 91 days and a scale of RMB20 billion by issuing subordinated bonds, corporate bonds, financial bonds, asset-based securities and short-term financial bonds, which were mainly used to replenish the working capital and pay back the debt, thus to meet the fund demand of the Company for its adjustment of debt structure. The Company has strictly complied with the relevant requirements of the PRC and the Company regarding the management on the transfer, deposit and use of the proceeds, and all businesses relating the proceeds have been conducted in compliance with the authorisation and approval procedures, so as to ensure the compliance of the proceeds usages.
6. The decision-making, compliance of review procedure and disclosure of relevant information regarding related party transactions of the Company are timely, truthful and complete.

III. SUPERVISORY OPINIONS AND RECOMMENDATIONS

In the spirit of accountability to the Shareholders and to promote sustainable and sound development of the Company, the Supervisory Committee is putting forward the following recommendations:

- 1. Taking the opportunity of implementing the revised Securities Law to enhance the overall strength of the Company**
- 2. Continuing to improve the Group's asset and liability management level and strengthen the coordination and management ability at the Group level**
- 3. Continue to promote the full coverage of the compliance management system of the Group and improve the compliance management of the Group's cross-border business**

IV. WORK PLAN OF THE SUPERVISORY COMMITTEE FOR 2020

- 1. To supervise the reinforcement of the compliance risk control management capabilities of the Company;**
- 2. To supervise the financial key matters;**
- 3. To supervise the performance of duties of the Directors and senior managements;**
- 4. To organise on-site surveys and develop an in-depth understanding of the Company's major business and investments;**
- 5. To strengthen the work of the Supervisory Committee of the subsidiary; and**
- 6. To improve self-building of the Supervisory Committee.**

The above report is proposed for consideration and approval of the general meeting.

**Supervisory Committee of
Haitong Securities Co., Ltd.**
18 June 2020

**FINAL ACCOUNTS REPORT
OF HAITONG SECURITIES CO., LTD. FOR THE YEAR OF 2019¹**

2019 marks the 70th anniversary of the founding of the People's Republic of China; during the year, China's overall macro-economy remained stable, and major reform measures were introduced in the capital market. The opening-up level of the capital market was enhanced significantly. Under the leadership of the Shanghai Committee of the Communist Party of China, Shanghai Municipal Government, State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government and the Board, the Company steadily promoted its business. The Company has preliminarily accomplished three major strategic tasks formulated in the beginning of the year. The Company's application for non-public offering shares was approved by the CSRC. Haitong UT successfully completed its H-shares listing on the Hong Kong Stock Exchange. The establishment of the Macau branch of Haitong Bank proceeds smoothly. The Group ranked at the forefront in the industry in terms of key financial indicators in 2019.

I. FINANCIAL POSITION AND OPERATING RESULTS

Unit: RMB100 million

| Item | A Shares | | | H Shares | | |
|---|----------------|----------------|------------------------------|----------------|----------------|------------------------------|
| | End of 2019 | End of 2018 | Increase/ Decrease (%) | End of 2019 | End of 2018 | Increase/ Decrease (%) |
| Total Assets | 6,367.94 | 5,746.24 | 10.82% | 6,367.94 | 5,746.24 | 10.82% |
| Total Liabilities | 4,956.75 | 4,444.38 | 11.53% | 4,956.75 | 4,444.38 | 11.53% |
| Net Assets | 1,260.91 | 1,178.59 | 6.98% | 1,260.91 | 1,178.59 | 6.98% |
| Net Capital (parent company) | 728.7 | 713.8 | 2.10% | 728.7 | 713.8 | 2.10% |
| Item | A Shares | | | H Shares | | |
| | 2019 | 2018 | Increase/ Decrease (%) | 2019 | 2018 | Increase/ Decrease (%) |
| Operating income/income and other revenues | 344.29 | 237.65 | 44.87% | 515.52 | 386.70 | 33.31% |
| Operating expenses/total expenses | 210.53 | 166.55 | 26.40% | 378.30 | 311.32 | 21.51% |
| Profit before income tax | 138.72 | 75.70 | 83.24% | 138.72 | 75.70 | 83.24% |

¹ Unless otherwise stated, financial data in this report are based on the audited consolidated statements (A Shares) and are presented in RMB, and the data involving net profit, net assets and total consolidated income are based on those attributable to the owners of the parent company. Principal financial indicators in this report are based on China Enterprise Accounting Standards (CEAS).

| Item | A Shares | | | H Shares | | |
|--|----------|-------|------------------------------|----------|-------|------------------------------|
| | 2019 | 2018 | Increase/ Decrease (%) | 2019 | 2018 | Increase/ Decrease (%) |
| Net Profit | 95.23 | 52.11 | 82.75% | 95.23 | 52.11 | 82.75% |
| Total consolidated revenue | 98.59 | 30.93 | 218.78% | 98.59 | 30.93 | 218.78% |
| Earnings per share (EPS) (RMB/share) | 0.83 | 0.45 | 84.44% | 0.83 | 0.45 | 84.44% |

(I) Assets and Liabilities

Assets

At the end of 2019, the total assets of the Group was RMB636.794 billion, increasing by RMB62.170 billion or 10.82% as compared to RMB574.624 billion at the end of last year. The major changes were: financial assets such as financial assets held for trading, other debt investment and investment in other equity instruments increased by RMB40.907 billion, long-term receivables increased by RMB21.944 billion, bank balances and cash, clearing settlement funds and deposits with exchanges increased by RMB20.912 billion, financial assets held under resale agreements decreased by RMB25.194 billion, and finance lease receivables decreased by RMB8.711 billion.

Financial assets of the Group such as trading financial assets, other debt investment and investment in other equity instruments accounted for 39% of the Group's total assets. Cash and cash equivalents, deposit reservation for balance and refundable deposits accounted for 21% of total assets. Financial assets held under resale agreements accounted for 9% of total assets. Advances to customers on margin financing accounted for 8% of total assets. Finance lease receivables accounted for 8% of total assets, and fixed assets, right-of-use assets, construction in progress and investment properties accounted for 1% of the Group's total assets. Most assets have relatively strong realization capability, and the Group assets are well-structured with high liquidity.

Liabilities

At the end of 2019, the total liabilities of the Group was RMB495.675 billion, increasing by RMB51.237 billion or 11.53% as compared to RMB444.438 billion at the end of last year. The major changes were: financial assets sold under repurchase agreements and placements from banks and other financial institutions increased by RMB18.403 billion; accounts payable to brokerage clients increased by RMB15.570 billion, and short-term borrowings and long-term borrowings increased by RMB7.922 billion.

(II) Financial Revenues and Expenditures***Operating Income***

In 2019, the operating income of the Group was RMB34.429 billion, increasing by RMB10.664 billion or 44.87% as compared to RMB23.765 billion for the same period of last year. The major changes were:

- 1) net commission income from the brokerage business was RMB3.571 billion, increasing by RMB0.565 billion or 18.81% as compared to RMB3.006 billion for the same period of last year, which was mainly due to the Group's focusing on transformation of wealth management business and broadening its product lines;
- 2) net commission income from investment banking business was RMB3.457 billion, increasing by RMB0.240 billion or 7.44% as compared to RMB3.217 billion for the same period of last year, which was mainly due to the Group's efforts in developing high-quality customers in its investment banking business, improving project execution effectiveness and hence steadily increasing its income;
- 3) net commission income from asset management business was RMB2.395 billion, increasing by RMB0.470 billion or 24.43% as compared to RMB1.925 billion for the same period of last year, which was mainly due to the rapid growth of AUM, as actively managed by the Group's asset management subsidiary.
- 4) net interest income was RMB4.148 billion, decreasing by RMB0.672 billion or 13.95% as compared to RMB4.820 billion for the same period of last year, which was mainly due to the increase of interest expense;
- 5) return on investment and gain from changes in fair value was RMB11.600 billion, increasing by RMB8.084 billion or 229.90% as compared to RMB3.516 billion for the same period of last year, which was mainly due to seizing market opportunities, adjusting asset portfolio and the increase in profits from investments in the financial instrument.
- 6) income from other businesses was RMB8.428 billion, increasing by RMB1.753 billion or 26.26% as compared to RMB6.675 billion for the same period of last year, which was mainly due to the increase in sales income of subsidiaries.

Operating Expenses

In 2019, the operating expenses of the Group was RMB21.053 billion, increasing by RMB4.398 billion or 26.40% as compared to RMB16.655 billion for the same period of last year. The major changes were:

- 1) taxes and surcharges was RMB0.162 billion, decreasing by RMB0.010 billion or 5.66% as compared to RMB0.172 billion for the same period of last year;
- 2) business and management fee was RMB11.095 billion, increasing by RMB1.712 billion or 18.24% as compared to RMB9.383 billion for the same period of last year, which was mainly due to the increase in salaries of employees;
- 3) credit impairment loss was RMB2.847 billion, increasing by RMB1.225 billion or 75.53% as compared to RMB1.622 billion for the same period of last year, which was mainly due to the increase in credit impairment loss in respect of other debt investment;
- 4) costs of other businesses was RMB6.956 billion, increasing by RMB1.503 billion or 27.56% as compared to RMB5.453 billion for the same period of last year, which was mainly due to the increase in sales costs of subsidiaries.

Revenue

In 2019, the profit before income tax of the Company was RMB13.872 billion and net profit of RMB9.523 billion, increasing by RMB4.312 billion or 82.75% as compared to RMB5.211 billion for the same period of last year. In particular: the parent company logged net profit of RMB6.745 billion (including the investment income of RMB0.220 billion of the associated company, Fullgoal Fund, computed based on the equity method and the dividends of RMB0.742 billion received from subsidiaries); total net profit contributed by subsidiaries attributable to the Company reached RMB3.571 billion (including RMB1.421 billion by Haitong International Holdings, RMB0.741 billion by Haitong Capital, RMB0.696 billion by HT Asset Management, RMB0.414 billion by Haitong Innovation, RMB0.143 billion by Haitong Futures, RMB0.114 billion by HFT Investment, and RMB0.042 billion by Haitong-Fortis PE).

In 2019, the Company's EPS was RMB0.83, and increased by 84.44% as compared to RMB0.45 for the same period of last year.

In 2019, total comprehensive income of the Company was RMB9.859 billion, and increased by RMB6.766 billion or 218.78% as compared to RMB3.093 billion for the same period of last year.

(III) Net Assets and Net Capital

At the end of 2019, the net assets of the Company amounted to RMB126.091 billion, and increased by RMB8.232 billion or 6.98% as compared to RMB117.859 billion at the beginning of the year. The main changes included: the net profit increased by RMB9.523 billion in net assets; distribution of dividend for 2018 led to a decrease of RMB1.725 billion in net assets and changes in other comprehensive income such as changes in fair value of investment in other equity instruments led to an increase of RMB0.335 billion in net assets.

