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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 adviser.

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

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国联证券股份有限公司
GUOLIAN SECURITIES CO., LTD.

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

(Stock Code: 01456)

**PROPOSED NON-PUBLIC ISSUANCE OF A SHARES AND
RELATED MATTERS
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
ITS ATTACHMENTS
FORMULATION OF THE ADMINISTRATIVE MEASURES FOR
EXTERNAL DONATIONS OF GUOLIAN SECURITIES CO., LTD.
ADJUSTMENT OF THE ALLOWANCE STANDARD OF THE
INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY
ELECTION OF EXECUTIVE DIRECTOR AND NON-EXECUTIVE
DIRECTORS FOR THE FIFTH SESSION OF THE BOARD
ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS
FOR THE FIFTH SESSION OF THE BOARD
ELECTION OF SHAREHOLDER REPRESENTATIVE SUPERVISORS
FOR THE FIFTH SESSION OF THE SUPERVISORY COMMITTEE
NOTICES OF THE EXTRAORDINARY GENERAL MEETING AND
H SHAREHOLDERS' CLASS MEETING**

Notices convening the EGM and the H Shareholders' Class Meeting of Guolian Securities Co., Ltd. to be held at the conference room at 4th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC, at 1:00 p.m. on Thursday, 20 October 2022 are set out on pages 152 to 155 and pages 156 to 158 of this circular, respectively.

If you intend to appoint a proxy to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon. In case of H Shareholders, the form of proxy shall be lodged with the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible, but in any event, not less than 24 hours before the time scheduled for holding such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and the H Shareholders' Class Meeting.

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DEFINITIONS

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

“A Share(s)”	the ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which have been listed on the Shanghai Stock Exchange
“A Shareholders”	holders of A Shares
“A Shareholders’ Class Meeting”	the first A Shareholders’ class meeting of the Company to be held on Thursday, 20 October 2022 immediately after the conclusion of the 2022 First Extraordinary General Meeting at the conference room at 4th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC
“Administrative Measures for Issuance”	the Administrative Measures for the Issuance of Securities by Listed Companies
“Articles of Association”	the articles of association of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“Chairman”	the chairman of the Board of Directors
“Company”	Guolian Securities Co., Ltd. (國聯證券股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares of which have been listed on the main board of the Stock Exchange (stock code: 01456) and the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 601456)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM” or “2022 First Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 1:00 p.m. on Thursday, 20 October 2022 at the conference room at 4th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC
“Guolian HK”	Guolian Securities (Hong Kong) Limited
“H Share(s)”	overseas listed foreign invested Share(s) of RMB1.00 each in the share capital of the Company which are listed and traded in HK dollars on the Stock Exchange
“H Shareholders”	holders of H Shares
“H Shareholders’ Class Meeting”	the first H Shareholders’ class meeting of the Company to be held on Thursday, 20 October 2022 immediately after the conclusion of the A Shareholders’ Class Meeting at the conference room at 4th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implementation Rules”	the Implementation Rules for the Non-public Issuance of Stocks by Listed Companies
“Independent Non-executive Director(s)”	the independent non-executive Director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“Latest Practicable Date”	28 September 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information included herein
“Non-public Issuance” or “Issuance”	the proposed non-public issuance of not more than 600,000,000 A Shares by the Company

DEFINITIONS

“PRC” or “China”	the People’s Republic of China, but for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“Regulatory Questions and Answers”	Issuance Regulation Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Financing Activities of Listed Companies (Revision)
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Meeting”	the 2022 First Extraordinary General Meeting, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

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

LETTER FROM THE BOARD



国联证券股份有限公司
GUOLIAN SECURITIES CO., LTD.

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

(Stock Code: 01456)

Executive Director:

Mr. Ge Xiaobo (*Chairman*)

Non-executive Directors:

Mr. Hua Weirong

Mr. Zhou Weiping

Mr. Liu Hailin

Mr. Zhang Weigang

Independent Non-executive Directors:

Mr. Lu Yuanzhu

Mr. Wu Xingyu

Mr. Chu, Howard Ho Hwa

Registered Address in the PRC:

No. 8 Jinrong One Street

Wuxi, Jiangsu Province

the PRC

*Headquarters/Principal Place of
Business in the PRC:*

No. 8 Jinrong One Street

Wuxi, Jiangsu Province

the PRC

*Principal Place of Business
in Hong Kong:*

40/F, Dah Sing Financial Centre

248 Queen's Road East

Wanchai

Hong Kong

29 September 2022

To the Shareholders:

Dear Sir or Madam,

**PROPOSED NON-PUBLIC ISSUANCE OF A SHARES AND
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NOTICES OF THE EXTRAORDINARY GENERAL MEETING AND
H SHAREHOLDERS' CLASS MEETING**

INTRODUCTION

Notices convening the EGM and the H Shareholders' Class Meeting of the Company to be held at the conference room at 4th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC, on Thursday, 20 October 2022 are set out on pages 152 to 155 and pages 156 to 158 of this circular, respectively.

LETTER FROM THE BOARD

1. BUSINESS TO BE CONSIDERED AT THE EGM AND THE H SHAREHOLDERS' CLASS MEETING

Resolutions will be proposed at the EGM to approve: (1) the resolution on the fulfilment of conditions for the Non-public Issuance of A Shares by the Company; (2) the resolution on the proposed Non-public Issuance of A Shares of the Company; (3) the resolution on the plan for the Non-public Issuance of A Shares of the Company; (4) the resolution on the feasibility report for the use of Proceeds from the Non-public Issuance of A Shares of the Company; (5) the resolution on the report on the use of proceeds previously raised by the Company; (6) the resolution on the dilution of current returns by the Non-public Issuance of A Shares and remedial measures of the Company; (7) the resolution to ask the Shareholders' Meeting to authorize the Board and to authorize the Board for the Board to in turn authorize the management of the Company to deal with specific matters in relation to the Non-public Issuance of A Shares of the Company; (8) the resolution on the amendments to the Articles of Association and its attachments; (9) the resolution on the formulation of the Administrative Measures for External Donations of Guolian Securities Co., Ltd.; (10) the resolution on adjustment of the allowance standard of the independent non-executive Directors of the Company; (11) the resolution on election of executive Director and non-executive Directors for the fifth session of the Board; (12) the resolution on election of independent non-executive Directors for the fifth session of the Board; and (13) the resolution on election of shareholder representative Supervisors for the fifth session of the supervisory committee.

Resolutions (1), (2), (3), (4), (5), (7) and (8) above are subject to the approval by the Shareholders at the EGM by way of special resolutions, and resolutions (6), (9), (10), (11), (12) and (13) above are subject to the approval by the Shareholders at the EGM by way of ordinary resolutions.

Resolutions (2), (3), (4), (6) and (7) above are also respectively subject to approval by the A Shareholders at the A Shareholders' Class Meeting by way of special resolutions, and by the H Shareholders at the H Shareholders' Class Meeting by way of special resolutions.

The purpose of this circular is to provide you with the information on resolutions (1) to (13) above to enable you to vote for or against the proposed resolutions at the EGM and the H Shareholders' Class Meeting under fully informed condition.

(1) Fulfilment of Conditions for the Non-public Issuance of A Shares by the Company

Pursuant to the Administrative Measures for Issuance, the main conditions for Non-public Issuance of A Shares are as follows:

Article 36 The term "non-public issuance of shares" as mentioned in these Measures refers to the non-public issuance of shares to specific subscribers by a listed company.

LETTER FROM THE BOARD

Article 37 The specific subscribers of non-public issuance of shares shall satisfy the following provisions:

- (1) the specific subscribers shall meet the conditions as stated in the resolution of the general meeting;
- (2) the number of target subscribers may not exceed 35.

Where the target subscribers are overseas strategic investors, relevant provisions of the State shall be observed.

Article 38 To make a non-public issuance of shares, a listed company shall meet the following provisions:

- (1) the issue price shall be no less than 80% of the average trading price of the company's shares for the 20 trading days preceding the price determination date;
- (2) the issued shares shall not be transferred to any other person within six months of the end of issuance; the shares subscribed to by the controlling shareholder or actual controller and the enterprises it controls shall not be transferred to any other person within 18 months;
- (3) the utilization of the proceeds shall satisfy the provisions of Article 10 of these Measures;
- (4) if the issuance will result in any change in the controlling power of the listed company, it shall meet all other provisions of the CSRC.

Article 39 In the event that any listed company encounters any of the following circumstances, it shall not make any non-public issuance of shares:

- (1) the application documents for the issuance contain false records, misleading statements or material omissions;
- (2) the rights and interests of the listed company were severely impaired by its controlling shareholder or actual controller and the impairment has not yet been eliminated;
- (3) the listed company or its subsidiary company has illegally provided external guarantee and the guarantee has not yet been released;
- (4) any of the incumbent directors or senior management have ever received any administrative punishment by the CSRC within the past 36 months or have been condemned publicly by the stock exchange within the past 12 months;

LETTER FROM THE BOARD

- (5) the listed company or any of its incumbent directors, senior management is under investigation by the judicial system due to any suspected crime or is being investigated by the CSRC due to any suspected violation;
- (6) certified public accountants have issued a qualified opinion, an adverse opinion or a disclaimer of opinion in their auditing reports in the last year and on the latest financial statement, except where the material impact of the matter leading to the qualified opinion, adverse opinion or disclaimer of opinion has been eliminated or where it is due to the issuance involving a material restructuring;
- (7) other circumstances under which the legitimate rights and interests of the investors, and social and public interests are severely damaged.

Pursuant to the provisions under the Company Law, the Securities Law, the Administrative Measures for Issuance, the Implementation Rules, the Regulatory Questions and Answers and other relevant laws, regulations and normative documents, after conducting self-examination item by item, the Company has fulfilled various conditions of the Non-public Issuance of A Shares.

(2) Proposed Non-public Issuance of A Shares of the Company

Details of the Proposed Non-public Issuance of A Shares

To strengthen capital capability of the Company and enhance overall competitiveness and ability to withstand risks, the Company intends to conduct the non-public issuance of A Shares. Pursuant to the provisions under the Company Law, the Securities Law, the Administrative Measures for Issuance, the Implementation Rules, the Regulatory Questions and Answers and other relevant laws, regulations and normative documents, the detailed plan of the Non-public Issuance of A Shares is as follows:

A. Class and nominal value of shares to be issued

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

B. Method and time of Issuance

The Issuance is conducted by way of non-public issuance of shares to specific subscribers. The Company will issue shares at an appropriate time within the validity period as stipulated in the approval documents of the CSRC in relation to the Issuance.

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C. Target subscribers and subscription method

The target subscribers for the Non-public Issuance will be no more than 35 (inclusive) specific subscribers which satisfy the relevant requirements of the CSRC. The scope of the target subscribers includes no more than 35 specific subscribers such as securities investment fund management companies, securities firms, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFII), and other domestic institutional and individual investors, which satisfy the relevant requirements of the CSRC. A securities investment fund management company, a securities firm, a qualified foreign institutional investors (QFII) or a Renminbi qualified foreign institutional investors (QFII) subscribing for the Shares through two or more of the products under its management shall be deemed as one single target subscriber. Target subscribers which are trust investment companies shall only subscribe for the Shares with their own capital.

The final target subscribers shall be determined by the Company upon obtaining the written approval for the Issuance based on the prices offered by the target subscribers, the requirements of the Implementation Rules and the principle of price priority. According to the Implementation Rules, when the cumulative amount of all valid subscriptions equals or exceeds any of the conditions for determining the issuance result for the first time (i.e. (a) the amount of proceeds raised reaches RMB7 billion; (b) the number of subscribed Shares reaches 600,000,000; or (c) the number of target subscribers reaches 35), the minimum subscription price of the cumulative valid subscriptions shall be the issue price. Each subscriber will be allotted at such price in the order of price priority, amount priority and time priority until any of the conditions for determining the issuance result are satisfied. The Company would announce the list of final target subscribers after final identification has been made.

To the reasonable knowledge of the Company, the target subscribers under the Non-public Issuance and their ultimate beneficial owners shall not include the connected persons of the Company.

All target subscribers shall subscribe the Shares under the Non-public Issuance in cash.

Those target subscribers who are required by regulatory authorities to comply with other provisions in relation to their shareholder qualifications and respective approval procedures shall follow and comply with such provisions.

LETTER FROM THE BOARD

D. Issue size

Subject to compliance with the regulatory requirements of the places where the Company are listed, the number of A Shares to be issued under the Non-public Issuance shall be no more than 600,000,000 Shares (inclusive). In the event that the Company grants bonus shares, allots new shares, converts capital reserve into share capital or carries out any other ex-right activities during the period commencing from the date on which the Board approved the Issuance to the Date of Issuance, the issue size of the Issuance shall be adjusted accordingly.

The final issue size of the Non-public Issuance of A Shares shall be determined by the Board or its authorized person(s) (pursuant to the authorization granted at the general meeting) with the sponsor (lead underwriter) according to the cap approved by the CSRC and the issue price. The Company has not yet appointed the sponsor (lead underwriter) and shall appoint after the conclusion of the EGM.

E. Issue price and pricing principles

The Price Determination Date of the Non-public Issuance of Shares shall be the first day of the offer period of the Non-public Issuance of Shares. The issue price of the Non-public Issuance shall be no less than 80% of the average trading price of the A Shares for the 20 trading days preceding the Price Determination Date (excluding the Price Determination Date), or the latest audited net asset value per Share attributable to the shareholders of the parent company of the Company, whichever is higher. For reference purpose, as disclosed in the Company's annual report published on 11 April 2022, as of 31 December 2021, the latest audited net assets per share attributable to Shareholders of the Company is RMB5.78 per Share.

The average trading price of the Shares for the 20 trading days preceding the Price Determination Date equals to total trading value of the Shares for the 20 trading days preceding the Price Determination Date divided by the total trading volume of the Shares for the 20 trading days preceding the Price Determination Date. In the event that there occurs any ex-right or ex-dividend activities causing adjustment to the share prices during the 20-trading-day period, the trading prices for those trading days prior to such adjustment shall be adjusted by the ex-right or ex-dividend activities accordingly.

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

LETTER FROM THE BOARD

Upon obtaining the written approval of the CSRC, the final issue price under the Non-public Issuance shall be determined by the Board or its authorized person(s) (pursuant to the authorization granted at the general meeting) with the sponsor (lead underwriter) based on the prices offered by the target subscribers and in accordance with the requirements of the CSRC and the principle of price priority.

F. Amount and the use of proceeds

The total proceeds from the Non-public Issuance will not exceed RMB7 billion (inclusive), all of which will, after deducting the issuance expenses, be used for further expanding credit transaction business including margin financing and securities lending, expanding fixed income, equity, equity derivatives and other transaction business and repaying debts.

Proceeds from the Non-public Issuance will be applied as follows:

No.	Projects	Size
1	Further expanding credit transaction business including margin financing and securities lending	Not exceeding RMB2 billion
2	Expanding fixed income, equity, equity derivatives and other transaction business	Not exceeding RMB4 billion
3	Repaying debts <i>(Note)</i>	<u>Not exceeding RMB1 billion</u>
	Total	<u><u>Not exceeding RMB7 billion</u></u>

Note:

The proceeds from the Non-public Issuance of the Company will be used to repay debts, including but not limited to repayment of subordinated bonds, corporate bonds, income certificates, etc. issued by the Company, which do not exceed RMB1 billion. The specific repayment shall be determined according to the maturity of the debts after obtaining the specific approval by the CSRC.

LETTER FROM THE BOARD

The reason for applying the proceeds to repay debts is that since its listing, the Company's business size has gradually expanded, while its debt size is also at a consistent higher level. As of 30 June 2022, the consolidated gearing ratio of the Company was 74.96% (amount of agency sales of securities has been excluded from assets and liabilities), the balance of bonds payable by the Company was RMB18.847 billion, and the cash and bank balances was RMB1.65 billion. Although it is the conventional development mode of the industry to appropriately increase the scale of leverage by means of debt financing instruments, however, the Company still needs to take the initiative to reduce the size of interest-bearing liabilities when conditions are available, so as to further reduce the financial costs and risks. Therefore, the Company intends to use the proceeds to repay debts and reduce financial risks, which is in the interests of all Shareholders and is conducive to the long-term and healthy development of the Company.

In case that the proceeds are less than RMB7 billion, the Company currently prefers to use the proceeds for the first two purposes to strengthen the Company's business development, which will be invested according to the operating situation after the Issuance. The aforesaid preference does not constitute a commitment, and the actual practice will be determined according to the circumstances then.

G. Lock-up period

According to the relevant requirements under the Administrative Measures for Issuance, the Implementation Rules and the Guidelines on Administrative Approval for Securities Companies No.10 – Increase and Change in Equity Interest of Securities Companies (《證券公司行政許可審核工作指引第10號—證券公司增資擴股和股權變更》), following the completion of the Issuance, the specific target subscribers holding 5% (inclusive) or more of the total issued Shares of the Company shall not transfer their Shares within 36 months from the date of completion of Issuance. Specific target subscribers holding less than 5% of the Shares of the Company shall not transfer their Shares within six months from the date of completion of the Issuance.

Where there are provisions of other laws and regulations on the lock-up period, those provisions shall also be complied with.