At the end of 2019, the net asset value per share of the Company was RMB10.96, increased by RMB0.71 as compared to RMB10.25 per share at the end of last year.

At the end of 2019, net capital of the parent company was RMB72.875 billion, increased by RMB1.498 billion as compared to RMB71.377 billion at the beginning of the year. The main changes included: net capital increased by RMB5.492 billion due to growth of net assets; net capital decreased by RMB3.634 billion due to the increase in asset items, and net capital decreased by RMB0.340 billion due to the decrease in subordinated debts. The proportion of net capital as to net asset of the parent company at the end of the period was 64.10%. All risk control indicators complied with the requirements under the Administrative Measures on Risk Control Index of Securities Companies. The assets of the Company were well structured with high liquidity and good quality.

Major Differences between A Shares and H Shares

The difference between total income and expenses stated in the financial statement of H Shares prepared according to IFRS and operating income and expenses stated in the financial statement of A Shares prepared according to the Accounting Standard for Business Enterprises was mainly because of the difference resulting from the reflection in both income and expense of commission charges and interests, and the reflection of net amount of commission charges and interests.

There were no differences in total assets, total liabilities and net assets in the respective financial statements of A Shares and H Shares.

II. PRINCIPAL FINANCIAL INDICATORS

| S/N | Item | End of 2019 | End of 2018 | Increase/ Decrease (%) | End of 2017 |
|-----|--|----------------|----------------|--|----------------|
| 1 | Total assets (RMB100 million) | 6,368 | 5,746 | 10.82 | 5,347 |
| 2 | Equity attributable to owners of the parent company (RMB100 million) | 1,261 | 1,179 | 6.98 | 1,178 |
| 3 | Equity (RMB100 million) | 1,411 | 1,302 | 8.40 | 1,297 |
| 4 | Liabilities (accounts payable to brokerage clients inclusive) (RMB100 million) | 4,957 | 4,444 | 11.53 | 4,050 |
| 5 | Liabilities (accounts payable to brokerage clients exclusive) (RMB100 million) | 4,082 | 3,725 | 9.57 | 3,212 |
| 6 | Net asset value per share (RMB/share) | 10.96 | 10.25 | 6.98 | 10.24 |
| 7 | Gearing ratio | 74.31% | 74.10% | Increased by 0.21 percentage points | 71.24% |
| 8 | Leverage ratio | 3.89 | 3.86 | Increased 0.03 | 3.48 |
| 9 | Leverage ratio (accounts payable to brokerage clients inclusive) | 4.51 | 4.41 | Increased 0.10 | 4.12 |

| S/N | Item | 2019 | 2018 | Increase/ Decrease (%) | 2017 |
|-----|---|--------|--------|--------------------------------------|--------|
| 1 | Operating income (RMB100 million) | 344.29 | 237.65 | 44.87 | 282.22 |
| 2 | General Administration fee (RMB100 million) | 110.95 | 93.83 | 18.24 | 97.55 |
| 3 | Profit before income tax (RMB100 million) | 138.72 | 75.70 | 83.24 | 128.89 |
| 4 | Net profit (RMB100 million) | 105.41 | 57.71 | 82.66 | 98.76 |
| 5 | Net profit attributable to owners of the Company (RMB100 million) | 95.23 | 52.11 | 82.75 | 86.18 |
| 6 | Weighted average returns on net assets | 7.81% | 4.42% | Increased by 3.39 percentage points | 7.56% |
| 7 | Earnings per share (RMB/share) | 0.83 | 0.45 | 84.44 | 0.75 |
| 8 | Operating profit margin | 38.85% | 29.92% | Increased by 8.93 percentage points | 43.54% |
| 9 | Operating expense ratio | 32.23% | 39.48% | Decreased by 7.25 percentage points | 34.57% |
| 10 | Cost management capability | 1.08 | 1.22 | Decreased by 13.14 percentage points | 1.14 |

| S/N | Item | End of 2019 | End of 2018 | Increase/ Decrease (%) | End of 2017 |
|-----|--|----------------|----------------|------------------------------|----------------|
| 1 | Total assets of the parent company (RMB100 million) | 3,419 | 3,061 | 11.70 | 3,083 |
| 2 | Net assets of the parent company (RMB100 million) | 1,137 | 1,082 | 5.08 | 1,069 |
| 3 | Liabilities of the parent company (accounts payable to brokerage clients inclusive) (RMB100 million) | 2,283 | 1,979 | 15.33 | 2,014 |
| 4 | Liabilities of the parent company (accounts payable to brokerage clients exclusive) (RMB100 million) | 1,718 | 1,549 | 10.90 | 1,501 |
| 5 | Net capital of the parent company (RMB100 million) | 728.7 | 713.8 | 2.10 | 752.9 |

| S/N | Item | End of 2019 | End of 2018 | Increase/ Decrease (%) | End of 2017 |
|-----|---|----------------|----------------|-------------------------------------|----------------|
| 6 | Net capital/net assets of the parent company | 64.10% | 65.97% | Decreased by 1.87 percentage points | 70.46% |
| 7 | Net capital/liabilities of the parent company | 42.42% | 46.07% | Decreased by 3.65 percentage points | 50.16% |

Notes: Net asset value per share = net assets/amount of share capital at the end of the period

Leverage ratio = total assets/net assets

Weighted average returns on net assets = net profit/weighted average net asset × 100%

Earnings per share = net profit/weighted average amount of share capital

Operating profit margin = operating profit/operating income × 100%

Operating expense ratio = operating and general administration fee/operating income × 100%

Cost management capability = (operating income – return on investment – gain/loss from changes in fair value)/operating expense

Except for leverage ratio (accounts payable to brokerage clients inclusive), the total assets and liabilities in other calculation formulas do not include accounts payable to brokerage clients or liabilities.

In 2019, the weighted average returns on net assets of the Company was 7.81%, increasing by 3.39 percentage points as compared to 4.42% for the same period of last year, mainly due to the Company seizing the opportunities brought by the recovery of the market and achieving excellent operating results.

In 2019, the operating profit margin of the Company was 38.85%, increasing by 8.93 percentage points as compared to 29.92% for the same period of last year.

In 2019, the leverage ratio (accounts payable to brokerage clients exclusive) of the Company was 3.89, increasing by 0.03 as compared to 3.86 at the end of last year.

In 2019, the gearing ratio of the Company was 74.31%, showing the Company has strong debt paying ability and low financial risk.

In 2020, China's economy faces the mounting downward pressure and greater uncertainties linger in international environment. The Company will continue to implement the three-year development plan, seize the opportunities brought by the amendments to the PRC Securities Law, the successful establishment of the Sci-Tech Innovation Board and its pilot registration system, the deepened reform of the GEM and NEEQ as well as the reform in the capital market such as issuance of shares of listed companies and the mechanism of major assets restructuring, and adhere to stable operation to build an intelligent Haitong. With the mission of developing a world-class investment bank, we are committed to transforming Haitong into a leading domestic and globally influential Chinese benchmark investment bank.

The above report is proposed for consideration and approval of the general meeting.

Haitong Securities Co., Ltd.

18 June 2020

DUTY PERFORMANCE REPORT OF INDEPENDENT DIRECTORS OF
HAITONG SECURITIES CO., LTD. FOR THE YEAR OF 2019

In accordance with the relevant requirements of the Guiding Opinions on the Establishment of the Independent Director System in Listed Companies (《關於在上市公司建立獨立董事制度的指導意見》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange promulgated by the CSRC, as well as the Guidelines for the Format of Annual Duty Performance Reports of Independent Directors (《獨立董事年度述職報告格式指引》) promulgated by the Shanghai Stock Exchange, we, as the Independent Directors of Haitong Securities Co., Ltd., hereby report our work in 2019 as follows:

I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS

The term of the office of the sixth session of the Board of the Company expired and the Company started the procedure for election of new session according to the Articles of Association. The members of the seventh session of the Board were elected at the 2018 annual general meeting of the Company. By the end of 2019, the Board was comprised of eleven Directors, four of whom are Independent Directors. The basic information of each Independent Director is as follows:

Mr. Zhang Ming (張鳴先生), born in 1958, a holder of doctor's degree in economics, a professor, a doctoral supervisor and senior researcher, has served as an independent non-executive Director of the Company since 12 June 2016. He currently lectures at the School of Accountancy of Shanghai University of Finance and Economics (上海財經大學會計學院). Mr. Zhang has lectured in Shanghai University of Finance and Economics since graduation from this university in 1983 and acted as the director of the teaching office, the deputy director and the deputy head of the School of Accountancy successively. He is now a professor and doctoral supervisor in the same university. Mr. Zhang has been an independent non-executive director of Wuxi Commercial Mansion Grand Orient Co., Ltd. (無錫商業大廈大東方股份有限公司, listed on the Shanghai Stock Exchange with the stock code of 600327) since May 2015, an independent non-executive director of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司, listed on the Shanghai Stock Exchange with the stock code of 600000) since May 2016, and an independent non-executive director of National Silicon Industry Group Co., Ltd. since March 2019.