H. Listing venue

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

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

LETTER FROM THE BOARD

After the Issuance, both new Shareholders and existing Shareholders shall be entitled to the undistributed profits of the Company accumulated prior to completion of the Non-public Issuance.

J. Validity period of the resolutions

Validity period of the resolutions for the Non-public Issuance of Shares is 12 months from the date when the resolutions relating to the Issuance are considered and approved at the general meeting.

The Non-public Issuance of A Shares is subject to review and individual approval at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company, and will be submitted to the CSRC for approval. The plan approved by the CSRC shall be final. The detailed terms on the Issuance (including the issue price and issue size) will be announced separately by the Company upon final determination.

Impact of the A Share Issuance on the Company's Shareholding Structure

For reference and illustration purposes only, assuming that there are no changes to the total issued share capital of the Company prior to the completion of the Issuance and that subject to the regulatory requirements of the places where the Shares of the Company are listed, a maximum of 600,000,000 A Shares are issued under the Issuance (which represents approximately 21.19% of the total issued share capital of the Company as at the Latest Practicable Date and approximately 17.48% of the total issued share capital of the Company as enlarged by the Issuance of the A Shares under the Issuance).

	(a) Immediately before completion of the Issuance		(b) Immediately after completion of the Issuance	
	Number of Shares	%	Number of Shares	%
Non-public Shareholder				
– A Shares	1,376,336,123	48.60%	1,376,336,123	40.11%
Wuxi Guolian Development (Group) Co., Ltd.	543,901,329	19.21%	543,901,329	15.85%
Guolian Trust Co., Ltd.	390,137,552	13.78%	390,137,552	11.37%
Wuxi Guolian Municipal Electric Power Co., Ltd.* (無錫市國聯地方電力有限 公司)	266,899,445	9.43%	266,899,445	7.78%
Wuxi Minsheng Investment Co., Ltd.* (無錫民生投資有限公司)	73,500,000	2.60%	73,500,000	2.14%
Wuxi Cotton Textile Group Co., Ltd.* (無錫一棉紡織集團有限公司)	72,784,141	2.57%	72,784,141	2.12%

LETTER FROM THE BOARD

	(a) Immediately before completion of the Issuance		(b) Immediately after completion of the Issuance	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Wuxi Huaguang Environmental Energy (Group) Co., Ltd.* (無錫華光環保能源集團股份有限公 司)	29,113,656	1.03%	29,113,656	0.85%
– H Shares	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Public Shareholder				
– A Shares	1,012,797,045	35.77%	1,612,797,045 ^{Note}	47.00%
– H Shares	<u>442,640,000</u>	<u>15.63%</u>	<u>442,640,000</u>	<u>12.90%</u>
Total	<u>2,831,773,168</u>	<u>100%</u>	<u>3,431,773,168</u>	<u>100%</u>

Note: Shares subscribed by target subscribers under the Non-public Issuance are included.

The Board expects that the Company will continue to satisfy the public float requirement under the Listing Rules after the completion of the Non-public Issuance of A Shares.

Reasons for and Benefits of the Proposed A Share Issuance

With the transformation of China's old and new economic dynamics and development model, capital market is expected to usher in a golden age. Residents' wealth deployment will be more targeted to the capital market, and the development trend of Pan-wealth management has been established. Against this background, the securities industry has also seen a new development momentum, the Company will face various impacts due to foreseeable industry integration, increasing concentration, competitions from foreign stockbroker and competitions from institution, the competition in the securities industry is becoming increasingly intense.

It is expected that the development of securities industry will show the following trends: (i) differentiation and integration will be accelerated, competition among industry participants will become more intense and industry concentration will further increase; (ii) securities industry becomes more internationalized and globalized, foreign stockbrokers enter the PRC market while domestic stockbrokers expand into overseas, there coexist both opportunities and challenges in the securities industry; (iii) the development of securities industry transforms to capital reliance mode and the business mode of securities companies will shift from previous commission-based business to a business model combining fee-based intermediary business, capital-based intermediary business and self-funded investment business in equal weight which will become the new profit growth point of securities companies.

LETTER FROM THE BOARD

Meanwhile, as the opening up of the securities industry is advancing in an orderly manner, the restrictions on foreign shareholding proportion in securities companies have been lifted, and foreign-controlled securities companies have been established in succession, which means domestic securities companies will encounter with more competition. At this stage, certain powerful securities companies have begun to expand their existing business scale or branch into new business domains through horizontal mergers and acquisitions, showing a sign of differentiation in the securities industry. Under the current regulatory framework featuring net capital and liquidity, capital strength becomes one of the key elements for a securities company to develop innovative business (such as capital-based intermediary business) and to strengthen its competitive advantage. Sufficient capital is the foundation and safeguards for securities companies to realize continuing healthy development and enhancing competitive strength.

In recent years, the Company's business has developed quite swiftly, with a rapid growth in its scale and an improvement in industrial position. Despite after the Company had completed the Non-public Issuance in 2021, there is still a shortage of capital, in response to the structural adjustment in the securities industry and to improve the Company's overall competitiveness, the Company intends to increase its capital scale and to enhance its capital reserve through the Non-public Issuance of A Shares once again, to continue to improve its comprehensive service capabilities on the basis of enhancing preponderant business as well as to strengthen the profitability and risk resistance capacity through increasing capital scale. With improved operation management level, the Company will be able to seize the golden opportunity window for securities industry and will also be able to build differentiated competitive advantages over competitors thereby creating larger returns to the Shareholders by seizing the strategic opportunities for the Company among the increasingly fierce competition in the industry.

According to the domestic requirements in China, the Company, as a securities company, has to increase its capital adequacy ratio and capital reserve by virtue of issuing shares. On top of that, as a state-owned enterprise, the Company shall not issue Shares for a price lower than its net assets per Share. Under the circumstances that the H Share price of the Company is lower than its net assets per Share, the Company is only able to issue A Shares rather than H Shares.

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

LETTER FROM THE BOARD

Capital Raising Activities

The Company completed the non-public issuance of A Shares on 15 October 2021, with the net proceeds raised of RMB4,982,988,200. All the proceeds raised from the non-public issuance of A Shares have been utilised. The use of proceeds is as follows:

- (1) further expanding credit transaction business including margin financing and securities lending, with RMB1,973,958,193.57 of funds being used;
- (2) expanding fixed income, equity, equity derivatives and other transaction business, with RMB3,000,000,000.00 of funds being used;
- (3) increasing investment in subsidiaries, with RMB0.00 of funds being used;
- (4) replenishing other general working capital of the Company, with RMB9,030,000.00 of funds being used.

As at the Latest Practicable Date, except for the above, the Company has not conducted any fund-raising activities in relation to the issue of the equity securities in the 12 months immediately preceding the Latest Practicable Date.

Rights of A Shares to Be Issued

The A Shares to be issued under the proposed Non-public Issuance of A Shares, when fully paid and issued, shall rank *pari passu* in all respects amongst themselves and with the A Shares in issue at the time of issue of such A Shares.

The above resolutions have been individually approved by the Directors at the Board Meeting, and are hereby proposed for consideration and approval by the Shareholders at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

(3) The Plan for the Non-public Issuance of A Shares of the Company

Pursuant to the Company Law, the Securities Law, the Administrative Measures for Issuance, the Implementation Rules, the Provisions on the Administration Provisions of Equity of Securities Companies, the Regulatory Questions and Answers and other relevant laws and regulations and in light of the actual situation of the Company, the Company has formulated the Plan for the Non-public Issuance of A Shares of Guolian Securities Co., Ltd., which is appended hereto as Appendix I. The plan has been approved by the Directors at the Board Meeting, and is hereby proposed for consideration and approval by the Shareholders at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

LETTER FROM THE BOARD

(4) Feasibility Report for the Use of Proceeds from the Non-public Issuance of A Shares of the Company

According to the requirements of the Administrative Measures for Issuance, in line of the actual situation of the Company, the Company has prepared the Feasibility Report for the Use of Proceeds from the Non-public Issuance of A Shares of Guolian Securities Co., Ltd., which is appended hereto as Appendix II. The Feasibility Report has been approved by the Directors at the Board Meeting, and is hereby proposed for consideration and approval by the Shareholders at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

(5) Report on the Use of Proceeds Previously Raised by the Company

Pursuant to the provisions under the Administrative Measures for Issuance and the Regulations on the Report on the Use of the Proceeds Previously Raised, and in light of the actual situation of the Company, the Company had prepared the Special Report on the Use of Proceeds Previously Raised of Guolian Securities Co., Ltd., which is appended hereto as Appendix III. The Report has been approved by the Directors at the Board Meeting, and is hereby proposed for consideration and approval by the Shareholders at the EGM.

(6) Dilution of Current Returns by the Non-public Issuance of A Shares and Remedial Measures

In order to protect the interests of medium and small investors, the Company analyzed the impact of the Non-public Issuance of A Shares on the dilution of current returns and developed specific remedial measures to dilute current returns in accordance with the requirements of the Opinions of the General Office of the State Council on Further Enhancing the Protection of Legitimate Rights and Interests of Medium and Small Investors in Capital Markets (Guo Ban Fa [2013] No. 110), the Several Opinions of the State Council on Further Promoting the Sound Development of Capital Markets (Guo Fa [2014] No. 17) and the Guiding Opinions on the Dilution of Current Returns by Initial Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31) issued by CSRC and other relevant provisions. For details, please refer to the sections headed "Impact on main financial indicators of the Company upon the Issuance" and "Main Measures to be Taken by the Company in Response to the Dilution of Current Returns by the Non-Public Issuance" in Appendix IV to this circular respectively. The above resolution has been approved by the Directors at the Board Meeting, and is hereby proposed for consideration and approval by the Shareholders at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

LETTER FROM THE BOARD

(7) To authorize the Board and to authorize the Board for the Board to in turn authorize the management of the Company to deal with specific matters in relation to the Non-public Issuance of A Shares of the Company

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

- (i) formulate, adjust and implement a detailed plan for the Non-public Issuance in accordance with the PRC laws and regulations, relevant provisions and opinions of regulatory authorities and taking into account the market environment and the Company's actual conditions, including but not limited to the determination or adjustment of issue date, amount of proceeds, issue price, issue size, target subscribers and any other matters relating to the issuance plan;
- (ii) process the filing for the Issuance, including but not limited to the preparation, modification, signing, submitting, supplementing, executing and publishing the materials in relation to the Issuance and listing in accordance with the requirements of relevant government authorities, regulatory institutions, stock exchanges and securities depository and clearing institutions; reply to the comments from the relevant regulatory authorities; and deal with information disclosure matters relating to the Issuance according to the regulatory requirements;
- (iii) determine and engage intermediaries such as the sponsor, lead underwriter, law firm, accountant firm, independent financial adviser and deal with other related matters;
- (iv) sign, revise, supplement, complete, submit, execute all agreements, contracts and documents in relation to the Issuance (including but not limited to sponsor and underwriting agreements, engagement letters of intermediaries, agreements relating to proceeds, subscription agreements and supplemental agreements entered into with investors, circulars, announcements and other disclosure documents, etc.);

LETTER FROM THE BOARD

- (v) subject to the then applicable PRC laws, if there are changes in policies and requirements or market conditions in respect of the non-public issuance of A Shares, except for those matters that must be resolved at a general meeting and which cannot be authorized pursuant to relevant laws, regulations and the Articles of Association, adjust the plan of the proposed Non-public Issuance and use of proceeds in accordance with relevant rules and requirements of regulatory authorities (including any comments upon review of the application for the Non-public Issuance), the market situation and actual operations of the Company, and to continue to deal with the matters relating to the Non-public Issuance;
- (vi) open a special account for proceeds to be raised from the Non-public Issuance, and deal with matters in relation to the use of proceeds raised from the Issuance;
- (vii) upon completion of the Issuance, confirm the change in registered capital and amend the relevant provisions in the Articles of Association in accordance with the results of the Issuance, and report to the relevant governmental departments and regulatory authorities for approval or filing, and complete the change of industry and commerce registration and filing of the Articles of Association as a result of the change in registered capital with the industry and commerce administrative authorities, and complete the registration, custody and restricted sales of new Shares and other relevant matters with the relevant authorities;
- (viii) review and screen the qualifications of investors who intend to subscribe for the Shares to be issued under the Issuance according to the CSRC's qualification requirements for shareholders of securities companies;
- (ix) in the event that the relevant laws and regulations and regulatory authorities impose new provisions and requirements regarding compensating current returns by refinancing, further analyze, study and demonstrate the effect of the Non-public Issuance on the current financial indicators and current return for Shareholders of the Company, formulate and modify relevant remedial measures and policies, and deal with all other relevant matters with absolute discretion in accordance with the then prevailing relevant laws and regulations and the requirements of the regulatory authorities;
- (x) deal with other matters relating to the Non-public Issuance; and
- (xi) the validity period of the above authorization is 12 months from the date when this resolution is considered and approved by the Shareholders at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

LETTER FROM THE BOARD

(8) Amendments to the Articles of Association and its Attachments

A special resolution will be proposed at the EGM to consider and approve the resolution on the amendments to the Articles of Association and its attachments.

In the first half of 2022, the CSRC has successively issued the Guidelines on the Articles of Association for Listed Companies (Revised in 2022) (《上市公司章程指引(2022年修訂)》), the Rules Governing Shareholders' General Meetings of Listed Companies (Revised in 2022) (《上市公司股東大會規則(2022年修訂)》), the Rules for Independent Directors of Listed Companies (《上市公司獨立董事規則》), the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Operating Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》) and the Opinions on Strengthening the Regulation of Honest Employment of Intermediaries under the Registration System (《關於加強註冊制下中介機構廉潔從業監管的意見》), the Shanghai Stock Exchange issued the Rules Governing the Listing of Securities on the Shanghai Stock Exchange (Revised in January 2022) and the Guidelines No. 1 on Self-Regulatory and Supervision for Listed Companies on Shanghai Stock Exchange – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》).

Pursuant to the relevant provisions of the aforesaid departmental rules and exchange rules, the Reply of Jiangsu Securities Regulatory Bureau on Approving the Business Qualification for Securities Underwriting of Guolian Securities Co., Ltd. (《江蘇證監局關於核准國聯證券股份有限公司證券承銷業務資格的批覆》), and the requirements of the market supervision and administration department on the specification of the business scope, and in light of the actual situation of the Company, the Company proposes to revise the Articles of Association and its attachments including the Rules of Procedure of General Meeting and the Rules of Procedure of the Board of Directors.

The above resolution has been approved by the Directors at the Board Meeting, and will be proposed for consideration and approval by the Shareholders at the EGM. It is also proposed to authorize the Board and to authorize the Board for it to in turn authorize the management of the Company to deal with relevant filing and registration matters of amendments to the Articles of Association and its attachments. In particular, the relevant articles of the business scope in the Articles of Association are subject to the final registration by the market supervision and administration department.

For details of the proposed amendments to the Articles of Association, please refer to Appendix V to this circular.

For details of the proposed amendments to the Rules of Procedure of General Meeting, please refer to Appendix VI to this circular.

LETTER FROM THE BOARD

For details of the proposed amendments to the Rules of Procedure of the Board of Directors, please refer to Appendix VII to this circular.

(9) Formulation of the Administrative Measures for External Donations of Guolian Securities Co., Ltd.

An ordinary resolution will be proposed at the EGM to consider and approve the formulation of the Administrative Measures for External Donations of Guolian Securities Co., Ltd.

In order to regulate the external donations of the Company, strengthen the management of the Company's external donations, better perform the Company's social responsibilities, safeguard the interests of Shareholders and employees, and develop a better public image, the Company formulated the Administrative Measures for External Donations of Guolian Securities Co., Ltd. in accordance with the Law on Donations for Public Welfare (《公益事業捐贈法》) and other laws and regulations, as well as the Articles of Association, the details of which are contained in Appendix VIII to this circular. The aforesaid resolution has been approved by the Directors at the Board meeting and is hereby proposed at the EGM for Shareholders' approval.

(10) Adjustment of the allowance standard of the independent non-executive Directors of the Company

An ordinary resolution will be proposed at the EGM to consider and approve the adjustment of the allowance standard of the independent non-executive Directors of the Company.

To further improve the corporate governance and establish a scientific and reasonable allowance mechanism for independent non-executive Directors, the Company intends to appropriately adjust the allowance standard of independent non-executive Directors in accordance with relevant laws and regulations and the Independent Director System of the Company, take reference to the allowance standard of independent non-executive directors of other listed stockbrokers in the same industry, and integrate with the level of economic development in the region and the actual situation of the Company. The specific details are as follows:

LETTER FROM THE BOARD

Adjustment Background

The independent non-executive Directors of the Company have been diligent in fulfilling their duties since their appointments, and made important contributions to improve the decision-making capability and leadership of the Board of the Company and facilitate the sustainable, stable and healthy development of the Company through their professional knowledge and experience. Currently, the allowance of the Company's independent non-executive Directors is implemented in accordance with the resolution at the first extraordinary general meeting in 2015, and the standard payment is RMB120,000 (tax inclusive) each per year. In recent years, especially since the listing of the Company's A Shares, the Company's business develops rapidly and its business scale has continued to expand, while the work content, complexity and performance responsibilities of the Company's independent non-executive Directors have correspondingly increased significantly. The allowance standard of independent non-executive Directors is not in line with the actual operation and development of the Company, and is significantly lower than those of other listed stockbrokers, which is not attractive and competitive enough in the market.