Mr. Lam Lee G. (林家禮先生), born in 1959, a holder of doctor's degree in philosophy, a Solicitor (formerly a barrister-at-law) of the High Court of Hong Kong, a senior Fellow of the Hong Kong Institute of Arbitrators and the Hong Kong Institute of Directors, an Honorary Fellow of CPA Australia (CPPA), a senior Fellow of CMA Australia, and an Honorary Fellow of the University of Hong Kong School of Professional and Continuing Education, has served as an independent non-executive Director of the Company since 6 April 2017, Non-Executive Chairman – Hong Kong and ASEAN Region and Chief Adviser of Macquarie Infrastructure and Real Assets Asia since May 2015. Dr. Lam has over 30 years of experience, including multinational corporation management, strategic consulting, corporate governance, direct investment, investment banking and fund management across the

telecommunications/media/advanced technology, consumer markets/medical healthcare, infrastructure/real estates, energy/resources and financial services sectors. Dr. Lam served as the general manager of Hong Kong Telecommunications Ltd., the senior management of the Thailand Chia Tai Group and the chairman of the board/director/chief executive officer of the Group's various subsidiaries, the managing director of BOC International Holdings Limited and the vice chairman and chief operating officer of the investment banking division, executive director of Singapore Technologies Telemedia Pte Ltd which operates under Temasek Holdings, a Singapore sovereign wealth fund and Chairman-Hong Kong/Vietnam/Cambodia/Laos/Myanmar/Thailand, and Asia Pacific senior advisor of Macquarie Capital. Dr. Lam currently serves as independent non-executive directors of CSI Properties Limited (stock code: 497), Vongroup Limited (stock code: 318), Mei Ah Entertainment Group Ltd. (stock code: 391), Elife Holdings Limited (stock code: 223), Huarong Investment Stock Corporation Limited (stock code: 2277), Hua Long Jin Kong Company Limited (stock code: 1682), Kidsland International Holdings Limited (stock code: 2122), Mingfa Group (International) Company Limited (stock code: 846) and Aurum Pacific (China) Group Ltd. (stock code: 8148), and non-executive directors of Sunwah Kingsway Capital Holdings Limited (stock code: 188), China LNG Group Limited (stock code: 931), National Arts Entertainment and Culture Group Limited (stock code: 8228), China Shandong Hi-Speed Financial Group Limited (stock code: 0412), and Tianda Pharmaceuticals Limited (stock code: 455), the shares of all of which are listed on the Stock Exchange of Hong Kong Limited. He currently serves as independent non-executive directors of China Real Estate Grp Limited (formerly known as Asia-Pacific Strategic Investments Limited, stock code: 5RA), Top Global Limited (stock code: BHO) and China Medical (International) Group Limited (stock code: 5IB), and a non-executive director of Singapore eDevelopment Limited (stock code: 40V), the shares of all of which are listed on the Singapore Exchange. Dr. Lam is also an independent director of Sunwah International Limited (stock code: TSX SWH), whose shares are listed on the Toronto Stock Exchange; and an independent non-executive director of AustChina Holdings Limited (stock code: ASX AUH), whose shares are listed on the Australian Stock Exchange; and a non-executive director of Adamas Finance Asia Limited (stock code: ADAM), whose shares are listed on the London Stock Exchange. Mr. Lam has been an independent director of Aurum Pacific (China) Group Limited (listed on the Hong Kong Stock Exchange under the stock code of 8148) since January 2019, an independent director of TMC Life Sciences Berhad (listed on the Bursa Malaysia Exchange under the stock code of 0101) since January 2019, and an independent director of Thomson Medical Group Limited (listed on the Singapore Exchange under the stock code of A50) since May 2019.

Mr. Zhu Hongchao (朱洪超先生), born in 1959, a holder of master's degree in law, a senior lawyer, has been an independent non-executive Director of the Company since 18 June 2019. He has served as the director and senior partner of Shanghai United Law Firm (上海市聯合律師事務所) since June 1986. Mr. Zhu currently serves as an arbitrator of China International Economic and Trade Arbitration Commission, Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre) and Shanghai Arbitration Commission, the vice president of the Procedure Law Studies at the Shanghai Law Society, a mediator of Shanghai Commercial Mediation Centre, and a part-time professor of Shanghai University Law School, East China University of Political Science and Law and Shanghai University of Political Science and Law. Mr. Zhu was selected as one of Shanghai Leading Talents (上海市領軍人才), is entitled to the special government allowance of the State

Council, and is a member of the legal experts of CPC Shanghai Committee (中共上海市委法律專家庫). Mr. Zhu served as a lawyer at Shanghai First Law Firm (上海市第一律師事務所) from July 1983 to June 1986. Mr. Zhu served as the deputy president of the third, fourth, fifth and sixth session of All China Lawyers Association, the president of the sixth session of Shanghai Bar Association and the chief supervisor of the seventh session of Shanghai Bar Association and a representative member of the 13th and 14th Shanghai Municipal People's Congress from 1994 to 2010. Mr. Zhu has served as an independent director of Jupai Holdings Limited (listed on NYSE under the stock code of JP (NYSE)) since June 2015; an independent director of Leju Holdings Limited (listed on NYSE under the stock code of LEJU (NYSE)) since March 2017, and an independent director of E-House (China) Enterprise Holdings Limited (listed on the Hong Kong Stock Exchange under the stock code of 2048 (HK)) since July 2018. Mr. Zhu served as an independent director of Sinochem International Corporation (listed on the Shanghai Stock Exchange under the stock code of 600500, SH) from February 2010 to December 2017; an independent director of Shanghai Guandong Electric Group Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 601616, SH) from November 2013 to December 2017; an independent director of Tengda Construction Group Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600521, SH) from October 2013 to November 2016, an independent director of Shanghai No.1 Pharmacy Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600833, SH) from September 2012 to June 2018. Mr. Zhu served as an independent director of Wonders Information Co. Ltd. (listed on the Shenzhen Stock Exchange under the stock code of 300168 (SHE)) from December 2013 to October 2019, an independent director of Chiho Environmental Group Limited (listed on the Hong Kong Stock Exchange under the stock code of 0976 (HK)) from April 2018 to 29 February 2020.

Mr. Zhou Yu (周宇先生), born in 1959, a holder of doctor's degree in economics, a researcher and a doctoral supervisor. He is an expert entitled to the special government allowance of the State Council and an executive director of China Association of World Economic Research (中國世界經濟學會). He has been an independent non-executive Director of the Company since 18 June 2019. Mr. Zhou has served as the director of the International Finance Research Institution of the Institute of World Economy of Shanghai Academy of Social Sciences (上海社會科學院世界經濟研究所國際金融研究室), the director of the International Finance Monetary Research Centre of Shanghai Academy of Social Sciences (上海社會科學院國際金融貨幣研究中心) since October 2008, as well as the chief expert and principal of the International Finance Discipline Innovation Project of the Shanghai Academy of Social Sciences (上海社會科學院國際金融學科創新工程) since January 2015. Mr. Zhou served as a teacher of the Finance Department at Xinjiang University of Finance and Economics from August 1982 to March 1992, among which, he served as a guest research fellow at Osaka University of Commerce from April 1990 to March 1992. He pursued a master's degree and a doctor's degree at the Department of Economics of Osaka City University from April 1992 to March 2000, served as a guest research fellow at the Graduate School of Economics of Osaka City University from April 2000 to November 2000, served in various positions at the Institute of World Economy of Shanghai Academy of Social Sciences including assistant researcher, associate researcher, deputy director of the Finance Research Institution from December 2000 to October 2008, among which, he served as a post-doctoral fellow of economic theory at Shanghai Academy of Social Sciences from January 2001 to December 2002.

II. DUTY PERFORMANCE BY INDEPENDENT DIRECTORS FOR THE YEAR

1. Attendance of meetings

(1) Attendance at general meetings of Independent Directors

During the reporting period, the Company convened one general meeting in total. On 18 June 2019, the Company convened the Annual General Meeting of 2018. Mr. Liu Cheeming, Mr. Zhang Ming and Mr. Lam Lee G., who are Independent Directors of the sixth session of the Board, attended this annual general meeting.

(2) Attendance at board meetings of Independent Directors

In 2019, the sixth session of the Board of the Company convened three meetings in total and the attendance details are set out in the following table:

| Name | Number of required attendance | Number of attendance in person | Number of attendances by way of correspondence | Number of attendances by proxy | Number of absences | Notes |
|----------------------------|-------------------------------------|--------------------------------------|---|--------------------------------------|-----------------------|--|
| Zhang Ming | 3 | 2 | 1 | 1 | 0 | Xiao Suining was entrusted as a proxy to attend and exercise the voting right at the 36th meeting of the sixth session of the Board |
| Lam Lee G. | 3 | 3 | 2 | 0 | 0 | |
| Liu Cheeming (resigned) | 3 | 3 | 1 | 0 | 0 | |
| Xiao Suining (resigned) | 3 | 3 | 1 | 0 | 0 | |
| Feng Lun (resigned) | 3 | 1 | 1 | 2 | 0 | Xiao Suining was entrusted as a proxy to attend and exercise the voting right at the 36th meeting of the sixth session of the Board Zhang Ming was entrusted as a proxy to attend and exercise the voting right at the 37th meeting of the sixth session of the Board |

In 2019, the seventh session of the Board of the Company convened five meetings in total and the attendance details are set out in the following table:

| Name | Number of required attendance | Number of attendance in person | Number of attendances by way of correspondence | Number of attendances by proxy | Number of absences | Notes |
|--------------|-------------------------------------|--------------------------------------|---|--------------------------------------|-----------------------|-------|
| Zhang Ming | 5 | 5 | 2 | 0 | 0 | |
| Lam Lee G. | 5 | 5 | 4 | 0 | 0 | |
| Zhu Hongchao | 5 | 5 | 3 | 0 | 0 | |
| Zhou Yu | 5 | 5 | 2 | 0 | 0 | |

(3) Attendance at special committee meetings of Independent Directors

The Board of the Company set up four special committees. During the reporting period, the Compliance and Risk Control Committee of the sixth session of the Board held one meeting, the Compliance and Risk Control Committee of the seventh session of the Board held one meeting. The Audit Committee of the sixth session of the Board held three meetings and the Audit Committee of the seventh session of the Board held two meetings. The Development Strategy and Investment Management Committee of the sixth session of the Board held two meetings and the Development Strategy and Investment Management Committee of the seventh session of the Board held two meetings. The Nomination, Remuneration and Assessment Committee of the sixth session of the Board held two meetings and the Nomination, Remuneration and Assessment Committee of the seventh session of the Board held one meeting. Attendances by each Independent Director are as follows:

Number of attendances in person/number of required attendance

| Director | The special committees under the Board | | | |
|----------------------------|--|--|--------------------|--|
| | Development Strategy Committee | Compliance and Risk Control Committee | Audit Committee | Nomination, Remuneration and Assessment Committee |
| Zhang Ming | – | 1/1 | 5/5 | 3/3 |
| Lam Lee G. | 0/2 | – | 4/5 | 1/3 |
| Zhu Hongchao | – | 1/1 | – | 1/1 |
| Zhou Yu | 2/2 | – | 2/2 | – |
| Liu Cheeming (resigned) | 1/2 | 0/1 | 1/3 | 1/2 |
| Xiao Suining (resigned) | 2/2 | 1/1 | – | 2/2 |
| Feng Lun (resigned) | – | 0/1 | 1/3 | – |

2. Duty performance

Independent Directors of the Company actively attended general meetings, meetings of the Board and special committees of the Company, and proposed professional opinions and recommendations on the Company's development strategy, risk management, significant investment and financing, business innovation, remuneration and incentives and talent team construction, which promoted the scientific decision-making process of the Board and improved the effectiveness of corporate governance.

Independent Directors were kept duly informed of the Company's operations and management, latest policies and regulations in the securities market and other relevant information through materials including Newsletter of Directors and Supervisors and Regulations of Securities Market and Case Analysis produced by the Company on a regular basis. Meanwhile, Independent Directors maintained regular communication with the Company in a prompt manner by email, telephone and other means, forming an effective communication mechanism and ensuring the right to know.

III. KEY CONCERNS OF INDEPENDENT DIRECTORS DURING DUTY PERFORMANCE FOR THE YEAR**1. Related party transactions**

During the reporting period, the Company convened the 36th meeting of the sixth session of the Board on 27 March 2019, at which the Resolution on Projected Daily Related Party Transactions of the Company for the Year 2019 was considered and approved.

The Independent Directors of the Company believed that the projected related party transactions were the public services or transactions provided by the Company in the securities market, which was the daily business of the Company, and were conducted at fair value, without prejudicing the interests of the Company and minority shareholders; operations of relevant businesses promoted the Company's business growth, met the Company's practical business needs and were conducive to the Company's long-term development; details of relevant related party transactions should be disclosed in the relevant periodic reports of the Company according to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange; agreed to submit this resolution to the Board for consideration and approval, submitted to the general meeting for consideration.

2. External guarantees and fund appropriation

The Company convened the 36th meeting of the sixth session of the Board on 27 March 2019, at which Independent Directors provided special explanations and independent opinions on external guarantees of the Company.

The Independent Directors believed that the Company strictly controlled the guarantee risks in strict accordance with relevant laws, regulations and the Articles of Association. Matters concerning external guarantees of the Company were submitted to the Board or general meeting for consideration and approval in accordance with their authority of approval. The Company did not provide any external guarantee in violation of the specified decision-making procedures during the reporting period, fully protecting the legal rights and interests of the Company and the shareholders as a whole.

During the reporting period, the Company's funds were not appropriated by its controlling shareholders and other related parties.

3. Nomination and remuneration of senior management

On 18 June 2019, the Company considered and approved the Resolution on the Appointment of the General Manager, the Resolution on the Appointment of the Deputy General Manager and the Chief Information Officer, the Resolution on the Appointment of the General Compliance Officer, the Resolution on the Appointment of the Assistant to the General Manager, the Resolution on the Appointment of the Secretary to the Board, the Resolution on the Appointment of the Chief Risk Control Executive and the Resolution on the Appointment of the Chief Financial Officer at the first meeting of the seventh session of the Board.

The Independent Directors believed that: the procedures of nomination and engagement of the Board's appointment of Mr. Qu Qiuping as the General Manager of the Company, Mr. Ren Peng, Mr. Pei Changjiang, and Mr. Mao Yuxing (also as the chief information officer) as the Deputy General Manager of the Company, Mr. Wang Jianye as the General Compliance Officer, Mr. Chen Chunqian, Mr. Li Jianguo, Mr. Zhang Xiangyang, Mr. Lin Yong, Mr. Jiang Chengjun (also as the secretary to the Board) and Mr. Pan Guangtao as the Assistant to General Manager, Mr. Du Hongbo as the Chief Risk Control Officer of the Company, and Mr. Zhang Xinjun as the Chief Financial Officer of the Company were in compliance with the laws, regulations and the related provisions of the Articles of Association. None of the abovementioned persons was found not qualified to be a member of the senior management of the Company according to section 146 of the Company Law, after reviewing their biographical materials, and none of them was considered as a person being prohibited from entering the securities market with his/her prohibition unreleased by the CSRC. The qualifications of those persons satisfied the conditions of being members of senior management of the Company, and were in compliance with the related provisions of the Company Law and the Articles of Association.

4. Performance pre-announcements and results express

The Company released the 2018 Results Express of Haitong Securities Co., Ltd. on 18 January 2019, and released the Announcement of 2019 Interim Results Express of Haitong Securities Co., Ltd. on 19 July 2019.

The Independent Directors believed that the Company duly disclosed information in strict accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Memorandum on Daily Information Disclosure of Listed Companies and the Management Measures for Information Disclosure of the Company, and the contents disclosed were true, accurate and complete without any false records, misleading statements or material misstatements.

5. Appointment or replacement of accounting firms

On 27 March 2019, the 36th meeting of the sixth session of the Board has considered and approved the resolution regarding the appointment of accounting firms for the year 2019, approving the appointment of Deloitte & Touche as the external auditors of the Company in 2019 to be jointly responsible for the provision of relevant domestic and overseas audit and review services in accordance with PRC GAAP and IFRS for a term of one year, with auditing fees (including those for internal control) amounting to RMB5.25 million for 2019. It will be proposed at the AGM to authorise the Board to determine the adjustment to the auditing fees if there is any increase to the auditing fees due to the change in the scope of services.

The Independent Directors believed that the proposed Deloitte & Touche had independent legal person qualification and are qualified to engage in auditing of securities and futures related businesses. The appointment of Deloitte & Touche could satisfy the Company's needs for the audit work. The decision-making procedures for the appointments complied with the laws, regulations and the Articles of Association and did not damage the interest of the Company and shareholders. It was agreed to submit this resolution to the Board for consideration and approval, submitted to the Company's general meeting for consideration upon its approval.

6. Cash dividends and other returns to investors

During the reporting period, the Company already completed the implementation of the 2018 profit distribution plan. On the basis of the total share capital of 11,501,700,000 shares of the Company, a cash dividend of RMB1.5 (tax inclusive) for every 10 shares was distributed to all the shareholders, with total cash dividends amounting to RMB1,213,819,677.00.

The Independent Directors believed that the Company implemented continuous, stable and positive profit distribution policies, focused on shareholders' reasonable investment return and fully considered the opinions and recommendations of Independent Directors and investors in profit distribution, which effectively ensured the interest of investors.

7. Performance of undertakings of the Company and shareholders

During the reporting period, the Company and shareholders had no undertakings.

8. Implementation of information disclosure

During the reporting period, the Company disclosed its significant information in a true, accurate, complete, timely and fair manner in strict compliance with the requirements of the domestic and overseas laws and regulations on information disclosure, to keep investors abreast of material matters of the Company, protect the interest of investors and enhance transparency of the Company. In 2019, the Company disclosed 87 temporary announcements, 4 periodic reports, 1 social responsibility report and 12 brief monthly reports on financial data for its A shares and 179 announcements and circulars for its H shares.

The Independent Directors believed that the information of the Company is disclosed in a true, accurate, complete, timely and fair manner without any false representation, misleading statements or material omission. Its professional, standardised and excellent information disclosure ensured the high transparency of the Company.

9. Implementation of internal control

During the reporting period, in accordance with regulatory requirements, the Company improved its internal control mechanism, standardised its business process and improved its management system, to ensure that the internal control covers the entire decision-making, implementation and supervision processes as well as the entire businesses and management of the Company. The Company set up and effectively exercised internal control for various businesses and issues included in the assessment, with relevant goals achieved without any significant defects in the design or implementation of the internal control system.

The Independent Directors believed that the Company has set up and improved a scientific, standardised and effective internal control system. The Company's activities, such as corporate governance, business operation, financial management and decisions on material matters, are all conducted in strict compliance with regulations under the Company's internal control, and the Company's internal control system was implemented effectively.

10. Operations of the Board and its special committees

During the reporting period, the Board and its special committees conducted their work according to laws and regulations, the Articles of Association and relevant terms of reference. The special committees provided effective and professional advice on the significant events under consideration by giving a full play to the expertise of Independent Directors, which facilitated the Board's scientific decision-making. In 2019, the Company convened 25 meetings in total, including eight Board meetings, two work meetings of Independent Directors on annual reports, five meetings of the Audit Committee, three meetings of the Nomination, Remuneration and Assessment Committee, four meetings of the Development Strategy and Investment Management Committee and two meetings of the Compliance and Risk Control Committee.

The Independent Directors believed that the operation of the Board and its special committees was in compliance with laws and regulations, and all major issues have undergone thorough discussion and consideration, and the decision-making processes were scientific and efficient, showing that the Board and its special committees were under proper and effective operation.

11. Other matters that Independent Directors believe that listed companies need to improve

The Independent Directors affirmed and recognised the Company's overall development strategy and operation in 2019, recommended that the Board further enhanced the focus on the implementation of the strategy, continued to track international regulatory trends and strengthened compliance management and risk control.

IV. TRAINING OF INDEPENDENT DIRECTORS

During the reporting period, apart from participating in the regular trainings organised by local regulatory authorities to complete continued trainings as required, Directors also receive from the office of the Board of the Company the Newsletter for Directors and Supervisors (12 issues in total for 2019) and Regulations of Securities Market and Case Analysis (4 issues in total for 2019), which are regularly compiled and delivered to the Directors. All current Directors received day-to-day written training in 2019. These trainings allowed the Directors to be timely informed of the latest policies, regulations and classic cases. The Company has also built multi-level information communication mechanisms and set up an information exchange platform. At the same time, the Company provided all Independent Directors with special training in relation to information disclosure of Hong Kong listed company at the third meeting of the seventh session of the Board held on 30 August 2019.

| Name of Director | Date | Duration | Organiser | Content | Place of Training |
|------------------|--------------|-----------|---|--|-------------------|
| Xu Jianguo | May 2019 | 1 day | Shanghai Association of Listed Companies | Training for directors and supervisors of listed companies in Shanghai (Phase I) | Shanghai |
| Liu Cheeming | January 2019 | 1.5 hours | BCA Research | Geopolitics & Markets 2019 Outlook | Hong Kong |
| | January 2019 | 1.5 hours | European Chamber of Commerce in Hong Kong | Green Investment Bank | Hong Kong |
| | March 2019 | 1.5 hours | HKMA | HKMA Thematic Seminar on The Latest Global Crypto Trends | Hong Kong |
| | April 2019 | 1 hour | DBS Bank | Business Continuity Management | Hong Kong |
| | May 2019 | 1.5 hours | KPMG | Greater Bay Area update: Opening the door to opportunities | Hong Kong |
| | May 2019 | 1 hour | PricewaterhouseCoopers | NEDs for Banks @ PwC: Getting ready for the HKMA cultural dialogue | Hong Kong |
| | May 2019 | 2 hours | KPMG | KPMG Belt and Road Initiative Forum | Hong Kong |