Adjustment Plan

According to statistics on the allowance of independent non-executive Directors of listed stockbrokers in the past three years and in light of the current actual operating conditions of the Company and the level of economic development in the region, it is proposed that the allowance for Independent Non-executive Directors will be adjusted to RMB180,000 (tax inclusive) each per year, which will be paid on a monthly basis in equal portions, and will be implemented from the month upon the consideration and approval at the general meeting.

The above resolution has been approved by the Directors at the Board meeting and is proposed for consideration and approval by the Shareholders at the EGM.

(11) Election of executive Director and non-executive Directors for the fifth session of the Board

Upon the expiry of the term of the fourth session of the Board of the Company, the Board considered and approved at a meeting held on 28 September 2022 the resolutions in relation to the nomination of Mr. Ge Xiaobo as the candidate for executive Director of the fifth session of the Board of the Company, the nomination of Mr. Hua Weirong, Mr. Zhou Weiping, Mr. Wu Weihua, Ms. Li Suo and Mr. Liu Hailin as the candidates for non-executive Directors of the fifth session of the Board of the Company. The terms of office of the members of the fifth session of the Board are three years commencing from the date of the approval of their respective appointments by the Shareholders at the EGM.

LETTER FROM THE BOARD

The biographic details of each of the proposed executive Director and non-executive Directors of the fifth session of the Board as required under Rule 13.51(2) of the Listing Rules are set out in Appendix IX to this circular.

Save as disclosed in this circular, each of the proposed executive Director and non-executive Directors confirmed that (i) he/she is not connected with other Directors, Supervisors, senior management, substantial Shareholders or controlling Shareholder of the Company; (ii) he/she does not hold any equity interest in the Company as defined under Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong); (iii) he/she is not in possession of any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, nor is he being involved or has been involved in any activity that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules; (iv) there is no other matter in relation to the appointment that shall be brought to the attention of the Shareholders or the Stock Exchange. Save as disclosed in the biographical details as set out in Appendix IX to this circular, each of the proposed executive Director and non-executive Directors confirmed that he/she did not hold any directorship in other listed companies in the last three years, nor was he/she holding any positions in any members of the Group.

If appointed, the Company will enter into a service contract with each of the appointed executive Director and non-executive Directors respectively. The executive Director will receive remuneration in accordance with the positions in the Company, which includes basic remuneration, performance-based remuneration, various social insurances, staff welfares, and housing provident fund, etc. His remuneration will be determined after reviewing by the remuneration and nomination committee of the Board and the Board and submitting for approval at the general meeting. Upon the relevant remuneration being determined, the Company will make a disclosure. For details, please refer to the annual report published by the Company in due course. Non-executive Directors will not receive any remuneration from the Company.

Mr. Zhang Weigang, a non-executive Director of the fourth session of the Board, will retire from his office upon the expiry of the term of the fourth session of the Board due to the re-election. Mr. Zhang Weigang has confirmed that he has no disagreement with the Board and there is no matter relating to his retirement that needs to be brought to the attention of the Shareholders or the Stock Exchange.

LETTER FROM THE BOARD

(12) Election of independent non-executive Directors for the fifth session of the Board

Upon the expiry of the term of the fourth session of the Board of the Company, the Board considered and approved at a meeting held on 28 September 2022 the resolutions in relation to the nomination of Mr. Wu Xingyu, Mr. Chu, Howard Ho Hwa and Mr. Gao Wei as the candidates for independent non-executive Directors of the fifth session of the Board of the Company. The terms of office of the members of the fifth session of the Board are three years commencing from the date of the approval of their respective appointments by the Shareholders at the EGM.

For the proposed election of independent non-executive Directors, the remuneration and nomination committee of the Board and the Board have complied with the Board diversity policy and taken consideration of the development strategies of the Company. The remuneration and nomination committee of the Board and the Board are of the view that the proposed Directors of the fifth session of the Board possess diverse areas of expertise, including areas such as securities, finance, accounting, management, and laws. They possess professional experience and knowledge which are strongly complementary to each other and such knowledge and experience are conducive to the scientific decision-making of the Board. At the same time, there are also diverse characteristics among the proposed Directors of the fifth session of the Board in terms of age and years of service, which can promote the diversified development of the Board as well as enhance and improve the performance of the Company.

Moreover, each of the above proposed independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules. The Board also considers that each of the proposed independent non-executive Directors meets the independence requirements set out in Rule 3.13 of the Listing Rules.

The biographic details of each of the proposed independent non-executive Directors of the fifth session of the Board as required under Rule 13.51(2) of the Listing Rules are set out in Appendix IX to this circular.

Save as disclosed in this circular, each of the proposed independent non-executive Directors confirmed that (i) he is not connected with other Directors, Supervisors, senior management, substantial Shareholders or controlling Shareholder of the Company; (ii) he does not hold any equity interest in the Company as defined under Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong); (iii) he is not in possession of any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, nor is he being involved or has been involved in any activity that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules; (iv) there is no other matter in relation to the appointment that shall be brought to the attention of the Shareholders or the Stock Exchange. Save as disclosed in the biographical details as set out in Appendix IX to this circular, each of the proposed independent non-executive Directors confirmed that he did not hold any directorship in other listed companies in the last three years, nor was he holding any positions in any members of the Group.

LETTER FROM THE BOARD

If appointed, the Company will enter into a service contract with each of the appointed Independent Non-executive Directors respectively. The Independent Non-executive Directors will receive an allowance before tax of RMB180,000 each per year, which shall come into force upon approval by the general meeting.

Mr. Lu Yuanzhu, an independent non-executive Director of the fourth session of the Board, will retire from his office upon the expiry of the term of the fourth session of the Board due to the re-election. Mr. Lu Yuanzhu has confirmed that he has no disagreement with the Board and there is no matter relating to his retirement that needs to be brought to the attention of the Shareholders or the Stock Exchange.

(13) Election of shareholder representative Supervisors for the fifth session of the Supervisory Committee

Upon the expiry of the term of the fourth session of the Supervisory Committee of the Company, the Supervisory Committee considered and approved at a meeting held on 28 September 2022 the resolutions in relation to the nomination of Mr. Xu Faliang, Mr. Xu Kan and Ms. Xu Jingyan as the candidates for shareholder representative Supervisors of the fifth session of the Supervisory Committee of the Company. The terms of office of the members of the fifth session of the Supervisory Committee are three years commencing from the date of the approval of their respective appointments by the Shareholders at the EGM.

The biographic details of each of the proposed shareholder representative Supervisors of the fifth session of the Supervisory Committee as required under Rule 13.51(2) of the Listing Rules are set out in Appendix X to this circular.

Save as disclosed in this circular, each of the proposed shareholder representative Supervisor confirmed that (i) he/she is not connected with other Directors, Supervisors, senior management, substantial Shareholders or controlling Shareholder of the Company; (ii) he/she does not hold any equity interest in the Company as defined under Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong); (iii) he/she is not in possession of any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, nor is he/she being involved or has been involved in any activity that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules; (iv) there is no other matter in relation to the appointment that shall be brought to the attention of the Shareholders or the Stock Exchange. Save as disclosed in the biographical details as set out in appendix X to this circular, each of the proposed shareholder representative Supervisor confirmed that they did not hold any directorship in other listed companies in the last three years, nor were they holding any positions in any members of the Group.

LETTER FROM THE BOARD

If appointed, the Company will enter into a service contract with each of the appointed Supervisors respectively. The remuneration of Mr. Xu Faliang includes basic remuneration, performance-based remuneration, various social insurances, staff welfares, and housing provident fund, etc. His remuneration will be determined after reviewing by the Supervisory Committee and submitting for approval at the general meeting. Upon the relevant remuneration being determined, the Company will make a disclosure. For details, please refer to the annual report published by the Company in due course. Mr. Xu Kan and Ms. Xu Jingyan will not receive any remuneration from the Company.

Mr. Zhou Weixing and Mr. Ren Jun, the shareholder representative Supervisors of the fourth session of the Supervisory Committee, will retire from their offices upon the expiry of the term of the fourth session of the Supervisory Committee due to the re-election. Mr. Zhou Weixing and Mr. Ren Jun have confirmed that they have no disagreement with the Board and the Supervisory Committee, and there is no matter relating to their retirements that needs to be brought to the attention of the Shareholders or the Stock Exchange.

The Company will hold employee representatives' meeting in due course to elect employee representative Supervisors for the fifth session of the Supervisory Committee, and will issue further announcement as and when appropriate.

2. RESPONSIBILITY STATEMENT

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

3. EGM, A SHAREHOLDERS' CLASS MEETING AND H SHAREHOLDERS' CLASS MEETING

Notices convening the EGM and the H Shareholders' Class Meeting of the Company to be held at the conference room at 4th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC, on Thursday, 20 October 2022 are set out on pages 152 to 155 and pages 156 to 158 of this circular, respectively.

If you intend to appoint a proxy to attend and/or vote at the meeting, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon not later than 1:00 p.m. on Wednesday, 19 October 2022 (Hong Kong time).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and the H Shareholders' Class Meeting.

LETTER FROM THE BOARD

In order to determine the list of Shareholders who are entitled to attend the EGM and the H Shareholders' Class Meeting, the Company will close the register of members of H Shares during the period from Friday, 14 October 2022 to Thursday, 20 October 2022 (both days inclusive), during which no registration of Shares will be made. Shareholders who wish to attend the EGM and the H Shareholders' Class Meeting are required to send all the transfer documents together with the relevant shares to Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) before 4:30 p.m. on Thursday, 13 October 2022. Shareholders registered in Computershare Hong Kong Investor Services Limited on Friday, 14 October 2022 are entitled to attend the EGM and the H Shareholders' Class Meeting.

4. VOTING BY POLL

In accordance with rule 13.39 (4) of the Listing Rules, any vote at the EGM and the H Shareholders' Class Meeting shall be conducted by way of poll. Therefore, the chairman of the EGM and the H Shareholders' Class Meeting shall exercise their power to in accordance with the Articles of Association to request to vote by poll on the resolutions proposed at the EGM and the H Shareholders' Class Meeting. The results of the vote by poll will be published on the Company's official website and the disclosure website of Stock Exchange after the meetings.

As at the Latest Practicable Date, to the reasonable knowledge of the Company, no Shareholders were considered to be required to abstain from voting on the relevant resolutions at the EGM or the H Shareholders' Class Meeting.

5. RECOMMENDATION

The Board considers that all resolutions proposed above are in the interests of the Company and the Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favor of all the resolutions to be submitted at the EGM and the H Shareholders' Class Meeting.

Yours faithfully,
By order of the Board
Guolian Securities Co., Ltd.
Ge Xiaobo
Chairman

Wuxi, Jiangsu Province, the PRC

APPENDIX I THE PLAN FOR THE NON-PUBLIC ISSUANCE OF A SHARES

Stock Short Name: Guolian Sec (A Share) Stock Code: 601456.SH (A Share)

Stock Short Name: Guolian Sec (H Share) Stock Code: 01456.HK (H Share)



Guolian Securities Co., Ltd.
Plan for the Non-public Issuance of A Shares

September 2022

STATEMENT OF THE ISSUER

1. The Company and all members of its Board warrant that the information contained in the Proposal is true, accurate and complete and the Proposal does not contain any false information, misleading statement or material omission.
2. The Company assumes the liability for any changes in its operation and revenue of the Company after the completion of the Non-Public Issuance. Any investment risks arising from the Non-Public Issuance of Shares shall be borne by the investors.
3. The Proposal is the explanatory statement given by the Board on the Non-Public Issuance, and any statement contrary to the Proposal constitutes misrepresentation.
4. Investors shall consult their stockbrokers, lawyers, professional accountants or other professional advisers if in doubt.
5. Matters mentioned in the Proposal do not represent any substantive judgment, confirmation, approval or authorization from the competent authorities regarding the Non-Public Issuance. Effectiveness and completion of the matters relating to the Non-Public Issuance as contemplated in the Proposal shall be subject to the approval of the Shareholders at the general meeting, and approval or authorization by competent authorities.

SPECIAL REMINDERS

Terms or abbreviations referred to in this section shall have the same meanings as those defined in “Definitions” section in this Proposal.

1. Matters relating to the Non-public Issuance has been considered and approved at the twenty-eighth meeting of the fourth session of the Board. In accordance with relevant laws and regulations, the Non-public Issuance is still subject to the approval of the Shareholders at the general meeting and the approval of the CSRC.
2. The target subscribers for the Non-public Issuance will be no more than 35 (inclusive) specific subscribers which satisfy the relevant requirements of the CSRC. The scope of the target subscribers includes no more than 35 specific subscribers such as securities investment fund management companies, securities firms, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFII), and other domestic institutional and individual investors, which satisfy the relevant requirements of the CSRC. A securities investment fund management company, a securities firm, a qualified foreign institutional investors (QFII) or a Renminbi qualified foreign institutional investors (QFII) subscribing for the Shares through two or more of the products under its management shall be deemed as one single target subscriber. Target subscribers which are trust investment companies shall only subscribe for the Shares with their own capital.

The final target subscribers shall be determined by the Company upon obtaining the written approval for the Issuance based on the prices offered by the target subscriber, the requirements of the Implementation Rules and the principle of price priority.

All target subscribers shall subscribe the Shares under the Non-public Issuance in cash.

Those target subscribers who are required by regulatory authorities to comply with other provisions in relation to their shareholder qualifications and respective approval procedures shall follow and comply with such provisions.

3. The Price Determination Date of the Non-public Issuance of Shares shall be the first day of the offer period of the Non-public Issuance of Shares. The issue price of the Non-public Issuance shall be no less than 80% of the average trading price of the A Shares for the 20 trading days preceding the Price Determination Date (excluding the Price Determination Date), or the latest audited net asset value per Share attributable to the shareholders of the parent company of the Company, whichever is higher.

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The average trading price of the Shares for the 20 trading days preceding the Price Determination Date equals to total trading value of the Shares for the 20 trading days preceding the Price Determination Date divided by the total trading volume of the Shares for the 20 trading days preceding the Price Determination Date. In the event that there occurs any ex-right or ex-dividend activities causing adjustment to the share prices during the 20-trading-day period, the trading prices for those trading days prior to such adjustment shall be adjusted by the ex-right or ex-dividend activities accordingly.

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

Upon obtaining the written approval of the CSRC, the final issue price under the Non-public Issuance shall be determined by the Board or its authorized person(s) (pursuant to the authorization granted at the general meeting) with the sponsor (lead underwriter) based on the prices offered by the target subscribers and in accordance with the requirements of the CSRC and the principle of price priority.

4. Subject to compliance with the regulatory requirements of the places where the Company are listed, the number of A Shares to be issued under the Non-public Issuance shall be no more than 600,000,000 Shares (inclusive). In the event that the Company grants bonus shares, allots new shares, converts capital reserve into share capital or carries out any other ex-right activities during the period commencing from the date on which the Board approved the Issuance to the Date of Issuance, the issue size of the Issuance shall be adjusted accordingly.

The final issue size of the Non-public Issuance of A Shares shall be determined by the Board or its authorized person(s) (pursuant to the authorization granted at the general meeting) with the sponsor (lead underwriter) according to the cap approved by the CSRC and the issue price.

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5. The total proceeds from the Non-public Issuance will not exceed RMB7 billion (inclusive), all of which will, after deducting the issuance expenses, be used for further expanding credit transaction business including margin financing and securities lending, expanding fixed income, equity, equity derivatives and other transaction business and repaying debts.

Proceeds from the Non-public Issuance will be applied as follows:

No.	Projects	Size
1	Further expanding credit transaction business including margin financing and securities lending	Not exceeding RMB2 billion
2	Expanding fixed income, equity, equity derivatives and other transaction business	Not exceeding RMB4 billion
3	Repaying debts	<u>Not exceeding RMB1 billion</u>
	Total	<u>Not exceeding RMB7 billion</u>

6. According to the relevant requirements under the Administrative Measures for Issuance, the Implementation Rules and the Guidelines on Administrative Approval for Securities Companies No.10 – Increase and Change in Equity Interest of Securities Companies (《證券公司行政許可審核工作指引第10號—證券公司增資擴股和股權變更》), following the completion of the Issuance, the specific target subscribers holding 5% (inclusive) or more of the total issued Shares of the Company shall not transfer their Shares within 36 months from the date of completion of Issuance. Specific target subscribers holding less than 5% of the Shares of the Company shall not transfer their Shares within six months from the date of completion of the Issuance.

Where there are provisions of other laws and regulations on the lock-up period, those provisions shall also be complied with.

7. After the Issuance, both new Shareholders and existing Shareholders shall be entitled to the undistributed profits of the Company accumulated prior to completion of the Non-public Issuance.

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8. For details of the profit distribution and cash dividend policies of the Company and their implementation for the past three years, please refer to “Section IV Profit Distribution Policy and Implementation of the Company” in this Proposal.