| Name of Director | Date | Duration | Organiser | Content | Place of Training |
|------------------|---------------|----------|---|---|---|
| Lam Lee G. | January 2019 | 0.5 hour | CSI Properties Limited | Amendments to the Listing Rules Update No.123 Chapter 3 General Authorised Representatives, Directors, Board Committees and Company Secretary Chapter 13 Equity Securities Continuing Obligations | Read documents (provided by Hong Kong Stock Exchange) |
| | January 2019 | 0.5 hour | ELIFE Holdings Limited | Overloading duties and Independent non-executive directors' time commitment | Read documents (provided by Hong Kong Stock Exchange) |
| | February 2019 | 0.5 hour | Zhuhai Dahengqin Company Limited | The Company Law of the People's Republic of China Training content: Company Law, relevant documents of corporate governance structure for state-owned enterprises, latest amendments to the Articles of Association of the Company, Rules of Procedure for Board Meetings of the Company and other relevant framework | Read documents |
| | March 2020 | 1 hour | Macquarie Infrastructure and Real Assets (MIRA) | Mandatory training Annual Compliance Training (2018/2019) | In person (online training at Macquarie office) |
| | March 2019 | 0.5 hour | Securities Investors Association (Singapore) ("SIAS") and the Singapore Institute of Directors ("SID") | Guide on Best Practices for Shareholder Meetings of Listed Companies | Read documents |
| | April 2019 | 0.5 hour | Mingfa Group (International) Company Limited | The Guide on General Meetings as amended by the Stock Exchange on 21 December 2018 | Read documents (provided by Hong Kong Stock Exchange) |
| | May 2019 | 3 hours | LexOmnibus By Dr. Gabriel B.K. Hung, Psychiatrist and Solicitor (non-practicing), The Central Practice Enzo W. H. Chow, Barrister-at-law, Chambers of Anthony Rogers QC | CPD training/Mental and Testamentary Capacity: The Law and Practice CPD Training Certificate Programme (3 CPD pts) | 3 CPD pts 1430 – 1745 |

| Name of Director | Date | Duration | Organiser | Content | Place of Training |
|------------------|-------------|----------|--|--|---|
| | June 2019 | 0.5 hour | Green Leader Holdings Group Limited | The training session for Environmental, Social and Governance Reporting Guide explains the Board's leadership role in ESG matters and covers the following six topics: What is ESG, and why is it important The Board's role in ESG governance Why report on ESG Essential elements in an ESG report Details on ESG reporting ESG disclosure by IPO applicants | Online |
| | June 2019 | 3 hours | LexOmnibus By Samuel Li, Solicitor & Notary Public, Samuel Li & Co | L19OT07 The Role of Hong Kong Notaries Public in Helping Business and Citizens CPD Training Certificate Programme (3 CPD pts) | 3 CPD pts 1430 – 1745 |
| | July 2019 | 0.5 hour | ELIFE Holdings Limited (provided by Loong & Yeung Solicitors) | Insider Information | Read documents |
| | July 2019 | 0.5 hour | Mingfa Group (International) Company Limited | Training materials for directors -SFC Regulatory Bulletin: listing company (February 2019) -Guide Note on Directors' Duties regarding Valuations in Corporate Transactions dated 15 May 2017 | Read documents (provided by the Securities and Futures Commission) |
| | July 2019 | 0.5 hour | ELIFE Holdings Limited (provided by Loong & Yeung Solicitors) | Training information for directors Review of the Corporate Governance Code and Related provisions of the Listing Rules | Read documents (materials provided by Hong Kong Stock Exchange) |
| | July 2019 | 3 hours | LexOmnibus | CPD Training/RME Elective The Dangerous Client and the Dangerous Solicitor? A course for Legal Practitioners on Risk Management Strategies and Systems for the Avoidance of Bribery and Corruption CPD Training Certificate Programme (3 CPD pts) | 3 CPD pts 1430 – 1745 |
| | August 2019 | 3 hours | LexOmnibus | CPD Training/L19CF07 Rules and Regulations on IPO CPD Training Certificate Programme (3 CPD pts) | 3 CPD pts 1430 – 1745 |

| Name of Director | Date | Duration | Organiser | Content | Place of Training |
|------------------|---------------|----------|--|---|--|
| | August 2019 | 3 hours | LexOmnibus | CPD Training/L19TP04 Update on Equity and Trusts: Trusts, Companies, Divorce and Death CPD Training Certificate Programme (3 CPD pts) | 3 CPD pts 1430 – 1745 |
| | October 2019 | 0.5 hour | Mingfa Group (International) Company Limited | Training materials for directors/Guide on Practices and Procedures for Post-Vetting Announcements of Listed Issuers and Handling Matters Involving Trading Arrangements prior to Publication of Announcements | Read documents |
| | December 2019 | 1 hour | Sunwah Kingsway Capital Holdings Limited | Environmental, Social and Governance Reporting Guide and related provisions of the Listing Rules Update No.128 (with respect to the amendments to the Main Board Listing Rules) | Read documents (provided by Hong Kong Stock Exchange) |

V. OVERALL EVALUATION AND SUGGESTIONS

During the reporting period, all the Independent Directors fulfilled their duties in good faith, diligently and independently in accordance with relevant laws and regulations, the Articles of Association, etc., effectively improving the decision-making level of the Board and special committees of the Board, promoting the improvement of corporate governance, and maintaining the legitimate rights and interests of the Company and all the Shareholders.

In 2020, all Independent Directors will continue to perform the duties of Independent Directors conscientiously and diligently regarding all works of the Board and its special committees, maintain the communication and cooperation among the Board, the Supervisory Committee and senior management to facilitate continuous and steady development of the Company and protect the interests of the Company and all Shareholders, especially the interests of minority shareholders.

Signature of Independent Directors:

Zhang Ming Lam Lee G. Zhu Hongchao Zhou Yu

18 June 2020

(I). Basic Information of Projected Routine Related Party Transactions in 2019

1. Overview of Related Party Transactions

Upon approval from the China Securities Regulatory Commission, the Company is permitted to engage in securities business and provide trading and intermediary services for securities and other financial products, the transaction counterparties and service targets also include related parties of the Company. For the purpose of sound management and information disclosure for its related party transactions, the Company, in accordance with the Company Law of the PRC, the Code of Corporate Governance for Listed Companies, the Stock Listing Rules of the Shanghai Stock Exchange (the “**Shanghai Stock Exchange Listing Rules**”), the Guidelines of the Shanghai Stock Exchange on Related Stock Party Transactions of Listed Companies, and requirements of other laws and regulations, as well as the articles of association of the Company and the Measures Concerning Related Party Transactions Management, has made projections about its routine related party transactions to be conducted in 2020 based on the need of its routine operations and business development.

2. Implementation of Routine Related Party Transactions in 2019

- 1) Related party transactions with Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) and Shanghai Guosheng Group Assets Co., Ltd. (上海國盛集團資產有限公司)

Unit: RMB0'000

| Contents of Transactions | Transaction volume in 2019 | Remarks |
|---------------------------------|-----------------------------------|--|
| Fee and commission income | 177.26 | Income generated from provision of bond underwriting service and investment consulting service |

Unit: RMB0'000

| Item | Balance as at 31 December 2019 | Remarks |
|---------------------|---------------------------------------|---|
| Accounts receivable | 72.00 | Balance of bond underwriting fees receivable from related parties |

ANNEX E PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2020

- 2) Related party transactions with BNP Paribas Investment Partners BE Holding SA and its related companies

Unit: RMB0'000

| Contents of Transactions | Transaction volume in 2019 | Remarks |
|--|-----------------------------------|---|
| Fee and commission income | 230.57 | Fund management fee and investment consulting service fees charged against related parties |
| Interest expenses | 1,711.21 | Interest expense incurred from loan from financial leasing |
| Business and management expenses | 10.29 | Expenses from sales and service fees of fund paid to related parties |
| Net gains or losses from trading of derivative financial instruments | -282.22 | Realised and unrealised investment income from derivatives trading between related parties, as counterparties, and the Company. |

In 2019, the amount of nominal principal was RMB820 million; as at the end of 2019, the balance of nominal principal was RMB880 million.

Unit: RMB0'000

| Item | Balance as at 31 December 2019 | Remarks |
|---------------------------------------|---------------------------------------|---|
| Long-term borrowings | 50,156.40 | Balance of loans incurred from financial leasing (interests included) |
| Accounts payable to brokerage clients | 17,351.37 | Balance of margin deposits from futures business |

ANNEX E PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2020

| Item | Balance as at 31 December 2019 | Remarks |
|--|---|--|
| Dividends Payable | 4,489.54 | Balance of dividend payable to related parties by controlling subsidiaries |
| Accounts receivable | 48.64 | Balance of investment consulting fees receivable from related parties |
| Accounts payable | 1.49 | Balance of fund sales and customer maintenance fees payable to related parties |
| 3) Related Party transactions with Shanghai Shengyuan Real Estate (Group) Co., Ltd. (上海盛源房地產(集團)有限公司) | | |

Unit: RMB0'000

| Contents of Transactions | Transaction volume in 2019 | Remarks |
|-------------------------------------|---|--|
| Fees and commissions income | 0.46 | Securities trading fees and commissions income received from related parties |
| Interest income | 0.02 | Interest income from margin deposits of related parties |

Unit: RMB0'000

| Item | Balance as at 31 December 2019 | Remarks |
|---------------------------------------|---|---|
| Accounts payable to brokerage clients | 0.01 | Balance of margin deposits from clients placed by related parties |

ANNEX E PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2020

- 4) Related party transactions with companies (other than the Company and its subsidiaries), where the Company's Directors, supervisors and senior management hold positions as directors or senior management, and other related corporate legal persons

Unit: RMB0'000

| Contents of Transactions | Transaction volume in 2019 | Remarks |
|--|-----------------------------------|--|
| Fees and commissions income | 17,299.96 | Income from investment banking business, income from sales service and income from investment consulting service received from related parties |
| Fee and commission income | 39.44 | Securities trading fees and commissions income received from related parties |
| Interest income | 6.87 | Interest income from margin deposits of related parties |
| Business and management expenses | 2,386.05 | Sales and service fees, investment consulting service fees and depository fees paid to related parties |
| Loan interest expenses | 9,372.61 | Interest expense incurred from financial leasing |
| Net interest expense from credit lending trading | 3,338.54 | In 2019, credit lending trading amounted to RMB356,050 million, with terms ranging from one to seven days |
| Net interest expense from repurchase trading | 1,685.09 | In 2019, repurchase trading amounted to RMB109,076 million, with terms ranging from one to 35 days |
| Net interest expense from gold forward trading | 1,156.82 | In 2019, gold forward trading amounted to RMB626 million, with a term of one year |
| Net interest expense from bond lending trading | 329.68 | In 2019, bond lending trading amounted to RMB2,430 million, with terms ranging from six to 179 days |

ANNEX E PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2020

| Contents of Transactions | Transaction volume in 2019 | Remarks |
|--|-----------------------------------|---|
| Interest expenses from the issuance of debt instruments | 49.72 | Interest expenses arising from the related parties' purchases of debt instruments issued by the Company |
| Net gains or losses from trading of derivative financial instruments | -9,035.75 | Realised and unrealised investment income from derivatives trading between related parties, as counterparties, and the Company. |

In 2019, the amount of nominal principal was RMB36,723 million; as at the end of 2019, the balance of nominal principal was RMB34,691 million.

Unit: RMB0'000

| Item | Balance as at 31 December 2019 | Remarks |
|--|---------------------------------------|--|
| Accounts receivable | 3,474.16 | Balance of performance fees receivable from related parties |
| Other receivables | 1.50 | Balance of margin deposits receivable from related parties |
| Long-term borrowings | 198,088.99 | Balance of long-term loans incurred from financial leasing (inclusive of interests) |
| Short-term borrowings | 20,027.38 | Balance of short-term loans incurred from financial leasing (inclusive of interests) |
| Accounts payable | 1,249.90 | Sales and service fees due to related parties |
| Accounts payable to brokerage clients: | 885.84 | Balance of margin deposits from clients placed by related parties |

In addition, the associated related corporate parties, such as commercial banks and securities firms, as eligible counterparties, have conducted cash bond transactions with the Company with a total transaction amount of RMB9,449 million in 2019.

3. *Projected Transaction Amount and Transaction Category of the Routine Related Party Transactions*

- 1) Projected related party transactions with Shanghai Guosheng Group Co., Ltd. (上海國盛(集團)有限公司) and Shanghai Guosheng Group Assets Co., Ltd. (上海國盛集團資產有限公司)

| Category of Transactions | Contents of Transactions | Caps for and Descriptions of Projected Transactions |
|---|---|--|
| Securities and Financial Product Services | Provide securities and futures brokerage services for related parties; lease of trading rights to related parties; provide targeted asset management services for related parties; provide asset custody and operation outsourcing services for related parties; bank deposits and deposit interest in related parties; provide third-party fund depository services by related parties; agency sale of financial products of related parties; provide underwriting, sponsorship and financial consultation services to related parties; provide stock pledge, margin financing and securities lending services to related parties; provide investment consultation services to related parties; related parties provide banking credit, borrowing and other services to the Company; provide financial leasing to related parties; pay dividends to related parties. | Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount. |

| Category of Transactions | Contents of Transactions | Caps for and Descriptions of Projected Transactions |
|---|--|--|
| Securities and Financial Product Transactions | Resale or repurchase with related parties in the interbank market; conduct bond proprietary trading with related parties in the interbank market; carry out receivables transfer with related parties; subscribe for bonds, funds, wealth management products or trust plans issued by related parties; related parties subscribe for funds, asset management plans, wealth management products, over-the-counter derivatives and non-public issuance bonds issued by the Company; conduct transfer of the listed shares in the National Equities Exchange and Quotations System with related parties. | Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount. |

- 2) Projected related party transactions with BNP Paribas Investment Partners BE Holding SA and its related companies

| Category of Transactions | Contents of Transactions | Caps for and Descriptions of Projected Transactions |
|---|---|--|
| Securities and Financial Product Services | Provide securities and futures brokerage services for related parties; lease of trading rights to related parties; provide targeted asset management services for related parties; provide asset custody and operation outsourcing services for related parties; bank deposits and deposit interest in related parties; provide third-party fund depository services by related parties; agency sale of financial products of related parties; provide underwriting, sponsorship and financial consultation services to related parties; provide stock pledge, margin financing and securities lending services to related parties; provide investment consultation services to related parties; related parties provide banking credit, borrowing and other services to the Company; provide financial leasing to related parties; pay dividends to related parties. | Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount. |

| Category of Transactions | Contents of Transactions | Caps for and Descriptions of Projected Transactions |
|---|--|--|
| Securities and Financial Product Transactions | Resale or repurchase with related parties in the interbank market; conduct bond proprietary trading with related parties in the interbank market; carry out receivables transfer with related parties; subscribe for bonds, funds, wealth management products or trust plans issued by related parties; related parties subscribe for funds, asset management plans, wealth management products, over-the-counter derivatives and non-public issuance bonds issued by the Company; conduct transfer of the listed shares in the National Equities Exchange and Quotations System with related parties. | Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount. |

- 3) Projected related party transactions with Shanghai Shengyuan Real Estate (Group) Co., Ltd. (上海盛源房地產(集團)有限公司)

| Category of Transactions | Contents of Transactions | Caps for and Descriptions of Projected Transactions |
|---|---|--|
| Securities and Financial Product Services | Provide securities and futures brokerage service to related parties; provide targeted asset management service to related parties; provide underwriting, sponsorship and financial consultation service to related parties; provide stock pledge, margin financing and securities lending to related parties; provide investment consultation service to related parties. | Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount. |
| Securities and Financial Product Transactions | Related parties subscribe for funds, asset management schemes, wealth management products, over-the-counter derivatives and non-public issuance bonds issued by the Company; conduct transfer of the listed shares in the National Equities Exchange and Quotations System with related parties. | Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount. |

- 4) Projected related party transactions with companies (other than the Company and its subsidiaries), where the Company's Directors, supervisors and senior management hold positions as directors or senior management, and other related corporate legal persons

| Category of Transactions | Contents of Transactions | Caps for and Descriptions of Projected Transactions |
|---|---|--|
| Securities and Financial Product Services | Provide securities and futures brokerage services for related parties; lease of trading rights to related parties; provide targeted asset management services for related parties; provide asset custody and operation outsourcing services for related parties; bank deposits and deposit interest in related parties; provide third-party fund depository services by related parties; agency sale of financial products of related parties; provide underwriting, sponsorship and financial consultation services to related parties; provide stock pledge, margin financing and securities lending services to related parties; provide investment consultation services to related parties; related parties provide banking credit, borrowing and other services to the Company; provide financial leasing to related parties; pay dividends to related parties. | Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount. |

| Category of Transactions | Contents of Transactions | Caps for and Descriptions of Projected Transactions |
|---|--|--|
| Securities and Financial Product Transactions | Resale or repurchase with related parties in the interbank market; conduct bond proprietary trading with related parties in the interbank market; carry out receivables transfer with related parties; subscribe for bonds, funds, wealth management products or trust plans issued by related parties; related parties subscribe for funds, asset management plans, wealth management products, over-the-counter derivatives and non-public issuance bonds issued by the Company; conduct transfer of the listed shares in the National Equities Exchange and Quotations System with related parties. | Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount. |

5) Related party transactions with related natural persons

In the routine operations of the Company, related natural persons may receive securities and futures brokerage services provided by the Company, or subscribe for wealth management products issued by the Company in accordance with laws, regulations and regulatory requirements. Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount. Based on the Company's calculation, applicable percentage ratios relating to the above related party transactions are expected to fall below the de minimis threshold as stipulated under Rule 14A.76(1) of the Hong Kong Listing Rules, and such transactions are therefore exempt from reporting, announcement, annual review and independent shareholders' approval requirements for connected transactions under Chapter 14A of the Hong Kong Listing Rules.

(II). Related Party Transactions expected to be entered into in 2020 and Description of their Related Relationships

For the definitions of related relationship and related party in this resolution, please refer to Chapter 10 of the Shanghai Stock Exchange Listing Rules (2019 Revision). Description of major related parties referred to in this resolution is as follows:

1. *Shanghai Guosheng Group Co., Ltd. (上海國盛(集團)有限公司) and Shanghai Guosheng Group Assets Co., Ltd. (上海國盛集團資產有限公司)*

The Company intends to issue no more than 1,618,426,236 (inclusive) A Shares to no more than 35 specific targets, including Shanghai Guosheng Group Co., Ltd. (上海國盛(集團)有限公司), Shanghai Haiyan Investment Management Company Limited (上海海煙投資管理有限公司), Bright Food (Group) Co., Ltd. (光明食品(集團)有限公司), Shanghai Electric (Group) Corporation (上海電氣(集團)總公司), and the total amount of funds raised shall not exceed RMB20 billion (hereinafter referred to as the “Non-public Issuance of A Shares”). Among which, Shanghai Guosheng Group Co., Ltd. intends to subscribe for RMB10 billion. Upon the completion of the Non-public Issuance of A Shares, Shanghai Guosheng Group Co., Ltd. and its wholly-owned subsidiary Shanghai Guosheng Assets Co., Ltd. are expected to hold in aggregate more than 5% of the Company’s total issued share capital. In accordance with Section 4 of Rule 10.1.3 of Shanghai Stock Exchange Listing Rules, Shanghai Guosheng Group Co., Ltd. and Shanghai Guosheng Group Assets Co., Ltd. are the related parties of the Company. As of the Latest Practicable Date, Shanghai Guosheng Group Co., Ltd. and Shanghai Guosheng Group Asset Co., Ltd. held approximately 4.9999% of the total issued share capital of the Company and do not constitute connected persons of the Company under the Hong Kong Listing Rules. Shanghai Guosheng Group Co., Ltd. is a large state-owned investment holding and capital operation company which established in April 2007.

2. *BNP Paribas Investment Partners BE Holding SA and its related companies*

As of the Latest Practicable Date, BNP Paribas Investment Partners BE Holding SA held 49% interest in HFT Investment Management Co., Ltd., a subsidiary of the Company, and held 33% interest in Haitong-Fortis Private Equity Fund Management Co., Ltd., also a subsidiary of the Company, therefore, it is deemed as a related legal person pursuant to Paragraph (5) of Article 8 of the Guidelines of the Shanghai Stock Exchange on Related Party Transactions of Listed Companies. BNP Paribas Investment Partners BE Holding SA is a wholly-owned subsidiary of BNPP IP. BNPP IP is a company engaged in proprietary asset management business under BNPP which provides a wide range of investment management services for institutional and retail customers across the world.

Based on the Company's calculation, HFT Investment Management Co., Ltd. and Haitong-Fortis Private Equity Fund Management Co., Ltd. are together insignificant subsidiaries of the Company as defined under Rule 14A.09 of the Hong Kong Listing Rules and therefore BNP Paribas Investment Partners BE Holding SA does not constitute a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. As such, the above related party transactions do not constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

3. *Shanghai Shengyuan Real Estate (Group) Co., Ltd.*

Haitong Futures Co., Ltd. is a subsidiary of the Company, in which, the Company hold approximately 66.67% interest and Shanghai Shengyuan Real Estate (Group) Co., Ltd. approximately held 33.33% interest as at the Latest Practicable Date. Shanghai Shengyuan Real Estate (Group) Co., Ltd. is deemed as a related legal person pursuant to Paragraph (5) of Article 8 of the Guidelines of the Shanghai Stock Exchange on Related Party Transactions of Listed Companies. Shanghai Shengyuan Real Estate (Group) Co., Ltd. is registered in November 2003, with a registered capital of RMB250 million, and it is formerly known as Shanghai Shengyuan Real Estate Co., Ltd. It has class two real estate development qualification, and is a member of the Shanghai Real Estate Association.