9. Upon completion of the Non-public Issuance, there will be short term risks of decline in earnings per share and other indicators of the Company, and there will also be risks of dilution in the current returns of the existing Shareholders. Investors are advised to pay attention to the risks that the Non-public Issuance may result in the dilution of current returns of shareholders. Although the Company has formulated remedial measures in response to the dilution risks on current returns, such measures shall not be deemed as a guarantee of the Company on its future profits. Investors shall not make investment decisions based on the abovementioned remedial measures. The Company shall not be liable for any losses suffered by investors due to their investment decisions made based on the above. Investors are advised to exercise caution.

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DEFINITIONS

In this Proposal, unless otherwise indicated in the context, the following terms and expressions shall have following meanings when used:

“Issuer” or “the Company”	Guolian Securities Co., Ltd. (國聯證券股份有限公司)
“A Share(s)”	the ordinary share(s) of the Company listed on the Shanghai Stock Exchange with a nominal value of RMB1.00 each, which are traded in RMB
“H Share(s)”	the foreign invested ordinary share(s) of the Company listed on the Hong Kong Stock Exchange with a nominal value of RMB1.00 each, which are traded in HK dollars
“Non-public Issuance” or “Issuance”	the proposed issuance of no more than 600,000,000 A Shares (inclusive) with the total proceeds of not exceeding RMB7 billion (inclusive) by way of non-public issuance by the Company
“Proposal”	the Plan for Non-public Issuance of A Shares of Guolian Securities Co., Ltd.
“Price Determination Date”	the first day of the offer period of the Non-public Issuance
“Guolian Capital”	Guolian Capital Co., Ltd. (國聯通寶資本投資有限責任公司)
“Hua Ying Securities”	Hua Ying Securities Co., Ltd. (華英證券有限責任公司)
“Guolian Innovation”	Wuxi Guolian Innovation Investment Co., Ltd. (無錫國聯創新投資有限公司)
“Guolian HK”	Guolian Securities (Hong Kong) Limited
“CSRC”	China Securities Regulatory Commission
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Board”	the board of directors of Guolian Securities Co., Ltd.

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“Listing Rules”	Shanghai Stock Exchange Listing Rules
“Articles of Association”	Articles of Association of Guolian Securities Co., Ltd.
“Administrative Measures for Issuance”	Administrative Measures for Issuance of Securities by Listed Companies (上市公司證券發行管理辦法)
“Implementation Rules”	Implementation Rules for Non-public Issuance of Stocks by Listed Companies (2020 Revision)
“RMB”	RMB, RMB ten thousand, RMB100 million

Note: In this Proposal, as figures have been rounded up to the nearest two decimal places, any total count contained herein may not match the respective sum of the listed values. Unless otherwise indicated, financial figures and indicators stated in this Proposal are presented on a consolidated basis.

Section I Summary of the Plan for Non-public Issuance of A Shares**I. BASIC INFORMATION OF THE ISSUER**

Name in Chinese:	國聯證券股份有限公司
Name in English:	Guolian Securities Co., Ltd.
Date of establishment:	8 January 1999
Listing venues:	Shanghai Stock Exchange and Hong Kong Stock Exchange
Stock Short Name:	國聯證券 (A Share), Guolian Sec (H Share)
Stock Code:	601456 (A Share), 01456 (H Share)
Legal representative:	Ge Xiaobo
Registered address:	No. 8 Jinrong One Street, Wuxi, Jiangsu Province
Postcode:	214000
Registered capital:	RMB2,831,773,168
Telephone No.:	0510-82833209
Fax No.:	0510-82833124
Website:	www.glsc.com.cn
Business Scope:	securities brokerage; securities investment consulting; financial advisory business relating to securities trading and securities investment activities; proprietary securities trading; securities assets management; agency sale of securities investment funds; margin financing and securities lending business; agency service for futures companies; agency sale of financial products. (Business activity subject to approval under the laws shall only commence after obtaining relevant approval)

II. BACKGROUND AND PURPOSE OF THE NON-PUBLIC ISSUANCE

With the transformation of China's old and new economic dynamics and development model, capital market is expected to usher in a golden age. Residents' wealth deployment will be more targeted to the capital market, and the development trend of Pan-wealth management has been established. Against this background, the securities industry has also seen a new development momentum, the Company will face various impacts due to foreseeable industry integration, increasing concentration, competitions from foreign stockbroker and competitions from institution, the competition in the securities industry is becoming increasingly intense.

It is expected that the development of securities industry will show the following trends: (i) differentiation and integration will be accelerated, competition among industry participants will become more intense and industry concentration will further increase; (ii) securities industry becomes more internationalized and globalized, foreign stockbrokers enter the PRC market while domestic stockbrokers expand into overseas, there coexist both opportunities and challenges in the securities industry; (iii) the development of securities industry transforms to capital reliance mode and the business mode of securities companies will shift from previous commission-based business to a business model combining fee-based intermediary business, capital-based intermediary business and self-funded investment business in equal weight which will become the new profit growth point of securities companies.

Meanwhile, as the opening up of the securities industry is advancing in an orderly manner, the restrictions on foreign shareholding proportion in securities companies have been lifted, and foreign-controlled securities companies have been established in succession, which means domestic securities companies will encounter with more competition. At this stage, certain powerful securities companies have begun to expand their existing business scale or branch into new business domains through horizontal mergers and acquisitions, showing a sign of differentiation in the securities industry. Under the current regulatory framework featuring net capital and liquidity, capital strength becomes one of the key elements for a securities company to develop innovative business (such as capital-based intermediary business) and to strengthen its competitive advantage. Sufficient capital is the foundation and safeguards for securities companies to realize continuing healthy development and enhancing competitive strength.

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In recent years, the Company's business has developed quite swiftly, with a rapid growth in its scale and an improvement in industrial position. Despite after the Company had completed the Non-public Issuance in 2021, there is still a shortage of capital, in response to the structural adjustment in the securities industry and to improve the Company's overall competitiveness, the Company intends to increase its capital scale and to enhance its capital reserve through the Non-public Issuance of A Shares once again, to continue to improve its comprehensive service capabilities on the basis of enhancing preponderant business as well as to strengthen the profitability and risk resistance capacity through increasing capital scale. With improved operation management level, the Company will be able to seize the golden opportunity window for securities industry and will also be able to build differentiated competitive advantages over competitors thereby creating larger returns to the Shareholders by seizing the strategic opportunities for the Company among the increasingly fierce competition in the industry.

III. TARGET SUBSCRIBERS AND THEIR RELATIONSHIPS WITH THE COMPANY

The target subscribers for the Non-public Issuance will be no more than 35 specific subscribers which satisfy the relevant requirements of the CSRC, including securities investment fund management companies, securities firms, trust companies, finance companies, insurance institutions, qualified foreign institutional investors (QFII), and other institutional, individual investors or other qualified investors, which satisfy the relevant requirements of the CSRC. A securities investment fund management company, a securities firm, a qualified foreign institutional investors (QFII) or a Renminbi qualified foreign institutional investors (QFII) subscribing for the Shares through two or more of the products under its management shall be deemed as one single target subscriber. Target subscribers which are trust companies shall only subscribe for the Shares with their own capital.

The Company has not yet determined the specific target subscribers, and therefore it is impossible to determine the relationships between target subscribers and the Company.

Upon obtaining the written approval for the Non-public Issuance by the Company, the final target subscribers shall be determined by the Board (pursuant to the authorization granted at the general meeting) and the sponsor (lead underwriter) based on the prices offered by the target subscribers in accordance with the requirements of relevant laws, rules and regulations. In the event that there is new laws or rules governing the target subscribers, the Company will make necessary adjustments thereof.

All target subscribers shall subscribe the Shares under the Non-public Issuance in cash.

Those target subscribers who are required by regulatory authorities to comply with other provisions in relation to their shareholder qualifications and respective approval procedures shall follow and comply with such provisions.

IV. SUMMARY OF THE ISSUANCE PLAN

(I) Class and nominal value of shares to be issued

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

(II) Method and time of Issuance

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

(III) Target subscribers and subscription method

The target subscribers for the Non-public Issuance will be no more than 35 (inclusive) specific subscribers which satisfy the relevant requirements of the CSRC. The scope of the target subscribers includes no more than 35 specific subscribers such as securities investment fund management companies, securities firms, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFII), and other domestic institutional and individual investors, which satisfy the relevant requirements of the CSRC. A securities investment fund management company, a securities firm, a qualified foreign institutional investors (QFII) or a Renminbi qualified foreign institutional investors (QFII) subscribing for the Shares through two or more of the products under its management shall be deemed as one single target subscriber. Target subscribers which are trust companies shall only subscribe for the Shares with their own capital.

The final target subscribers shall be determined by the Company upon obtaining the written approval for the Issuance based on the prices offered by the target subscribers, the requirements of the Implementation Rules and the principle of price priority.

All target subscribers shall subscribe the Shares under the Non-public Issuance in cash.

Those target subscribers who are required by regulatory authorities to comply with other provisions in relation to their shareholder qualifications and respective approval procedures shall follow and comply with such provisions.

(IV) Issue size

Subject to compliance with the regulatory requirements of the places where the Company are listed, the number of A Shares to be issued under the Non-public Issuance shall be no more than 600,000,000 Shares (inclusive). In the event that the Company grants bonus shares, allots new shares, converts capital reserve into share capital or carries out any other ex-right activities during the period commencing from the date on which the Board approved the Issuance to the Date of Issuance, the issue size of the Issuance shall be adjusted accordingly.

The final issue size of the Non-public Issuance of A Shares shall be determined by the Board or its authorized person(s) (pursuant to the authorization granted at the general meeting) with the sponsor (lead underwriter) according to the cap approved by the CSRC and the issue price.

(V) Issue price and pricing principles

The Price Determination Date of the Non-public Issuance of Shares shall be the first day of the offer period of the Non-public Issuance of Shares. The issue price of the Non-public Issuance shall be no less than 80% of the average trading price of the A Shares for the 20 trading days preceding the Price Determination Date (excluding the Price Determination Date), or the latest audited net asset value per Share attributable to the shareholders of the parent company of the Company, whichever is higher.

The average trading price of the Shares for the 20 trading days preceding the Price Determination Date equals to total trading value of the Shares for the 20 trading days preceding the Price Determination Date divided by the total trading volume of the Shares for the 20 trading days preceding the Price Determination Date. In the event that there occurs any ex-right or ex-dividend activities causing adjustment to the share prices during the 20-trading-day period, the trading prices for those trading days prior to such adjustment shall be adjusted by the ex-right or ex-dividend activities accordingly.

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

Upon obtaining the written approval of the CSRC, the final issue price under the Non-public Issuance shall be determined by the Board or its authorized person(s) (pursuant to the authorization granted at the general meeting) with the sponsor (lead underwriter) based on the prices offered by the target subscribers and in accordance with the requirements of the CSRC and the principle of price priority.

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(VI) Amount and the use of proceeds

The total proceeds from the Non-public Issuance will not exceed RMB7 billion (inclusive), all of which will, after deducting the issuance expenses, be used for further expanding credit transaction business including margin financing and securities lending, expanding fixed income, equity, equity derivatives and other transaction business and repaying debts.

Proceeds from the Non-public Issuance will be applied as follows:

No.	Projects	Size
1	Further expanding credit transaction business including margin financing and securities lending	Not exceeding RMB2 billion
2	Expanding fixed income, equity, equity derivatives and other transaction business	Not exceeding RMB4 billion
3	Repaying debts	<u>Not exceeding RMB1 billion</u>
	Total	<u>Not exceeding RMB7 billion</u>

(VII) Lock-up period

According to the relevant requirements under the Administrative Measures for Issuance, the Implementation Rules and the Guidelines on Administrative Approval for Securities Companies No.10 – Increase and Change in Equity Interest of Securities Companies (《證券公司行政許可審核工作指引第10號－證券公司增資擴股和股權變更》), following the completion of the Issuance, the specific target subscribers holding 5% (inclusive) or more of the total issued Shares of the Company shall not transfer their Shares within 36 months from the date of completion of Issuance. Specific target subscribers holding less than 5% of the Shares of the Company shall not transfer their Shares within six months from the date of completion of the Issuance.

Where there are provisions of other laws and regulations on the lock-up period, those provisions shall also be complied with.

(VIII) Listing venue

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

(IX) Arrangement of accumulated undistributed profits prior to completion of the Issuance

After the Issuance, both new Shareholders and existing Shareholders shall be entitled to the undistributed profits of the Company accumulated prior to completion of the Non-public Issuance.

(X) Validity period of the resolutions

Validity period of the resolutions for the Non-public Issuance of Shares is 12 months from the date when the resolutions relating to the Issuance are considered and approved at the general meeting.

V. WHETHER THE ISSUANCE CONSTITUTES A RELATED PARTY TRANSACTION

As of the execution date of the Plan, no related parties intend to subscribe for the shares under the Non-public Issuance. The Company will disclose relevant information in a timely manner at the issuance stage if there is a related party transaction constituted due to the subscription of the shares under the Non-public Issuance by related parties.

VI. WHETHER THE ISSUANCE LEADS TO A CHANGE IN THE CONTROL OF THE COMPANY

As of 30 June 2022, Wuxi Guolian Development (Group) Co., Ltd. (無錫市國聯發展(集團)有限公司), the controlling shareholder of the Company, was interested as to 48.60% of the total Shares, of which 19.21% was held by it and 29.40% was indirectly held through controlled entities, namely, Guolian Trust Co., Ltd. (國聯信託股份有限公司), Wuxi Guolian Municipal Electric Power Co., Ltd.* (無錫市國聯地方電力有限公司), Wuxi Minsheng Investment Co., Ltd.* (無錫民生投資有限公司), Wuxi Cotton Textile Group Co., Ltd.* (無錫一棉紡織集團有限公司), Wuxi Huaguang Environmental Energy (Group) Co., Ltd.* (無錫華光環保能源集團股份有限公司). As Wuxi Guolian Development (Group) Co., Ltd. is a subsidiary controlled by Wuxi State-owned Assets Supervision and Administration Commission (無錫市國資委), Wuxi State-owned Assets Supervision and Administration Commission is the ultimate controlling shareholder of the Company.

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Given that the issue size of the Non-Public Issuance will be no more than 600,000,000 Shares (inclusive), upon completion, Wuxi Guolian Development (Group) Co., Ltd. will remain as the controlling shareholder of the Company and hence Wuxi State-owned Assets Supervision and Administration Commission will also remain as the ultimate controlling shareholder of the Company. As such, the Non-public Issuance will not cause any change in control of the Company.

VII. APPROVALS OBTAINED FOR THE NON-PUBLIC ISSUANCE FROM RELEVANT COMPETENT AUTHORITIES AND PROCEDURES PENDING ON SUBMISSION AND APPROVAL

This Proposal for the Non-public Issuance has been considered and approved at the twenty-eighth meeting of the fourth session of the Board, and is also be subject to the consideration of the Shareholders at the general meeting, and the approval of the A Shareholders' class meeting and the H Shareholders' class meeting. Upon consideration and approval by the Shareholders at the general meeting, the A Shareholders' class meeting and the H Shareholders' class meeting in accordance with the provisions of the Company Law, the Securities Law, the Administrative Measures, the Implementation Rules and other relevant laws, regulations and regulatory document, the Company will submit the Proposal to the CSRC for approval. Upon obtaining approval from the CSRC, the Company will apply to the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the issuance and listing of shares to complete all approval procedures for the Non-public Issuance of Shares.

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**Section II Feasibility Analysis by the Board on the Use of Proceeds
raised from the Non-public Issuance****I. PLANS FOR USE OF PROCEEDS FROM THE NON-PUBLIC ISSUANCE**

Subject to compliance with the regulatory requirements of the places where the Company are listed, the number of A shares to be issued under the Non-public Issuance shall not exceed 600,000,000 (inclusive), and the total proceeds from the Non-public Issuance will not exceed RMB7 billion (inclusive), all of which will, after deducting the issuance expenses, be used for further expanding credit transaction business including margin financing and securities lending, expanding fixed income, equity, equity derivatives and other transaction business and repaying debts.

Proceeds from the Non-public Issuance will be applied as follows:

No.	Projects	Size
1	Further expanding credit transaction business including margin financing and securities lending	Not exceeding RMB2 billion
2	Expanding fixed income, equity, equity derivatives and other transaction business	Not exceeding RMB4 billion
3	Repaying debts	<u>Not exceeding RMB1 billion</u>
	Total	<u><u>Not exceeding RMB7 billion</u></u>

To ensure the investment projects are on track and to protect the interests of Shareholders as a whole, depending on the actual progress of the investment projects and other circumstances, the Company may make necessary capital injection out of funds otherwise raised by the Company before the proceeds from the Issuance is available and such part of funds utilized will be reimbursed from the proceeds once available. In the event that the actual proceeds from the Non-public Issuance (after deducting the issuance expenses) is less than the total funds required for the investment project, the Company intends to fund such fall short with its own resources.

(i) Expanding the scale of credit transaction business including margin financing and securities lending and further enhancing ability to serve the real economy

The Company intends to apply not exceeding RMB2 billion from the proceeds from the Issuance for expanding the scale of credit transaction business including margin financing and securities lending of the Company.