Based on the Company's calculation, Haitong Futures Co., Ltd. is an insignificant subsidiaries of the Company as defined under Rule 14A.09 of the Hong Kong Listing Rules and therefore Shanghai Shengyuan Real Estate (Group) Co., Ltd. does not constitute a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. As such, the above related party transactions do not constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

4. *Other related companies*

Pursuant to the Shanghai Stock Exchange Listing Rules, if any director, supervisor or senior management personnel serves as a director or senior management personnel of a company other than the Company and its subsidiaries, such company shall be deemed as a related party of the Company, but does not constitute a connected person under the Hong Kong Listing Rules.

(III). Pricing Determination Principles***1. Securities and financial product services***

Mainly including, but not limited to the following income generated from related business: sales and service fees of securities and financial products, management fees and performance-related bonus of trusted assets, investment consultancy service fees, underwriting fees of investment banking, financial advisory fees, accounts receivables and accounts payables, etc., which shall be determined with reference of market price level, industry practice and prices determined by the third party.

2. Securities and financial product transactions

Mainly including, but not limited to the following income generated from related business: fees income from trading of securities on behalf of client, interest income from margin deposits, interest income from margin financing and security lending, stock pledge and stock repo transaction, investment income, and financial assets held for trading, etc., which shall be determined with reference of market price level, industry practice and prices determined by the third party.

The above routine related party transactions will not prejudice the interests of the Company and its shareholders, especially its minority shareholders.

(IV). Objectives of the Transactions and Impact on the Company

- (1) The above related party transactions are routine related party transactions occurred during the routine business operation of the Company, these transactions will generate income for the Company and are benefiting the business development of the Company, and will not have material impact on the normal operations of the Company.
- (2) The above related party transactions are fair, and the prices under these transactions have made reference to the market price, therefore did not prejudice the interest of the Company and its shareholders as a whole.
- (3) The above related party transactions did not affect the independence of the Company as the principal businesses of the Company did not rely on the related parties as a result of the above related party transactions.

(V). Implications Under the Hong Kong Listing Rules

The Company is required by the applicable PRC laws and regulations to seek the approval of its shareholders with respect to the above related party transactions. Relevant resolutions will be proposed to the shareholders for voting at the general meeting of the Company. A circular containing, among other things, details of the above resolutions, together with the notice of the general meeting, will be despatched to the shareholders of the Company in due course.

If any of the above related party transactions constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules or no longer be exempted, the Company will strictly comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules (including without limitation, reporting, announcement, annual review and independent shareholders' approval requirements).

| Original article | To be amended as | Basis |
|--|--|---|
| CHAPTER ONE GENERAL PROVISIONS | | |
| Article 1 With an aim to protect the lawful interests of the Company, shareholders and creditors, and standardize the organization and conduct of the Company, the Articles of Association is formulated pursuant to the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of People's Republic of China (hereinafter referred to as the "Securities Law"), the Guidelines for the Articles of Association of the Listed Companies, the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for the Articles of Association of the Companies Listed Overseas, the Letter of Opinion on the Supplements and Amendments to the Articles of Association of the Companies Listed in Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and the other relevant provisions. | Article 1 With an aim to protect the lawful interests of the Company, shareholders and creditors, and standardize the organization and conduct of the Company, the Articles of Association is formulated pursuant to the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of People's Republic of China (hereinafter referred to as the "Securities Law"), <u>the Provisions on the Administration of Equity Ownership of Securities Companies</u> , the Guidelines for the Articles of Association of the Listed Companies, the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for the Articles of Association of the Companies Listed Overseas, the Letter of Opinion on the Supplements and Amendments to the Articles of Association of the Companies Listed in Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and the other relevant provisions. | The Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) has been considered and approved at the 7th working meeting (committee affairs meeting) of the chairman of the China Securities Regulatory Commission in 2018 on 15 August 2018, and has been implemented from 5 July 2019. |

| Original article | To be amended as | Basis |
|---|--|---------------------------------------|
| Article 2 The Company was incorporated as a joint stock limited company (hereinafter referred to as the “Company”) pursuant to the Company Law and other relevant provisions. | Article 2 The Company was incorporated as a joint stock limited company (hereinafter referred to as the “Company”) pursuant to the Company Law and other relevant provisions. | Adjustments to regulatory authorities |
| The Company was incorporated on 7 October 1993 by way of public share offer under the Approval Document Ref. HUZHENGBAN No. (93)117 of Shanghai Securities Administration Office, and obtained the business licence after registration with the Shanghai Administration of Industry and Commerce. The unified social credit code in the business license is 9131000013220921X6. | The Company was incorporated on 7 October 1993 by way of public share offer under the Approval Document Ref. HUZHENGBAN No. (93)117 of Shanghai Securities Administration Office, and obtained the business licence after registration with <u>the Market Supervision Administration of Shanghai</u> . The unified social credit code in the business license is 9131000013220921X6. | |

| Original article | To be amended as | Basis |
|--|---|--|
| CHAPTER FOUR SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING | CHAPTER FOUR SHAREHOLDERS, <u>EQUITY OWNERSHIP MANAGEMENT AND SHAREHOLDERS' GENERAL MEETING</u> | |
| Section 1 Shareholders | Section 1 Shareholders <u>and Equity Ownership Management</u> | |
| New article | <p><u>Article 55 Shareholders of the Company shall have a full understanding of their rights and obligations, be fully aware of the information on the operation and management situation and potential risks of securities companies, have reasonable investment expectations and a real willingness to make capital contribution, and perform necessary internal decision-making procedures.</u></p> <p><u>Shareholders of the Company shall abide by laws and regulations, requirements of the CSRC and the articles of association of the Company, uphold the long-term investment philosophy, exercise shareholders' rights in accordance with the law, and perform shareholder obligations.</u></p> | Articles 21 and 4 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |

| Original article | To be amended as | Basis |
|--|--|--|
| <p>Article 55 The ordinary shareholders of the Company shall be entitled to the following rights:</p> <p>(i) the right to dividends and other distributions in proportion to the number of shares held;</p> <p>(ii) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right;</p> <p>(iii) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;</p> <p>(iv) the right to transfer shares in accordance with the laws, administrative regulations and provisions of the Articles of Association;</p> <p>(v) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:</p> <p>1. the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;</p> | <p>Article 56 The ordinary shareholders of the Company shall be entitled to the following rights:</p> <p>(i) the right to dividends and other distributions in proportion to the number of shares held;</p> <p>(ii) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right;</p> <p>(iii) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;</p> <p>(iv) the right to transfer shares in accordance with the laws, administrative regulations and provisions of the Articles of Association;</p> <p>(v) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:</p> <p>1. the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;</p> | <p>Article 28(ii) of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission)</p> |

| Original article | To be amended as | Basis |
|---|---|-------|
| <p>2. the right to inspect and copy, subject to the payment of a reasonable charge:</p> <p>(1) all parts of the register of shareholders;</p> <p>(2) personal particulars of each of the Company's Directors, Supervisors, general manager and other senior management members;</p> <p>(3) report on the state of the Company's share capital;</p> <p>(4) the latest audited financial statements of the Company, and reports of the Board, auditor and Supervisory Committee;</p> <p>(5) special resolutions of shareholders' general meetings and/or the Board of the Company;</p> <p>(6) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount of cost incurred by the Company for this purpose, and their breakdown by domestic and foreign invested shares;</p> | <p>2. the right to inspect and copy, subject to the payment of a reasonable charge:</p> <p>(1) all parts of the register of shareholders;</p> <p>(2) personal particulars of each of the Company's Directors, Supervisors, general manager and other senior management members;</p> <p>(3) report on the state of the Company's share capital;</p> <p>(4) the latest audited financial statements of the Company, and reports of the Board, auditor and Supervisory Committee;</p> <p>(5) special resolutions of shareholders' general meetings and/or the Board of the Company;</p> <p>(6) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount of cost incurred by the Company for this purpose, and their breakdown by domestic and foreign invested shares;</p> | |

| Original article | To be amended as | Basis |
|--|--|-------|
| (7) minutes of shareholders' general meetings; | (7) minutes of shareholders' general meetings; | |
| (8) duplicate of the latest Annual Inspection Form that has been filed with Chinese AIC or other competent authority; | (8) duplicate of the latest Annual Inspection Form that has been filed with Chinese AIC or other competent authority; | |
| (9) corporate bond counterfoils; | (9) corporate bond counterfoils; | |
| (10) resolutions of Board meetings; | (10) resolutions of Board meetings; | |
| (11) resolutions of Supervisory Committee meetings; and | (11) resolutions of Supervisory Committee meetings; and | |
| (12) the financial report. | (12) the financial report. | |
| Documents of Item (1) to (8) (except Item (2)) mentioned above shall be made available by the Company, according to the requirements of the Listing Rules, at the Company's address in Hong Kong, for the public and overseas-listed foreign invested shareholders to inspect with no charge (Item (7) is only for shareholders to inspect); | Documents of Item (1) to (8) (except Item (2)) mentioned above shall be made available by the Company, according to the requirements of the Listing Rules, at the Company's address in Hong Kong, for the public and overseas-listed foreign invested shareholders to inspect with no charge (Item (7) is only for shareholders to inspect); | |

| Original article | To be amended as | Basis |
|--|--|-------|
| (vi) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them; | (vi) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them; | |
| (vii) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held; | (vii) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held; | |
| (viii) such other rights conferred by the laws, regulations, rules, regulatory documents and the Article. | (viii) such other rights conferred by the laws, regulations, rules, regulatory documents and the Article. | |
| The Company shall not exercise its rights to freeze or harm in any other forms the rights attaching to any shares held in the event that any person has not disclosed the rights and interests they hold directly or indirectly. | The Company shall not exercise its rights to freeze or harm in any other forms the rights attaching to any shares held in the event that any person has not disclosed the rights and interests they hold directly or indirectly. | |

| Original article | To be amended as | Basis |
|--|--|-------|
| Shareholders shall notify the Company in advance if, through subscription or assignment of the equity of the Company or the equity of the Company's shareholders or otherwise, the shareholders may hold 5% or more of the Company's registered capital. Shareholders shall be officially entitled to hold the corresponding proportion of the Company's shares only upon approval from the relevant securities supervision and administrative authorities under the State Council. Shareholders holding or beneficially owning more than 5% of the Company's shares shall not have any voting rights with respect to such shares until approval of such qualifications for shareholders is properly obtained from the relevant securities supervision and administrative authorities under the State Council. The abovementioned shareholders shall dispose of the corresponding equity if they are unable to obtain such approval within one year. | Shareholders shall notify the Company in advance if, through subscription or assignment of the equity of the Company or the equity of the Company's shareholders or otherwise, the shareholders may hold 5% or more of the Company's registered capital. Shareholders shall be officially entitled to hold the corresponding proportion of the Company's shares only upon approval from the relevant securities supervision and administrative authorities under the State Council. <u>Shareholders who shall but have not been approved by the regulatory authorities or have not filed with the regulatory authorities, or those who have not completed the rectification, shall not exercise such rights as requesting to convene a general meeting, voting, nominating, proposing and disposition, etc. Shareholders who shall but have not been approved by the regulatory authorities shall dispose of the corresponding equity interest if they are unable to obtain such approval within one year.</u> | |