It will be the overall trend for the financial sector to serve the real economy. From the perspective of securities industry, funds raised through pledge of stock mainly flow to the real economy, which helps to ease the financing difficulties faced by certain entities. Funds or securities provided through margin trading and securities lending can better realize the value discovery function of capital market. Since 2012, the credit transaction business that features margin trading and securities lending and stock pledged repurchase transactions has become an important part of assets and liabilities operations for securities firms. As of late June 2022, values of margin trading and securities lending on both the Shenzhen and Shanghai markets amounted to RMB1,603.331 billion.

The Company obtained from the CSRC the qualification for margin trading and securities lending in 2012, the qualification for capital refinancing business in January 2013 and the qualification for securities refinancing in June 2014. While ensuring that risks are measurable, controllable and tolerable, the Company promoted its credit transaction business with both endeavor and prudence, offering a range of solutions to its clients. As of 30 June 2022, the balance of margin trading and securities lending amounted to RMB9.438 billion, recording a market share of 0.59%; the scale of financial assets of stock pledged repurchase transactions reached RMB3.744 billion.

Under the backdrop of declining commission rate in the industry, the Company will further improve its profitability and market competitiveness by developing the credit transaction business to explore client demands for comprehensive financial services. The Company aimed to enhance its commission-based business while developing loan service business such as margin trading and securities lending as a boost to improve its profitability and further strengthen its ability to serve real economy. Therefore, the Company has further capital requirements for moderately expanding the scale of credit transaction business. Meanwhile, by increasing investments into the credit transaction business with proceeds from the Issuance, the Company will do better in meeting requirements related to risk control indicators so as to secure a reasonable growth of credit transaction business.

(ii) Expanding fixed income, equity, equity derivatives and other transaction business to enhance market competitiveness

The Company intends to apply not exceeding RMB4 billion from the proceeds from the Issuance for expanding fixed income, equity, equity derivatives and other transaction business of the Company.

The transaction businesses of securities companies have become a significant force in the market in recent years. Transaction business of securities companies are breaking away from directivity and shifting to diversification, and securities companies are having more mature strategies and stronger market competitiveness. According to operating data of securities companies for 2017 released by the Securities Association of China, revenue from proprietary businesses exceeded that generated from agency sales of securities businesses for the first time, becoming the largest source of income.

The Company started its securities proprietary business in 2001, with the development of the capital market, the securities industry is shifting from traditional directional proprietary business to risk-neutral capital intermediary business. The Company's securities transaction business is operated under securities investment department, fixed income department and equity derivatives business department. Specialized teams are formed in accordance to transaction types in concern. Equity transaction mainly involve securities products (e.g. listed stocks and funds), composing in majority those blue chips of medium to long term growth potential. Fixed income business mainly covers bonds and strategy derivatives hedging trades between banks or on exchanges. Quantitative and derivatives transaction adhere to the risk-neutral investment concept by mainly invest in stock price index, futures and options to hedge risks and trade.

Assuming the Company will continue to be able to manage relevant risks in the future, the transaction business department of the Company will moderately expand its scale of transaction to compile an investment portfolio with manageable risks and stable income according to the trends of macro economy and the changes of market condition and the net asset level of the Company. At the meantime, the Company will actively cultivate and improve investment management skill of the investment team aiming to achieve higher revenue. The Company are endeavoring to create unique image of its own through product design, intermediary trades and problem-solving plans in the fixed income business to provide distinctive service to the customers. The Company also strives to build a stock trading platform with first class trading, product innovation and problem-solving ability for its equity derivatives business to provide more value-added services to institutional sales, investment banks and wealth management businesses.

(iii) Repaying debts

The Company intends to apply not exceeding RMB1 billion from the proceeds from the Issuance for repaying debts.

Since its listing, the Company's business size has gradually expanded, while its debt size is also at a consistent higher level. As of 30 June 2022, the consolidated gearing ratio of the Company was 74.96% (amount of agency sales of securities has been excluded from assets and liabilities; the same below), the balance of bonds payable by the Company was RMB18.847 billion. Although it is the conventional development mode of the industry to appropriately increase the scale of leverage by means of debt financing instruments, however, the Company still needs to take the initiative to reduce the size of interest-bearing liabilities when conditions are available, so as to further reduce the financial costs and risks. Therefore, the Company intends to use the proceeds to repay debts and reduce financial risks, which is in the interests of all Shareholders and is conducive to the long-term and healthy development of the Company.

After the proceeds from the Issuance are in place, the Company will strategically optimize and adjust its business structure to enable continuous and sustainable growth; timely participate in internet financial service to promote the shifting of off-line business on-line; integrate business resources to build chain services throughout all the businesses to provide one-stop integrated service including equity and bond financing, merger and restructuring, financial consultation, market making, share transfer and trustee service. The Company will at the same time, promote synergy among all departments by deepening the cooperation and synergy mechanism and business connectivity mode in-between departments and branches, simplify management procedures to improve efficiency in order to form synergy effect among all businesses development.

II. NECESSITY OF THE ISSUANCE

(i) The Issuance is a necessary measure for the realization of the Company's strategic development objective

Facing the market environment with both opportunities and challenges, the Company adheres to the business philosophy of “integrity, stability, openness and innovation”, relying on its regional advantages, continuously improves its ability to serve the investment and financing needs of the real economy and meet the wealth management demands of people, promotes the comprehensive and balanced development of the Company's businesses, and realizes the transformation from a traditional channel brokerage to a modern comprehensive financial service provider.

To realize the Company's strategic objectives, the Company has taken the following measures to accelerate the pace of development over the past few years: implementing the strategy of locational advantages, focusing on enhancing branch construction; increasing resource investment and steadily promoting transformation and development; actively improving production lines and focusing on building advantageous businesses; building an A+H dual financing platform and carrying out various types of capital operations; proactively exploring management mechanism innovation and enhancing comprehensive benefits; strengthening the cultivation of talent team and establishing a people-oriented corporate culture.

To realize its strategic development objective, the Company will continuously invest in credit intermediation and transaction business in the future. The Issuance will provide a strong financial support to the Company's future development strategy; therefore, it is a necessary measure for the realization of strategic development objective.

(ii) Reinforcing capital strength and consolidating industry position

As China deepens reform in the capital market, the securities industry is facing intensified competition. On the one hand, the securities industry has a low rate of market concentration and universally homogeneous competition. Some competitive securities companies had started expansion in business scale or get into new business fields via horizontal mergers and acquisitions with an aim to promote synergic business development and improve comprehensive competitiveness and risk resistance capacity, which results in a differentiation trend in the securities industry. On the other hand, the opening-up of securities industry is being promoted gradually, the CSRC has announced to lift the restrictions on foreign shareholding proportion in securities companies, allowing foreign investors to have shareholding up to 100% in domestic securities companies. As the securities industry is further opened to the world, China's securities companies will face greater competition from foreign-funded financial institutions. Given the intensified competition, the Company is in need of reinforcing capital strength and comprehensively improving its competitiveness on basis of consolidating existing advantages.

As at 30 June 2022, total asset on consolidated basis reached RMB78.682 billion. The Company realized revenue of RMB1.274 billion and net profit of RMB437 million from January to June in 2022, and realized revenue of RMB2.967 billion and net profit of RMB889 million in 2021. The Company grows faster, and the demand for capital strength is more urgent when compared with leading securities companies of larger scale. Some peers have recently realized net capital improvement via equity refinancing activities. Amid the fierce market competition, the Company needs to continuously enhance its capital strength, seize development opportunities, improve its business, and consolidate its position in the industry. The Issuance will help the Company to consolidate its industry position and improve its comprehensive competitiveness, lay a solid foundation for business development, while using the leverage effect to further drive the expansion of debt financing and total asset size, and help the Company to gain an advantage in market competition.

(iii) Following the industry trend of transforming profit model and optimizing business structure

In the past few years, with the deepening of the capital market reform, the profit model of Chinese securities companies has transited from the traditional three major businesses, namely securities brokerage, securities proprietary trading and underwriting and sponsorship to a comprehensive business model with equal emphasis on commission business and securities transaction business. In the macro environment of prudent regulation, securities companies are actively exploring innovative businesses, which, in turn, sets a higher requirement on the capital strength of securities companies. At the same time, the follow-up investment mechanism for some projects on the Science Technology Innovation Board and GEM also requires that the sponsor should participate in the share subscription, which objectively puts forward new requirements on the capital strength of securities companies.

In such context, it is imperative for the Company to replenish its capital, enhance capital-driven businesses and promote development of innovative businesses while consolidating its current strengths, so as to further optimize income structure, diversify risks, help the Company maintain and steadily improve its advantages in innovation capability and reduce the impact of market uncertainty risks. The use of the proceeds is adapted to the needs of the Company's various major businesses, which can promote the optimization of the Company's business structure and the improvement of its profitability model, and enhance the Company's profitability.

(iv) Reducing the liquidity risk and improving risk resistance capacity

Risk management is a prerequisite for securities companies to realize sustainable development, and the ability to maintain risks in a measurable, controllable and tolerable range and prevent risk event is related to the profitability of securities companies and even a key to the survival and development of securities companies. The Guidelines for the Management of Liquidity Risks of Securities Companies effective from 1 March 2014 and the amended Measures for the Administration of Risk Control Indicators of Securities Companies and its supporting rules effective from 1 October 2016 set higher standards on the capital strength and risk management of securities companies. Currently, regulators implement risk control index management for securities companies with net capital and liquidity as the core.

The securities industry is capital intensive, and the capital scale directly determines the business scale, and even directly relates to the risk resistance capacity. As the business scale of the Company continues to grow, it is possible that the liquidity risk would be led by unmatched assets and liabilities structures. To effectively prevent the liquidity risk, the Company optimizes its liquidity risk management policy, improves the liquidity risk stress test mechanism and the liquidity risk indicator forecast mechanism, and improves the liquidity risk contingency plan. Nevertheless, reasonable capital replenishment is still an important means to resist risks. Proceeds from the Issuance are conducive to capital structure optimization, liquidity risk reduction and risk resistance capacity improvement.

III. FEASIBILITY OF THE ISSUANCE

(i) The Non-public Issuance satisfies the conditions prescribed by relevant laws, regulations and regulatory documents

The Company has a sound corporate governance structure, has established a comprehensive risk management and internal control system, and possesses high-quality assets and sound financial position, and its profitability is strong and sustainable. The Company satisfies the conditions for non-public issuance of domestic RMB-denominated ordinary shares (A Shares) that are prescribed by the Administrative Measures for Issuance, the Implementation Rules, Issuance Regulation Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Financing Activities of Listed Companies (Revision) and other relevant laws, regulations and regulatory documents.

(ii) The Non-public Issuance is in line with national industry policy orientations

In May 2014, the State Council issued the Several Opinions on Further Promoting the Sound Development of Capital Markets, which proposed to promote the differentiated, professional and characteristic development of securities institutions and to facilitate the establishment of several modern investment banks with international competitiveness and strong brand influence and of systemic importance.

In May 2014, CSRC issued the Opinions on Further Promoting the Innovative Development of Securities Institutions which clarified the main tasks and specific measures for promoting the innovative development of securities institutions from three aspects, constructing modern investment banks, supporting business and product innovation and promoting supervision transformation, and explicitly encouraged securities institutions to expand financing channels and conduct equity and debt financing activities.

In September 2014, CSRC and the Securities Industry Association issued the Notice on Encouraging Securities Companies to Further Replenish Capital and the Guidelines on Capital Replenishment for Securities Companies, respectively, requiring that securities companies should pay attention to capital replenishment and replenish capital through IPOs and capital increases to ensure that the scale of business is commensurate with capital strength and that the overall risk profile of the company matches its risk tolerance.

In June 2016, CSRC amended the Measures for the Administration of Risk Control Indicators of Securities Companies and the supporting rules. The document aims to improve the effectiveness of risk control indicators and promote the long-term, sound and steady development by referring to the latest industry development trend, improving the calculation basis for net capital and risk capital reserve, incorporating leverage ratio and liquidity supervision into the scope of indicators, and clarifying the counter-cyclical regulation mechanism.

As the business scale grows rapidly and industry regulatory policies are gradually adjusted, the current net capital cannot meet business development requirements of the Company. The Issuance is an act to respond to the proposal of CSRC to encourage securities companies to replenish their capital, and is in line with national industry policy orientations.

Section III Discussion and Analysis by the Board on Impact of the Issuance on the Company**I. CHANGES IN BUSINESSES, THE ARTICLES OF ASSOCIATION, SHAREHOLDING STRUCTURE, SENIOR MANAGEMENT AND REVENUE STRUCTURE AFTER THE ISSUANCE**

Current business scope of the Company is: securities brokerage; securities investment consultation; financial advisory business relating to securities trading and securities investment; securities proprietary trading; securities assets management; agency sale of securities investment fund; margin financing and securities lending; provision of futures intermediary services for futures companies; agency sale of financial products. (Business activities which are subject to relevant approval in accordance with applicable laws shall be carried out only after obtaining of such approvals granted by competent regulatory authorities.)

The impact of the Issuance on businesses, the Articles of Association, shareholding structure, senior management and revenue structure of the Company is the following:

- (i) Upon completion of the Non-public Issuance, businesses, senior management and revenue structure of the Company will not change significantly due to the Issuance.
- (ii) Upon completion of the Non-public Issuance, total share capital of the Company will be enlarged, and original shareholding will be diluted; but the shareholding structure of the Company will not change significantly. Total A share capital of the Company will be more than RMB400 million, and the public float will maintain at a level of above 10% of the total shares of the Company, which is in compliance with relevant regulations of the Listing Rules with respect to the conditions for issuance of A Shares.
- (iii) Upon completion of the Non-public Issuance, the registered capital and total A Shares of the Company will be changed, and the Company will amend relevant articles in the Articles of Association according to the results of the Non-public Issuance.

II. CHANGES IN THE FINANCIAL POSITION, PROFITABILITY AND CASH FLOWS AFTER THE ISSUANCE**(i) Impact on financial position**

Upon completion of the Non-public Issuance, the scale of total asset, net asset and net capital of the Company will be increased accordingly, and the gearing ratio will be lower, which will help optimize the Company's capital structure and effectively reduce financial risks. The Issuance will enable the Company to build a more sound financial structure, and provide the Company with greater business development potential while effectively improving the Company's risk resistance capacity. The Company will benefit from this and realize sustained and steady development.

(ii) Impact on profitability

Under the regulation system in which net capital is the core indicator, the business scale and risk resistance capacity of securities companies are closely related to their net capital. Through the Issuance, the Company will effectively increase its net capital, accelerate business development and improve its overall profitability and risk resistance capacity.

(iii) Impact on cash flows

Upon completion of the Non-public Issuance, the shares to be issued will be subscribed in cash; therefore, the Non-public Issuance will affect cash flows from financing activities for the period when proceeds are transferred to the Company. Such proceeds will support the Company's business expansion, and will have positive impact on future cash flows from operating activities.

III. CHANGES IN BUSINESS RELATIONSHIP, MANAGEMENT RELATIONSHIP, CONNECTED TRANSACTIONS AND HORIZONTAL COMPETITION BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES

Before the Non-public Issuance, the Company's controlling shareholder was Wuxi Guolian Development (Group) Co., Ltd., and the Company's actual controller was Wuxi State-owned Assets Supervision and Administration Commission. Upon completion of the Non-public Issuance, the Company's controlling shareholder and actual controller will not change due to the Issuance, and there will be not major changes of business relationship, management relationship, connected transactions and horizontal competition between the Company and the controlling shareholder, the actual controller and its related parties.

IV. FUNDS AND ASSETS OCCUPIED BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES, OR GUARANTEES OFFERED BY THE COMPANY FOR THE BENEFIT OF THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES UPON COMPLETION OF THE ISSUANCE

Before and after the Non-public Issuance, the Company has no funds or assets occupied by the controlling shareholder, actual controller and its related parties, and no guarantees offered by the Company for the benefit of the controlling shareholder, actual controller and its related parties.

V. SIGNIFICANT INCREASE IN LIABILITIES (INCLUDING CONTINGENT LIABILITIES) RESULTED FROM THE ISSUANCE, AND WHETHER ANY UNREASONABLE FINANCE COST IS INCURRED

As at 30 June 2022, the consolidated gearing ratio of the Company was 74.96% (amount of agency sales of securities has been excluded from assets and liabilities). Calculated by the upper limit of proceeds from the Issuance, being RMB7 billion, consolidated gearing ratio of the Company following the completion of the Issuance is estimated to be 67.79% (not taking account other changes in assets and liabilities). The Company has a more sound financial position and a more reasonable capital structure; there is no significant increase in liabilities (including contingent liabilities) resulted from the Issuance, and there is no ultra-low debt ratio or unreasonable finance cost incurred.

Section IV Profit Distribution Policy and Implementation of the Company

I. PROFIT DISTRIBUTION POLICY OF THE COMPANY

The current Articles of Association of the company stipulates the policies of the profit distribution in compliance with the requirements under the Notice on Further Implementation of Matters Relating to Cash Dividends for Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》), the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), and other regulations. with the main contents as follows:

Article 17.09 The basic principles of distributing profits by the Company are set out below:

- (1) the Company shall take fully into account the returns for its investors and distribute the dividends to its shareholders according to the stipulated proportion of the profits available for distribution achieved by the parent company during the year;
- (2) the Company shall keep an on-going and stable profit distribution policy and also consider the long-term interest of the Company, the overall interests of all shareholders and the sustained development of the Company.

Article 17.10 In distributing its after-tax profits, the Company shall allocate 10% of its net profit of the current year to the transaction risk reserve for covering losses incurred for securities transactions, but not for distributing dividends or increasing its capital, and then shall allocate 10% of its profits to the statutory surplus reserve of the Company. Allocation to the Company's statutory surplus reserve may be waived once the cumulative amount of funds therein exceeds 50% of the Company's registered capital. Where the statutory surplus reserve of the Company is not sufficient to cover the Company's loss from the previous year, the current year profits shall be used to cover such loss before allocation is made to the statutory surplus reserve pursuant to the previous paragraph. After allocation to the statutory surplus reserve has been made from the after-tax profits of the Company, the discretionary surplus reserve shall also be allocated from the after-tax profits upon passing a resolution at the shareholders' general meeting.

The Company shall not distribute profits to the shareholders before covering losses of the previous year and making allocation to the statutory surplus reserve.

After the Company has covered its loss and made allocation to the surplus reserve, the remainder of the after-tax profits shall be distributed to the shareholders in proportion to their share holdings, unless otherwise stipulated in the Articles of Association of the Company.

Where the shareholders' general meeting distributes its profits before recovery of losses and appropriation of surplus reserve to the shareholders in breach of the provisions of the preceding provision, the shareholders must refund to the Company the profits distributed in violation of the provisions.

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No profit shall be distributed in respect of the shares of the Company which are held by the Company.

Article 17.11 Dividends shall be distributed on the basis of the after-tax distributable profit, which shall be the smaller one of the following two figures:

- (1) the aggregate amount of after-tax distributable profit in the financial report audited by an accounting firm in accordance with the PRC accounting standards;
- (2) the aggregate amount of after-tax distributable profit in the financial report based on the audited financial report prepared in accordance with the PRC accounting standards and adjusted in accordance with international accounting standards or accounting standards of the place where the main overseas public offering occurs.

Article 17.14 The Company may distribute dividends in the following manners:

- (1) cash;
- (2) shares;
- (3) a combination of cash and shares.

Where the Company satisfies the conditions of cash dividend distribution, it shall accord priority to profit distribution by way of cash dividends. Where the Company has a rapid growth in operating revenue, and the Board considers that the share price of the Company does not reflect the share capital size of the Company, the Company may, in addition to satisfying the above distribution of cash dividends, put forward and implement a plan for distribution of share dividends.

Article 17.15 In principle, the Company makes profit distribution annually, but where conditions permit, interim profit distribution can be made.

Article 17.16 Subject to ensuring that regulatory requirements and requirements for the normal operation and long-term development of the Company are met, where there are distributable profits from the profits achieved for the year after making allocation to the risk reserve, covering loss and making allocation to the statutory surplus reserve in accordance with the law, cash dividend distribution can be made. The profits distributed in cash by the Company annually shall not be less than 30% of the distributable profits achieved for the year.

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Article 17.19 Procedures of reviewing the profit distribution plan:

When formulating the profit distribution plan, the Board shall diligently study and discuss on matters including the timing, conditions and minimum proportion, conditions for adjustments and the requirements of the decision making procedures of the cash dividends, and the independent directors shall express an unequivocal opinion. Independent directors may solicit the opinions of minority shareholders, put forward a dividend proposal, and directly submit it to the Board for consideration. Before the shareholders' general meeting considers the specific proposal for cash dividends, the Company shall take the initiative to communicate and exchange views with shareholders, especially minority shareholders, through various channels and fully listen to the views and aspirations of minority shareholders, and to make replies to questions of concern from minority shareholders in a timely manner. The Supervisory Committee of the Company shall supervise the circumstances and decision-making procedures regarding the formulation of the profit distribution proposal by the Board.

If the Company has distributable profits for the year but does not put forward any cash dividend proposals, the Board shall provide a special explanation for matters including the specific reasons for not making cash dividends, the exact use of the retained earnings of the Company and the expected return on investment, which, after the independent directors have expressed their opinions, shall be submitted to the shareholders' general meeting for consideration, the approval of which shall require no less than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting and shall be disclosed in the designated media of the Company, and the Company shall provide shareholders with the Internet voting platform for voting.

The Company shall disclose the profit distribution plan for the year in the annual report, where regulatory requirements and requirements for the normal operation and long-term development of the Company are met and there are distributable profits during the reporting period, but the Board of the Company does not put forward any plan for profit distribution in cash, the reasons shall be disclosed in the periodic report to provide a detailed explanation for not making profit distribution and the use of capital that may otherwise be used as dividends but has been retained by the Company.

Article 17.20 Implementation of the profit distribution plan:

After the shareholders' general meeting of the Company adopts a profit distribution plan by way of resolution, the Board of Directors of the Company shall promptly complete the distribution of dividends (or shares) within two months of the convening of shareholders' general meeting.

Article 17.21 Any change of the profit distribution policy of the Company:

In case of force majeure such as war or natural disasters, or any changes in the external operation environment of the Company which may have a material impact on the production and operation of the Company, or any changes in its own operating conditions of the Company, the Company may make adjustments to its profit distribution policy.

The Board of Directors shall make special discussion on adjusting the profit distribution policy of the Company, detail the reasons of such adjustments and form a written demonstration report, which shall be submitted to the shareholders' general meeting for approval by a special resolution after prior consideration of the independent directors. When considering the matters regarding any change in profit distribution policy, the Company may provide the Internet voting platform for the shareholders. When the shareholders' general meeting considers any change of the profit distribution policy, it shall fully consider the opinions of minority shareholders.

II. CASH DIVIDEND AND USE OF UNDISTRIBUTED PROFITS OF THE COMPANY IN RECENT THREE YEARS

(i) Profit distribution plan in recent three years

1. Profit distribution plan for the year 2019

On 10 June 2020, the Profit Distribution Plan for the Year 2019 of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2019年度利潤分配方案》) was considered and approved at the 2019 annual general meeting of the Company, and the Company will not implement profit distribution in 2019.

2. Profit distribution plan for the year 2020

On 7 May 2021, the Profit Distribution Plan for the Year 2020 of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2020年度利潤分配方案》) was considered and approved at the 2020 annual general meeting of the Company, a cash dividend of RMB1.20 (tax inclusive) per 10 shares was distributed. Based on the Company's total share capital of 2,378,119,000 shares prior to the implementation of the plan, the total amount of cash dividends distributed was RMB285,374,280.00 (tax inclusive). This profit distribution has been completed on 23 June 2021.

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3. Profit distribution plan for the year 2021

On 10 June 2022, the Profit Distribution Plan for the Year 2021 of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2021年度利潤分配方案》) was considered and approved at the 2021 annual general meeting of the Company, a cash dividend of RMB1.00 (tax inclusive) per 10 shares was distributed. Based on the total share capital of 2,831,773,168 shares prior to the implementation of the plan, the total amount of cash dividends distributed was RMB283,177,316.80 (tax inclusive). This profit distribution has been completed on 28 July 2022.

(ii) Cash dividend for recent three years

Cash dividend for the years 2019, 2020 and 2021 are as follows:

Year of distribution	Dividend payout for every 10 shares (RMB) (tax inclusive)	Amount of cash dividend (RMB) (tax inclusive)	Net profit attributable to ordinary shareholders of the parent company in the consolidated statements for the year of dividend distribution (RMB)	Percentage of net profit attributable to ordinary shareholders of the parent company in the consolidated statements
2021	1.00	283,177,316.80	888,639,753.44	31.87%
2020	1.20	285,374,280.00	587,871,418.22	48.54%
2019	-	-	521,344,151.14	-
Accumulated amount of cash dividend in the recent three years (RMB)				568,551,596.80
Average net profit attributable to ordinary shareholders of the parent company in the recent three years (RMB)				665,951,774.27
Accumulated amount of cash dividend in the recent three years/Average net profit attributable to ordinary shareholders of the parent company in the recent three years				85.37%

(iii) Use of undistributed profit in the recent three years

In the recent three years, the Company utilized the undistributed profit in satisfying its net capital requirements, particularly in the normal business development for the principal businesses of the Company.

III. SHAREHOLDER'S RETURN PLAN OF THE COMPANY FOR THE NEXT THREE YEARS

On 1 March 2021, the Company convened the 2021 Second Extraordinary General Meeting to consider and approve the Shareholder Return Plan for the Next Three Years (2021-2023) of Guolian Securities Co., Ltd. (《國聯證券股份有限公司未來三年(2021-2023年)股東回報規劃》), the details of which are as follows:

(i) Order of Profit Distribution

In distributing its after-tax profits, the Company shall allocate 10% of its net profit of the current year to the transaction risk reserve for covering losses incurred for securities transactions, but not for distributing dividends or increasing its capital, and then shall allocate 10% of its profits to the statutory surplus reserve. Allocation to the Company's statutory surplus reserve may be waived once the cumulative amount of funds therein exceeds 50% of the Company's registered capital. Where the statutory surplus reserve of the Company is not sufficient to cover the Company's loss from the previous year, the current year profits shall be used to cover such loss before allocation is made to the statutory surplus reserve pursuant to the previous paragraph.

After allocation to the statutory surplus reserve has been made from the after-tax profits of the Company, the discretionary surplus reserve shall also be allocated from the after-tax profits upon passing a resolution at the shareholders' general meeting.

After the Company has covered its loss and made allocation to the surplus reserve, the remainder of the after-tax profits shall be distributed to the shareholders in proportion to their share holdings.

(ii) Form and Interval Period of Profit Distribution

The Company distributes profits according to the proportion of the shares held by shareholders, and may distribute dividends in the form of cash, stock or a combination of the two. Where the Company satisfies the conditions of cash dividend distribution, it shall accord priority to profit distribution by way of cash dividends. In principle, the Company makes profit distribution annually, but where conditions permit, interim profit distribution can be made.

(iii) Conditions and Proportions of Cash Dividends

If, for example, the Company's net gearing ratio does not meet the standards prescribed by relevant laws and administrative regulations, no profit shall be distributed to shareholders. Subject to ensuring that regulatory requirements and requirements for the normal operation and long-term development of the Company are met, where there are distributable profits from the profits achieved for the year after making allocation to the risk reserve, covering loss and making allocation to the statutory surplus reserve in accordance with the law, cash dividend distribution can be made. The profits distributed in cash by the Company annually shall not be less than 30% of the distributable profits achieved for the year.

Where the Company has a rapid growth in operating revenue, and the Board considers that the share price of the Company does not reflect the share capital size of the Company, the Company may, in addition to satisfying the above distribution of cash dividends, put forward and implement a plan for distribution of share dividends.

The Board of the Company shall propose a differentiated cash dividend policy by taking into full consideration the characteristics of the industry where it operates, its own development stage, operation model and profitability level, and whether there is material arrangement on capital expenditure and other factors, in accordance to the requirements of the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividend of Listed Companies, and distinguishing the following circumstances, subject to the procedures as stipulated in the Articles of Association.

1. Where the Company is at a matured stage of development with no material arrangement on capital expenditure, and when the profit distribution is made, the cash dividend shall account for at least 80% to the profit distribution;
2. Where the Company is at a matured stage of development with material arrangement on capital expenditure, and when the profit distribution is made, the cash dividend shall account for at least 40% to the profit distribution;
3. Where the Company is at a growing stage of development with material arrangement on capital expenditure, and when the profit distribution is made, the cash dividend shall account for at least 20% to the profit distribution.

In case of difficulty in distinguishing the development stage of the Company and there is material arrangement on capital expenditure, profit distribution shall be made in accordance with the provisions of the preceding paragraph.

Section V Risk Alert in relation to the Dilution of Current Returns by the Non-public Issuance of A Shares

In order to protect the interests of medium and small investors, the Company analyzed the impact of the Issuance on the dilution of current returns and developed specific remedial measures to dilute current returns in accordance with the requirements of the Opinions of the General Office of the State Council on Further Enhancing the Protection of Legitimate Rights and Interests of Medium and Small Investors in Capital Markets (Guo Ban Fa [2013] No. 110), the Several Opinions of the State Council on Further Promoting the Sound Development of Capital Markets (Guo Fa [2014] No. 17) and the Guiding Opinions on the Dilution of Current Returns by Initial Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31) issued by CSRC and other provisions. Specific details are set out below:

I. CHANGES IN EARNINGS PER SHARE OF THE COMPANY UPON COMPLETION OF THE ISSUANCE

The total share capital of the Company prior to the Issuance was 2,831,773,168 Shares. Subject to compliance with the regulatory requirements of the places where the Company are listed, the number of shares to be issued shall be no more than 600,000,000 Shares (inclusive). The total amount of proceeds from the Issuance, after deducting relevant issuance expenses, will be used for replenishment of capital and working capital of the Company in order to expand the Company's business scale and improve its market competitiveness and risk resistance capacity. After the proceeds from the Issuance are in place, the total share capital and net asset size of the Company will be significantly increased. Due to the time needed for the proceeds from the Issuance to generate benefits, the indicator of current returns of the Company may be exposed to the dilution risk upon completion of the Issuance if the Company fails to record a growth in its operating results at a corresponding rate.

(i) Main assumptions and premises

1. It is assumed that there will be no material adverse changes in the macroeconomic environment, the development trend of the industry and the operating conditions of the Company in 2022 and 2023.
2. It is assumed that the Issuance will be completed prior to 31 March 2023. The completion time, which will be used only for the purpose of calculating the impact of the dilution of current returns under the Issuance on main financial indicators, shall be subject to the time when the Issuance is actually completed as approved by CSRC.

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3. It is assumed that 600,000,000 Shares are to be issued under the Issuance and the total amount of proceeds is RMB7 billion, without taking into consideration the impact of issuance expenses. In the event that the Company distributes dividends, grants bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities during the period commencing from the Price Determination Date to the date of Issuance of this Non-public Issuance of A Shares, adjustments shall be made to the number of A Shares to be issued under Non-public Issuance accordingly. The actual amount of proceeds received from the Issuance shall be finalized subject to the approval of the regulatory authority, status of issuance and subscription, issuance expenses, etc.
4. No consideration is given to the impact on the production, operation, financial condition, etc. of the Company (such as operating revenue, financial expenses and investment income) upon receipt of the proceeds from the Issuance.
5. Estimate of the total share capital of the Company is based on the total share capital of 2,831,773,168 Shares of the Company as at the proposal announcement date, not considering the changes in share capital caused by factors other than the impact of the Non-public Issuance of A Shares.
6. The net profit attributable to shareholders of the parent company before and after deducting the non-recurring profit and loss in the half year of 2022 are RMB437,236,663.71 and RMB431,144,455.88 respectively. Assuming that the net profit attributable to shareholders of the parent company before and after deducting the non-recurring profit and loss in the whole 2022 are RMB874,473,327.42 (i.e., $\text{RMB437,236,663.71} \times 2 = \text{RMB874,473,327.42}$) and RMB862,288,911.76 (i.e., $\text{RMB431,144,455.88} \times 2 = \text{RMB862,288,911.76}$), the net profit attributable to shareholders of the parent company before and after deducting non-recurring profit and loss in 2023 shall be calculated on the basis of the performance of 2022 by the increase of 0%, 10% and -10% respectively, and the abovementioned assumptions shall not constitute a profit forecast.

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(ii) Impact on main financial indicators of the Company upon the Issuance

Set out below are the analysis on earnings per share prior to and upon the completion of the Issuance based on above assumptions:

Item	2022/ 31 December 2022	Comparison between prior to the Issuance and upon the Issuance (2023/31 December 2023)	
		Prior to the Issuance	Upon the Issuance
Closing balance of total share capital (shares)	2,831,773,168	2,831,773,168	3,431,773,168
Weighted average total share capital (shares)	2,831,773,168	2,831,773,168	3,281,773,168

Assumption I: The net profit attributable to shareholders of the parent company before and after deducting non-recurring profit and loss in 2023 remains stable as compared with previous year

Net profit attributable to shareholders of the parent company (RMB)	874,473,327.42	874,473,327.42	874,473,327.42
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (RMB)	862,288,911.76	862,288,911.76	862,288,911.76
Basic earnings per share (RMB/share)	0.31	0.31	0.27
Diluted earnings per share (RMB/share)	0.31	0.31	0.27
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.30	0.26
Diluted earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.30	0.26

Assumption II: The net profit attributable to shareholders of the parent company before and after deducting non-recurring profit and loss in 2023 increases by 10% as compared with the previous year

Net profit attributable to shareholders of the parent company (RMB)	874,473,327.42	961,920,660.16	961,920,660.16
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (RMB)	862,288,911.76	948,517,802.94	948,517,802.94
Basic earnings per share (RMB/share)	0.31	0.34	0.29
Diluted earnings per share (RMB/share)	0.31	0.34	0.29
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.33	0.29
Diluted earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.33	0.29

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Item	2022/ 31 December 2022	Comparison between prior to the Issuance and upon the Issuance (2023/31 December 2023)	
		Prior to the Issuance	Upon the Issuance
Assumption III: The net profit attributable to shareholders of the parent company before and after deducting non-recurring profit and loss in 2023 decreases by 10% as compared with the previous year			
Net profit attributable to shareholders of the parent company (RMB)	874,473,327.42	787,025,994.68	787,025,994.68
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (RMB)	862,288,911.76	776,060,020.58	776,060,020.58
Basic earnings per share (RMB/share)	0.31	0.28	0.24
Diluted earnings per share (RMB/share)	0.31	0.28	0.24
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.27	0.24
Diluted earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.27	0.24

Note: Basic earnings per share and diluted earnings per share are prepared pursuant to Calculation and Disclosure of Return on Net Assets and Earnings per Share, No. 9 of the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public.