| Original article | To be amended as | Basis |
|---|---|--|
| <p>Article 60 The ordinary shareholders of the Company shall assume the following obligations:</p> <p>(i) to abide by laws, administrative regulations and the Articles of Association;</p> <p>(ii) to pay subscription monies according to the number of shares subscribed and the method of subscription;</p> <p>(iii) not to divest the shares unless required by the laws and regulations;</p> <p>(iv) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;</p> <p>Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for compensation according to the law.</p> | <p>Article 61 The ordinary shareholders of the Company shall assume the following obligations:</p> <p>(i) to abide by laws, administrative regulations and the Articles of Association;</p> <p>(ii) to pay subscription monies according to the number of shares subscribed and the method of subscription;</p> <p><i>(iii) to invest the Company with its own funds which shall be legally obtained, and shall not make any investment in the Company with non-own funds such as entrusted funds, unless otherwise provided by laws and regulations; substantial shareholders and controlling shareholders of the Company shall replenish capital to the Company when necessary;</i></p> <p><i>(iv) to explain the shareholding structure truthfully, accurately and completely up to the actual controllers, the ultimate beneficial owner, and the related relationship or the relationship of concerted action with other shareholders and shall not evade the approval or supervision of the shareholder qualification by concealing or deceiving;</i></p> | <p>Articles 22, 28(i), 23 and 28(iii) of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission)</p> |

| Original article | To be amended as | Basis |
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| <p>Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.</p> <p>(v) other obligations imposed by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders are not liable to make any further subsequent contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.</p> | <p>(v) not to divest the shares unless required by the laws and regulations;</p> <p>(vi) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;</p> <p><u>Shareholders who make false statements, abuse shareholders' rights or do other acts that prejudice the interests of the Company, shall not exercise such rights as requesting to convene a general meeting, voting, nominating, proposing and disposition, etc.;</u></p> <p>Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for compensation according to the law.</p> <p>Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.</p> <p><u>(vii)</u> other obligations imposed by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders are not liable to make any further subsequent contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.</p> | |

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| New article | <p><u>Article 62 Shareholders of the Company and their actual controllers shall not perform the following acts:</u></p> <p><u>(i) False or untruthful capital contribution, withdrawal or evasion of capital contribution, or withdrawal or evasion of capital contribution in a disguised form;</u></p> <p><u>(ii) In violation of laws, administrative regulations and the Articles of Association to intervene in the operations and management of the Company;</u></p> <p><u>(iii) Abuse rights or influence to occupy the assets of the Company or customers, and transfer interests, which damage the legitimate rights and interests of the Company, other shareholders or customers;</u></p> <p><u>(iv) Illegally require the Company to provide financing or guarantee to them or their related parties, or force, instruct, assist, accept the Company to provide financing or guarantee with the assets of its securities brokerage clients or securities asset management clients;</u></p> <p><u>(v) Conduct improper related party transactions with the Company and use the influence on the Company's operation and management to obtain illegitimate interests;</u></p> | Article 30 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |

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| | <p><u>(vi) Without approval entrust others or accept trust from others to hold or manage the equity of the Company, accept or transfer the control over the equity of the Company in a disguised form;</u></p> <p><u>(vii) Other acts prohibited by the CSRC.</u></p> <p><u>The Company and its directors, supervisors, senior management and other relevant parties shall not cooperate with the Company's shareholders and their actual controllers to bring about the above acts. If the Company finds out that the shareholders and their actual controllers have the above-mentioned acts, it should take timely measures to prevent the violations from intensifying, and report to the local office of the CSRC within 2 working days.</u></p> | |

| Original article | To be amended as | Basis |
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| New article | <p><u>Article 63 The number of securities companies participated in by shareholders of the Company and their controlling shareholder and actual controller shall not exceed two, of which the number of controlling securities companies shall not exceed one. The following circumstances shall not be counted into the number of shareholding and controlling securities companies:</u></p> <p><u>(i) Directly hold and indirectly control less than 5% of equity in securities companies;</u></p> <p><u>(ii) Invest in other securities companies through controlling securities companies;</u></p> <p><u>(iii) Securities companies have control over other securities companies;</u></p> <p><u>(iv) Transitional arrangements for implementing mergers and acquisitions of securities companies;</u></p> <p><u>(v) The State Council authorizes the holding of equity in securities companies;</u></p> <p><u>(vi) Other circumstances as recognized by the CSRC.</u></p> | Article 24 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |

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| New article | <i>Article 67 The shareholding period of the shareholders shall comply with the laws, administrative regulations and the relevant provisions of the CSRC. The actual controller of the shareholders shall abide by the same lock-up period for the equity of the Company under its control as the shareholders of the Company, except for cases recognized by CSRC according to law.</i> | Article 25 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |
| New article | <p><i>Article 68 The shareholders shall not pledge their equity in the Company during the equity lock-up period. Upon the expiry of the lock-up period, the proportion of the Company's equity interest held by the shareholders that is pledged shall not exceed 50% of the proportion of the Company's equity interest held by the shareholders.</i></p> <p><i>Shareholders who have pledged the equity interest in the Company shall not prejudice the interests of other shareholders and the Company, maliciously circumvent the requirements of the equity lockup period, or agree that the pledgee or other third parties shall exercise the voting rights and other shareholders' rights, nor shall they transfer the control over the equity interest of the Company in a disguised form.</i></p> | Article 26 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |

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| New article | <i>Article 69 The board office of the Company shall, as the office handling the affairs of the administration of equity ownership of the Company, organize and implement the work concerning to the affairs of administration of equity ownership. The Chairman of the Board of Directors of the Company shall be the first responsible person for the affairs of administration of equity ownership in the Company. The board secretary of the Company who assists in the work of Chairman of the Board of Directors shall be the direct responsible person for the affairs of administration of equity ownership in the Company.</i> | Article 17 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |

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| New article | <i>Article 70 In the event of any illegal or improper conduct related to equity ownership management affairs in the violation of laws, administrative regulations and regulatory requirements, shareholders, companies, responsible person for the affairs of administration of equity ownership and related personnel shall undertake the corresponding responsibilities in accordance with the provisions of the Securities Law, the Securities Companies Supervision and Administration Regulations and relevant laws and regulations and regulatory documents.</i> | Article 28(iv) of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |
| New article | <i>Article 71 The Company shall strengthen the examination on the qualifications of shareholders, conduct verification on the information of the shareholders and its controlling shareholders, actual controllers, related parties, persons acting in concert, ultimate beneficial owners and closely monitor changes therein. The Company shall make judgements on its impact on the Company's operations and management, report or disclose relevant information timely, accurately and completely in accordance with the law, and perform the report and approval procedures when necessary.</i> | Article 27 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |

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| New article | <i>Article 72 The Company shall, in accordance with the principle of penetration, manage the shareholders and its controlling shareholders, actual controllers, related parties, persons acting in concert and ultimate beneficial owners as they were its related parties. The Company shall accurately identify related parties, strictly implement the approval system and the information disclosure system with regard to related party transactions, to avoid any harm to the lawful rights and interests of the Company and its customers, and to promptly report the related party transactions to the CSRC and its local branches.</i> | Article 29 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |

| Original article | To be amended as | Basis |
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| New article | <i>Article 73 The Company's share management and related matters shall be implemented in accordance with the Provisions on the Administration of Equity Ownership of Securities Companies and relevant laws and regulations and regulatory documents; if the Articles of Association are not expressly prescribed or inconsistent with the aforesaid basis, they shall be implemented in accordance with the Provisions on the Administration of Equity Ownership of Securities Companies and relevant laws and regulations and regulatory documents.</i> | Chapter one of the Provisions on the Administration of Equity Ownership of Securities Companies |

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| CHAPTER TWELVE MERGER, DIVISION, INCREMENT AND REDUCTION IN REGISTERED CAPITAL, DISSOLUTION AND LIQUIDATION | | |
| New article | <p><u>Article 279 Approval from the CSRC shall be obtained according to the law under the circumstance of the increase in the registered share capital of the Company with a significant change to its shareholding structure, the reduction of its registered share capital, and changes in shareholders and actual controllers holding more than 5% of equity interest in the Company.</u></p> <p><u>If the Company changes the registered share capital or shareholding but does not involve the aforesaid circumstances, it shall file with the branch office of the CSRC of its principal place of business within five business days after the registration with the companies registration authorities. The provisions of this article shall not be applicable to the shareholding changes on the stock exchange.</u></p> | Article 6 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |

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| New article | <p><u>Article 280 When the Company changes its registered capital or equity, it shall formulate a work plan and selecting criteria for shareholders. The Company and equity transferors shall in advance inform the intended participants of the conditions to become a shareholder of the Company, the procedures required to be performed, the Company's operation status and potential risks, etc.</u></p> <p><u>The Company and equity transferors shall conduct due diligence on the intended participants, and reach agreements on the subsequent measures under the circumstance that the intended participants may not be qualified. No agreements shall be entered into with if the intended participants are found to be unqualified. If the relevant matters need to be approved by the CSRC, it shall be agreed that the agreement shall come into force after approval.</u></p> | Article 18 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |

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| New article | <p><u>Article 281 In the process of changing its registered capital or shareholding, the Company shall reach prior agreements with relevant principals on the treatment measures regarding the possible breach of requirements or commitments, specifying the accountability mechanism for persons held liable, and cooperate with regulatory authorities in investigations.</u></p> <p><u>The Company shall make arrangements for risk prevention during the period in which its registered share capital or shareholding change, to ensure the usual operations of the Company and protect customers' interests from damages. For matters subject to the approval of the CSRC in accordance with the law, the shareholders of the Company shall continue to exercise their voting rights independently according to the respective proportion of shares held by them prior to such approval, and equity transferors shall not recommend any person associated to equity transferees to act as a director, supervisor and senior management of the Company, and transfer their voting rights in any disguised form.</u></p> | Articles 19 and 20 of the Provisions on the Administration of Equity Ownership of Securities Companies (No. 156 Decree of the China Securities Regulatory Commission) |