As estimated based on the above assumptions, there will be certain dilution effects on earnings per share of the Company in 2023 caused by the Issuance.

(iii) Description about the estimate

The above assumption analysis of the Company in relation to the estimate does not constitute the profit estimate of the Company. Investors should not rely on such analysis in making investment decisions and the Company shall not be liable to any losses caused thereon.

The number of shares, total amount of proceeds and the completion time of the Issuance in relation to the estimate are just estimated values, and shall be finalized subject to the approval of regulatory authority, status of issuance and subscription.

II. RISK ALERT IN RELATION TO THE DILUTION OF CURRENT RETURNS BY THE NON-PUBLIC ISSUANCE

The total share capital and net asset size of the Company will be increased upon completion of the Issuance. Due to the time needed for the proceeds from the Issuance to generate benefits, the realization of profits and shareholder's returns by the Company will still mainly rely on the existing businesses of the Company. On the premise of increase in the total share capital of the Company, the indicator of current returns of the Company may be exposed to the dilution risk upon completion of the Issuance if the Company fails to record a growth in its operating results at a corresponding rate.

III. RELATIONSHIP BETWEEN INVESTMENT PROJECTS FOR THE PROCEEDS AND EXISTING BUSINESSES OF THE COMPANY**(i) Operation status and development trend of existing business segments of the Company**

The business scope of the Company is “securities brokerage; securities investment consulting; financial advisory business related to securities trading and securities investment activities; proprietary securities trading; securities assets management; agency sale of securities investment funds; margin financing and securities lending business; provision of intermediary business to futures companies; agency sale of financial products (the business items subject to approval under the laws shall be carried out after the approval by relevant authorities)”.

For 2019, 2020, 2021 and from January to June in 2022, the operating revenues of the Company were RMB1.619 billion, RMB1.876 billion, RMB2.967 billion and RMB1.274 billion, respectively, and net profits realised were RMB521 million, RMB588 million, RMB889 million and RMB437 million, respectively.

(ii) Risk exposure and improvement measures

Risks faced by the Company include political and legal risk, business and operational risk, financial risk and information technology risk. The Company always pays great attention to the development of risk management system, and has established an all-round risk management and internal control system. The Company ensured risks to be measurable and controllable, as well as a reasonable risk – return ratio, so as to guarantee that the Company operates on a going-concern basis in compliance with regulatory requirements. The Company continuously improves risk management system according to its business development needs, changes in market environment and regulatory requirements. The all-round risk management mechanism has been continuously improved and is operating in an effective manner.

(iii) Relationship between investment projects for the proceeds and existing businesses of the Company

The total amount of proceeds from the Issuance is no more than RMB7 billion (inclusive), all of which will be used for replenishment of capital and working capital of the Company after deducting the issuance expenses in order to expand the Company's business scale.

The total amount of proceeds from the Non-public Issuance will be used for replenishment of capital and working capital of the Company after deducting the issuance expenses in order to optimize the capital structure and enhance its market competitiveness and risk resistance capacity. The proceeds will be used mainly for the following aspects: further expanding credit transaction business including margin financing and securities lending, expanding fixed income, equity, equity derivatives and other transaction business and repaying debts.

The Non-public Issuance investment projects for the proceeds is compatible with the production and operation, technical level and management capacity of the Company. Upon the completion of the Non-public Issuance, the Company's existing main business will not be significantly changed and the Company's net capital scale will be effectively improved, the business related to the Company's main business will be driven to develop and the overall profitability level of the Company will be improved.

IV. PERSONNEL, TECHNOLOGY, MARKET RESERVE AND OTHER RESERVES FOR INVESTMENT PROJECTS FOR THE PROCEEDS OF THE COMPANY

In terms of personnel reserve, the Company always attaches great importance to encouraging and cultivating the entrepreneurship of employees, and motivating employees to work diligently and faithfully. The Company has a high-quality and professional securities practice team covering all business lines.

According to the market-oriented principle, the Company has established a promotion and remuneration management mechanism with market competitiveness by focusing on the management of the MD ranking system. The Company attaches great importance to staff trainings, is committed to building a high-quality talent team and keeps on improving and optimizing its staff training system. Based on the business development requirements every year, the Company accurately explores the training problems at the front and back ends and gathers departments training needs to develop and carry out annual training programme in an orderly manner, improve the effectiveness of training, and achieve mutual growth of staff and the Company. In order to ensure the smooth implementation of the Non-public Issuance investment projects, the Company will continuously optimize the personnel structure and strengthen the talent strength focusing on the characteristics as well as the management and operation mode of the investment projects. Hence, the Company has sufficient, excellent and reasonable structured personnel reserve to ensure the effective implementation of the investment projects.

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In terms of technology, the Company attaches great importance to the leading role of information technology in supporting and leading its future business development, continues to increase the investment in information technology, improves the customer service platform and information technology operation and management system, establishes and improves its data center, introduces and trains excellent information technology talents. The Company has independently developed a public offering fund investment advisory system, which has greatly improved the system iteration speed, reduced system costs, and supported the rapid development of external channels for fund investment advisory purposes. In the future, the Company will continuously deepen the reform of management mechanism, strengthen the leading role of financial technology, improve the forward-looking capacity and planning capacity by focusing on the needs of clients and business, effectively improve the level of IT investment, the scale of professionals and the strength of technological innovation capacity based on its financial capacity and live within its means, and promote the transformation of information technology from the technical support to the Company's driven business.

In terms of market, as a broker with comprehensive businesses, the Company has formed a relatively well-established business system including brokerage and wealth management business, investment banking business, assets management and investment business, credit transaction business and proprietary trading business, and has established several branches in the important regions in some cities and provinces including Jiangsu, Shanghai, Beijing, Zhejiang, Guangdong, Chongqing, Shandong, Liaoning, Sichuan, Hunan and Hubei. In future, the Company will gradually establish its position as an investment and financing arranger, transaction organiser, wealth manager and liquidity provider in the national market with established presence in Wuxi, Southern Jiangsu and the Yangtze River Delta region.

V. MAIN MEASURES TO BE TAKEN BY THE COMPANY IN RESPONSE TO THE DILUTION OF CURRENT RETURNS BY THE NON-PUBLIC ISSUANCE

In response to the possible dilution of the current return from the Issuance, the Company will take the following measures to use the proceeds to further enhance the Company's operating efficiency, fully protect the interests of the Company's shareholders, especially the medium and small shareholders, and focus on medium and long-term shareholder value returns:

(i) Improving the efficiency of daily operations and rationalizing operation costs

The Company takes matrix management as the direction, aims to optimize the allocation of resources and improve the overall operational efficiency of the Company, continuously optimizes and improves the management process and enhances the management efficiency; the Company takes "Internalization of customers, Internalization of business and Internalization of management" as the goal and vigorously promotes the "Internet+" enterprise operation mode to improve the efficiency of business development and internal management. The Company will continue to optimize the allocation of resources, strictly control expenses and reasonable control operating costs.

(ii) Optimizing revenue structure, expanding business scale and improving sustainable profitability

The use of proceeds is focused on the main business of the Company and is in line with the development strategy of the Company. The Company will seize the favorable opportunity of transformation and upgrading of the securities industry, further optimize its business structure, accelerate the development of credit transaction business such as margin financing and securities lending, stock pledged repurchase, actively cultivate innovative business such as over-the-counter market business and financial derivatives business, accelerate the construction of modern securities holding group, promote the diversification and comprehensive development of the Company's revenue structure, reduce operation risks and effectively mitigate the volatility of the securities industry on the income of securities companies caused by its cyclical nature.

After the proceeds that raised from the Issuance are in place, the Company will make reasonable use of the proceeds to further expand credit transaction business including margin financing and securities lending and expand fixed income, equity, equity derivatives and other transaction business and repaying debts.

(iii) Strengthening risk management measures

The Company takes comprehensive risk management as an important means to achieve and secure business development, continuously strengthens the construction of comprehensive risk management system, continuously improves risk management capabilities in the areas of credit risk, concentration risk, market risk, liquidity risk, operation risk, compliance risk and reputation risk, strengthens risk prevention and control in key areas, continuously improves risk identification, measurement, monitoring, disposal and reporting in key areas, and comprehensively improves the Company's risk management capabilities.

(iv) Regulating the management and use of proceeds

In order to regulate the management and use of the proceeds and protect the interests of investors, the Company has formulated the Policy on the Management of Proceeds of Guolian Securities Co., Ltd. in accordance with the requirements of laws, regulations and other regulatory documents such as the Company Law, the Securities Law, the rules for the listing of shares on the relevant stock exchange and the Articles of Association of the Company, which provides detailed regulation on the deposit of proceeds, the use of proceeds, the change of the investment of proceeds and the supervision of the use of proceeds. The Company will strengthen the management of the proceeds, use the proceeds reasonably and effectively, and prevent the risk of using the proceeds.

(v) Maintaining stable policies on shareholder's returns

The provisions of the Articles of Association regarding the profit distribution policy, in particular the specific conditions, ratio, distribution form of cash dividends and conditions for distribution of stock dividends, are in compliance with the requirements of the Notice of the China Securities Regulatory Commission on Further Implementation of Matters Relating to Cash Dividends for Listed Companies and the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividend of Listed Companies. The Company has formulated the Shareholder Return Plan for the Next Three Years (2021-2023) of Guolian Securities Co., Ltd. to facilitate investors to form stable return expectations.

The Company highly emphasizes the protection of shareholders' rights and interests and will continue to maintain the continuity and stability of its profit distribution policy and insist on creating long-term value for shareholders.

The Company specifically reminds investors that the formulation of remedial returns measures is not equivalent to making guarantees for the future profits of the Company.

VI. UNDERTAKINGS MADE BY DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY ON REMEDIAL MEASURES TO THE DILUTION OF CURRENT RETURNS BY THE ISSUANCE OF SHARES

Directors and senior management of the Company have made the following undertakings on the proper implementation of the remedial measures to the dilution of current returns to be taken by the Company:

1. not to transfer benefits to other organizations or individuals at nil consideration or on unfair terms nor otherwise prejudice the interests of the Company;
2. to control duty-related expenses of Directors and senior management;
3. not to utilize the Company's assets for the purpose of investment and consumption activities that are irrelevant to their duties;
4. to associate the remuneration system formulated by the Board or the Remuneration Committee with the execution of the remedial measures to current returns of the Company;
5. to associate the exercise conditions under the equity incentive plan with the execution of the remedial measures to current returns of the Company in case the Company implements an equity incentive plan in the future.

I undertake to make additional undertakings in accordance with relevant regulations in due course where the regulatory authority develops other detailed provisions on remedial measures and relevant undertakings and such undertakings fail to satisfy the detailed provisions of the regulatory authority subsequent to the date of the above undertakings.

Section VI Related Risks of the Non-public Issuance of A Shares

The investors shall consider each of the following risks prudently in assessing the Non-public Issuance by the Company, in addition to the information otherwise provided in the Proposal:

I. RISKS ON THE INSTABILITY OF OPERATING RESULTS CAUSED BY THE FLUCTUATION IN MACRO ECONOMY AND CAPITAL MARKETS

The capital markets in the PRC are operating under a particular cycle under various factors, such as the overall economic development, macro-economic policies, international economic environment, industrial regulatory policies and investment psychology. Recently, businesses of local securities companies mainly include securities brokerage business, investment banking business, proprietary business, margin financing and securities lending business and assets management business, etc., which shows a relatively significant dependence and relevance to the long-term development and the short-term trend in capital markets, thus resulting in a relatively substantial fluctuation in operating results.

The volatility of the securities market will have a direct impact on investors' willingness to participate, market trading volume, trading value, securities prices, corporate financing, etc. The performance and profitability of the Company may fluctuate greatly, if the PRC securities market is in a downturn cycle in the future or there is severe fluctuations in the short run.

II. RISKS ON INDUSTRIAL COMPETITION

Currently, local securities companies are in face of homogeneous operation, with profit mainly derived from traditional businesses, namely securities brokerage, investment banking, assets management and proprietary securities business, hence resulting in the increasingly fierce competition in the industry. In recent years, various securities companies expand their capital scales rapidly by way of capital increase, issuance and listing, non-public issuance, etc., with increased securities branches and expansion of innovative businesses, thus leading to a more intensified competition. In addition, financial institutions engaging in banking, trust, insurance and relevant financial institutions are also tapping into various businesses in capital markets such as securities underwriting, financial consultation and assets management by capitalizing on its advantage in channels and customer resources, which has caused the partial diversification of the customers of securities companies. The gradual penetration of Internet finance has put an end to the regional and channel advantages of securities companies in the past, while driving cross-services and product integration across the brokerage business, assets management business, investment banking business, and research business. As such, securities companies are facing competition with non-conventional financial institutions such as internet providers in terms of business operation.

Along with the further implementation of opening-up policies on local capital markets, China has opened the door of domestic securities market to foreign securities companies, which has attracted a number of renowned securities companies to join the market competition in the local securities industry through the establishment of joint ventures with local securities companies. Meanwhile, in April 2018, CSRC issued the “Administrative Measures for Foreign-invested Securities Companies”, which allows the controlling of securities joint ventures through foreign investments while the business scope of such securities joint ventures is broadened. As the opening up of the securities industry is advancing in an orderly manner, the restrictions on foreign shareholding proportion in securities companies have been lifted, and foreign-controlled securities companies have been established in succession, the further acceleration of the opening-up of securities industry in the PRC will promote more intense industry competition in the future.

III. POLICY AND LEGAL RISKS

Recently, the local securities industry has adopted a management system that mainly relies on the centralized supervision and management on national securities markets by CSRC in accordance with laws, supported by a self-disciplined management mechanism executed by Securities Industry Association, stock exchanges and other self-disciplined organizations over their members. The securities industry has formed a regulatory mechanism with a set of laws and regulations, including the Securities Law, the Regulation on the Supervision and Administration of Securities Companies, and the Administrative Measures for the Risk Control Indicators for Securities Companies. Under such mechanism, the securities business of the Company is subject to the supervision by securities regulatory departments and the laws and regulations in terms of business license, risk control, network settings and daily management, etc. If, in the future, the Company violates the regulations in daily operation, and regulatory measures or punishments are imposed by the regulatory department, there will be adverse impacts on the Company’s reputation, in turn may affect the results and development of Company in the future.

In addition, where there is a change in laws, regulations and policies in relation to economic issues (such as financial and monetary policies, interest rate policies, business license policies and the standard for service charged), it may trigger a fluctuation in securities markets and a change in the development environment of the securities industry, hence imposing impacts on the commencement of each business of the Company.

IV. RISKS ON BUSINESS OPERATION**(i) Risks on investment banking business**

The investment banking business of the Company mainly includes equity financing business, debt financing business and financial consultation business and is primarily exposed to sponsorship risk and underwriting risk. Along with the transformation of regulatory policies, the risks and responsibilities to be assumed by the Company for its investment banking business will be more significant. On the one hand, if the PRC capital market declines or fluctuates significantly, the corporate investment banking business may face unfavorable situations such as a reduction in the volume of securities issuance and underwriting services, suspension or cancellation of securities issuance due to insufficient subscription, and a decline in the rates for underwriting of securities. On the other hand, with the transformation of regulatory policies, companies have increased their risks and responsibilities in investment banking. When the company conducts the underwriting business of stocks and bonds by way of standby underwriting, if there is a deviation in the judgment of the issuer's prospects and market systemic risks or the issuance plan itself is unreasonable, the issuance price of stocks or the bond interest rate and maturity design do not meet the needs of investors, or there is a misjudgment of market trends or improper timing of issuance, under such circumstances, the Company may bear the risk of financial loss due to failure of the issuance or large-scale underwriting.

(ii) Risks on securities brokerage business

The securities brokerage business is one of the main conventional businesses of the Company. In terms of securities brokerage business, the Company provides individual and corporate customers with stocks, bonds, funds, derivatives and other tradable securities brokerage services. The trading volume of the securities brokerage business is subject to the overall economic condition, macroeconomic and monetary policies, market condition, fluctuation in interest rate, investor's behavior, and other factors. Where there is any unfavorable change in the relevant factors, the trading volume in the market will be exposed to the risk on downward movement, which may cause a decline in commission generated from the brokerage business. In addition, the rapid development of Internet Finance, gradual promotion of off-site account opening business and the further marketization of commission rates have made the market competition of brokerage business intensified. If there is a significant decrease in the trading volume of stocks under market conditions, a decline in the commission rate for securities trading due to intensified competition and a narrow coverage of customers via its channels, the business volume of the brokerage and wealth management businesses of the Company would be decreased and there would be negative impact on the operating results of the Company.

(iii) Risks on transaction business

The Company's transaction business mainly includes fixed income, equity, equity derivatives, etc. In the event the securities market conditions weaken in the future, the performance of the Company's transaction business will be adversely affected and the Company's overall profitability will thus be affected.

At the same time, since the market in China is still in its growth period, the limitations in investment selection and hedging strategies may limit the Company's capacity to provide stable returns to clients and thus result in the loss of clients.

In addition, the Company's transaction business investment employees may adversely affect the Company's transaction business as well as the Company's overall operating performance and financial conditions due to factors such as inadequate research, incorrect decisions, inappropriate timing of making investments and improper operations when selecting investment types and specific investment objects.

(iv) Risks on assets management business

As the demands for assets management services in the PRC continue to increase, coupled with the Company's effort on business development, the assets management business of the Company is gradually expanding. The risks associated with the assets management business of the Company mainly includes product investment risks and competitive risks.

In terms of product investment risks, the return of assets management products will be affected by the conditions of securities market, built-in risks of securities invested and investment decisions, and may not achieve such level as the investors or product holders anticipated. Therefore, the Company is at the risks of suffering a decline in its operational results and a damage in its reputation.

In terms of competitive risks, in view that the assets management business is one of the most participated business among all financial institutions, if the Company fails to compete in product design, marketing and investment ability with its peers, there is risks on the sustainability of the assets management business of the Company.

(v) Risks on credit transaction business

The credit transaction business of the Company currently comprises margin financing and securities lending, refinancing and stock pledged repurchase transactions. Despite the Company's effort in constructing comprehensive credit transaction business risk management regime, it is almost unavoidable for the Company to face customer credit risks, interest risks and liquidity risks in its daily operations.

In the event that any credit transaction customer failed to provide additional securities or adopt performance security measures when the maintenance ratio or performance ratio of guarantees is lower than the liquidation line, or any customer was unable to repay overdue debts, or there were extreme conditions in market trades which resulted in the non-performance of contract by the credit transaction customers, the Company may suffer capital losses. Further, if the margin account of any customer is subject to judicial freezing, the Company is under the risks of inability to timely recover debts.

The Company provides financing to its customers at an interest rate determined based on the benchmark interest rate for loan announced by The People's Bank of China, the Company's operational costs and prevailing market rates. With the growing competitive market conditions, the ever stronger bargaining power of the customer and the declination of benchmark interest rate for loan for the same period, the profit margin of the credit transaction business of the Company may continue to decrease and thus there is a risk of decline in the profitability of the credit transaction business. At the meantime, the expansion of the credit transaction business of the Company increases the capital requirement of the Company and may lead to liquidity risks if the Company is unable to raise sufficient funds.

(vi) Risks on private equity investment business

The Company carries out equity investment business through the equity investment fund established by its wholly-owned subsidiary, namely Guolian Capital. The risks associated with equity investment business mainly include investment failure and inability to exit.

Decisions on equity investments are made principally based on the technical level, operation capability, market potential and industry prospect of the target company. If there is any mistake in judgment or there occurs any operational risks on the investment target, the investment project may fail and the Company may suffer losses.

Equity investment business is usually subject to long investment term during which there will be difficulties for the Company to exit. Given that there are only limited ways to exit in the PRC capital market when compared to various exit ways in matured capital market, the Company is, in certain degree, facing higher operational risk.

V. FINANCIAL RISKS

Given to the capital-intensive nature of the securities industry, it is necessary for the Company to maintain sufficient liquidity and adopt diversified financing channels to prevent potential liquidity risks. In the course of operation, the Company is highly influenced by macroeconomic policies, market changes, operating conditions, customer credit and other factors. If the capital markets experience any significant change in the future, or the Company records a substantial amount of underwriting from the investment banking business or an excessive scale of investment in proprietary business, the Company will be exposed to liquidity risks to a certain extent, resulting in the difficulty in making a turnover in the capital of the Company while having an adverse impact on the financial condition and operation of the Company.

In addition, with the establishment of a follow-up investment mechanism for sponsors and subsidiaries on the Science and Technology Innovation Board, new requirements have been placed on the Company's net capital strength. When the Company's each business reaches a certain scale, if the securities market fluctuates, unexpected incidents may cause the Company's risk control indicators to fail to continuously meet regulatory standards, and the Company's normal business development may be restricted, thereby causing losses to the Company.

VI. RISK ON INFORMATION TECHNOLOGY

The operation and back-end management of each of the businesses of the Company highly rely on computer networks and information management systems. Information technology plays a key role in driving the businesses of the Company, however, at the same time, brings about certain risks. If there is any interruption of the information technology system of the Company as a result of, among others, poor quality of electronic equipment and system software, the level of operation and maintenance for the Company's systems, excessive business volume in application software, level of industry service providers; virus and hacker attacks, data loss and leakage, abnormal access to right of administration, power supply, communication supply and disasters, the reputation and service quality of the Company may be affected, in turn bringing along economic losses and legal disputes.

VII. RISK ON APPROVAL ON THE NON-PUBLIC ISSUANCE OF SHARES

The Non-public Issuance of Shares shall be subject to the consideration and approval at the general meeting of the Company and the review by CSRC. There is uncertainty as to whether the relevant approval or review will be obtained and, if so, the time for the final approval and review.

VIII. DILUTION RISK ON CURRENT RETURNS

The proceeds from the Non-public Issuance of Shares are utilized as capital replenishment and working capital, so as to improve the overall competitiveness of the Company. However, it takes a long process and period of time to put in place the investment projects for the proceeds in a moderate manner and generate benefits therefrom. Prior to generation of benefits from the investment projects for the proceeds, the realization of profit and shareholder's returns by the Company continues to mainly rely on the existing businesses. In the case that the Company records an increase in total share capital and net assets, the financial indicators for current returns such as earnings per share and weighted average return on net assets will be exposed to the dilution risk in the short run.

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Section VII Other Issues Necessary to Disclose

As of the signing date of this Proposal, there are no other matters in relation to the Non-public Issuance that need to be disclosed.

Guolian Securities Co., Ltd.**FEASIBILITY REPORT FOR THE USE OF PROCEEDS FROM
THE NON- PUBLIC ISSUANCE OF A SHARES**

With the transformation of China's old and new economic dynamics and development model, capital market is expected to usher in a golden age. Residents' wealth deployment will be more targeted to the capital market, and the development trend of Pan-wealth management has been established. Against this background, the securities industry has also seen a new development momentum, the Company will face various impacts due to foreseeable industry integration, increasing concentration, competitions from foreign stockbroker and competitions from institution, the competition in the securities industry is becoming increasingly intense.

It is expected that the development of securities industry will show the following trends: (i) differentiation and integration will be accelerated, competition among industry participants will become more intense and industry concentration will further increase; (ii) securities industry becomes more internationalized and globalized, foreign stockbrokers enter the PRC market while domestic stockbrokers expand into overseas, there coexist both opportunities and challenges in the securities industry; (iii) the development of securities industry transforms to capital reliance mode and the business mode of securities companies will shift from previous commission-based business to a business model combining fee-based intermediary business, capital-based intermediary business and self-funded investment business in equal weight which will become the new profit growth point of securities companies.

Meanwhile, as the opening up of the securities industry is advancing in an orderly manner, the restrictions on foreign shareholding proportion in securities companies have been lifted, and foreign-controlled securities companies have been established in succession, which means domestic securities companies will encounter with more competition. At this stage, certain powerful securities companies have begun to expand their existing business scale or branch into new business domains through horizontal mergers and acquisitions, showing a sign of differentiation in the securities industry. Under the current regulatory framework featuring net capital and liquidity, capital strength becomes one of the key elements for a securities company to develop innovative business (such as capital-based intermediary business) and to strengthen its competitive advantage. Sufficient capital is the foundation and safeguards for securities companies to realize continuing healthy development and enhancing competitive strength.

In recent years, the Company's business has developed quite swiftly, with a rapid growth in its scale and an improvement in industrial position. Despite after the Company had completed the Non-public Issuance in 2021, there is still a shortage of capital, in response to the structural adjustment in the securities industry and to improve the Company's overall competitiveness, the Company intends to increase its capital scale and to enhance its capital reserve through the Non-public Issuance of A Shares once again, to continue to improve its comprehensive service capabilities on the basis of enhancing preponderant business as well as to strengthen the profitability and risk resistance capacity through increasing capital scale. With improved operation management level, the Company will be able to seize the golden opportunity window for securities industry and will also be able to build differentiated competitive advantages over competitors thereby creating larger returns to the Shareholders by seizing the strategic opportunities for the Company among the increasingly fierce competition in the industry.

I. BASIC INFORMATION ON THE NON-PUBLIC ISSUANCE

Subject to compliance with the regulatory requirements of the places where the Company are listed, the number of A shares to be issued under the Non-public Issuance shall not exceed 600,000,000 (inclusive), and the total proceeds from the Non-public Issuance will not exceed RMB7 billion (inclusive), all of which will, after deducting the issuance expenses, be used for further expanding credit transaction business including margin financing and securities lending, expanding fixed income, equity, equity derivatives and other transaction business and repaying debts.

Proceeds from the Non-public Issuance will be applied as follows:

No.	Projects	Size
1	Further expanding credit transaction business including margin financing and securities lending	Not exceeding RMB2 billion
2	Expanding fixed income, equity, equity derivatives and other transaction business	Not exceeding RMB4 billion
3	Repaying debts	<u>Not exceeding RMB1 billion</u>
	Total	<u><u>Not exceeding RMB7 billion</u></u>

To ensure the investment projects are on track and to protect the interests of Shareholders as a whole, depending on the actual progress of the investment projects and other circumstances, the Company may make necessary capital injection out of funds otherwise raised by the Company before the proceeds from the Issuance is available and such part of funds utilized will be reimbursed from the proceeds once available. In the event that the actual proceeds from the Non-public Issuance (after deducting the issuance expenses) is less than the total funds required for the investment project, the Company intends to fund such fall short with its own resources.

II. NECESSITY OF THE NON-PUBLIC ISSUANCE

(i) **The Issuance is a necessary measure for the realization of the Company's strategic development objective**

Facing the market environment with both opportunities and challenges, the Company adheres to the business philosophy of “integrity, stability, openness and innovation”, relying on its regional advantages, continuously improves its ability to serve the investment and financing needs of the real economy and meet the wealth management demands of people, promotes the comprehensive and balanced development of the Company's businesses, and realizes the transformation from a traditional channel brokerage to a modern comprehensive financial service provider.

To realize the Company's strategic objectives, the Company has taken the following measures to accelerate the pace of development over the past few years: implementing the strategy of locational advantages, focusing on enhancing branch construction; increasing resource investment and steadily promoting transformation and development; actively improving production lines and focusing on building advantageous businesses; building an A+H dual financing platform and carrying out various types of capital operations; proactively exploring management mechanism innovation and enhancing comprehensive benefits; strengthening the cultivation of talent team and establishing a people-oriented corporate culture.

To realize its strategic development objective, the Company will continuously invest in credit intermediation and transaction business in the future. The Issuance will provide a strong financial support to the Company's future development strategy; therefore, it is a necessary measure for the realization of strategic development objective.

(ii) Reinforcing capital strength and consolidating industry position

As China deepens reform in the capital market, the securities industry is facing intensified competition. On the one hand, the securities industry has a low rate of market concentration and universally homogeneous competition. Some competitive securities companies had started expansion in business scale or get into new business fields via horizontal mergers and acquisitions with an aim to promote synergic business development and improve comprehensive competitiveness and risk resistance capacity, which results in a differentiation trend in the securities industry. On the other hand, the opening-up of securities industry is being promoted gradually, the CSRC has announced to lift the restrictions on foreign shareholding proportion in securities companies, allowing foreign investors to have shareholding up to 100% in domestic securities companies. As the securities industry is further opened to the world, China's securities companies will face greater competition from foreign-funded financial institutions. Given the intensified competition, the Company is in need of reinforcing capital strength and comprehensively improving its competitiveness on basis of consolidating existing advantages.

As at 30 June 2022, total asset on consolidated basis reached RMB78.682 billion. The Company realized revenue of RMB1.274 billion and net profit of RMB437 million from January to June in 2022, and realized revenue of RMB2.967 billion and net profit of RMB889 million in 2021. The Company grows faster, and the demand for capital strength is more urgent when compared with leading securities companies of larger scale. Some peers have recently realized net capital improvement via equity refinancing activities. Amid the fierce market competition, the Company needs to continuously enhance its capital strength, seize development opportunities, improve its business, and consolidate its position in the industry. The Issuance will help the Company to consolidate its industry position and improve its comprehensive competitiveness, lay a solid foundation for business development, while using the leverage effect to further drive the expansion of debt financing and total asset size, and help the Company to gain an advantage in market competition.

(iii) Following the industry trend of transforming profit model and optimizing business structure

In the past few years, with the deepening of the capital market reform, the profit model of Chinese securities companies has transited from the traditional three major businesses, namely securities brokerage, securities proprietary trading and underwriting and sponsorship to a comprehensive business model with equal emphasis on commission business and securities transaction business. In the macro environment of prudent regulation, securities companies are actively exploring innovative businesses, which, in turn, sets a higher requirement on the capital strength of securities companies. At the same time, the follow-up investment mechanism for some projects on the Science Technology Innovation Board and GEM also requires that the sponsor should participate in the share subscription, which objectively puts forward new requirements on the capital strength of securities companies.

In such context, it is imperative for the Company to replenish its capital, enhance capital-driven businesses and promote development of innovative businesses while consolidating its current strengths, so as to further optimize income structure, diversify risks, help the Company maintain and steadily improve its advantages in innovation capability and reduce the impact of market uncertainty risks. The use of the proceeds is adapted to the needs of the Company's various major businesses, which can promote the optimization of the Company's business structure and the improvement of its profitability model, and enhance the Company's profitability.

(iv) Reducing the liquidity risk and improving risk resistance capacity

Risk management is a prerequisite for securities companies to realize sustainable development, and the ability to maintain risks in a measurable, controllable and tolerable range and prevent risk event is related to the profitability of securities companies and even a key to the survival and development of securities companies. The Guidelines for the Management of Liquidity Risks of Securities Companies effective from 1 March 2014 and the amended Measures for the Administration of Risk Control Indicators of Securities Companies and its supporting rules effective from 1 October 2016 set higher standards on the capital strength and risk management of securities companies. Currently, regulators implement risk control index management for securities companies with net capital and liquidity as the core.

The securities industry is capital intensive, and the capital scale directly determines the business scale, and even directly relates to the risk resistance capacity. As the business scale of the Company continues to grow, it is possible that the liquidity risk would be led by unmatched assets and liabilities structures. To effectively prevent the liquidity risk, the Company optimizes its liquidity risk management policy, improves the liquidity risk stress test mechanism and the liquidity risk indicator forecast mechanism, and improves the liquidity risk contingency plan. Nevertheless, reasonable capital replenishment is still an important means to resist risks. Proceeds from the Issuance are conducive to capital structure optimization, liquidity risk reduction and risk resistance capacity improvement.

III. FEASIBILITY OF THE NON-PUBLIC ISSUANCE

(i) The Non-public Issuance satisfies the conditions prescribed by relevant laws, regulations and regulatory documents

The Company has a sound corporate governance structure, has established a comprehensive risk management and internal control system, and possesses high-quality assets and sound financial position, and its profitability is strong and sustainable. The Company satisfies the conditions for non-public issuance of domestic RMB-denominated ordinary shares (A Shares) that are prescribed by the Administrative Measures for Issuance, the Implementation Rules, Issuance Regulation Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Financing Activities of Listed Companies (Revision) and other relevant laws, regulations and regulatory documents.

(ii) The Non-public Issuance is in line with national industry policy orientations

In May 2014, the State Council issued the Several Opinions on Further Promoting the Sound Development of Capital Markets, which proposed to promote the differentiated, professional and characteristic development of securities institutions and to facilitate the establishment of several modern investment banks with international competitiveness and strong brand influence and of systemic importance.

In May 2014, CSRC issued the Opinions on Further Promoting the Innovative Development of Securities Institutions which clarified the main tasks and specific measures for promoting the innovative development of securities institutions from three aspects, constructing modern investment banks, supporting business and product innovation and promoting supervision transformation, and explicitly encouraged securities institutions to expand financing channels and conduct equity and debt financing activities.

In September 2014, CSRC and the Securities Industry Association issued the Notice on Encouraging Securities Companies to Further Replenish Capital and the Guidelines on Capital Replenishment for Securities Companies, respectively, requiring that securities companies should pay attention to capital replenishment and replenish capital through IPOs and capital increases to ensure that the scale of business is commensurate with capital strength and that the overall risk profile of the company matches its risk tolerance.

In June 2016, CSRC amended the Measures for the Administration of Risk Control Indicators of Securities Companies and the supporting rules. The document aims to improve the effectiveness of risk control indicators and promote the long-term, sound and steady development by referring to the latest industry development trend, improving the calculation basis for net capital and risk capital reserve, incorporating leverage ratio and liquidity supervision into the scope of indicators, and clarifying the counter-cyclical regulation mechanism.

As the business scale grows rapidly and industry regulatory policies are gradually adjusted, the current net capital cannot meet business development requirements of the Company. The Issuance is an act to respond to the proposal of CSRC to encourage securities companies to replenish their capital, and is in line with national industry policy orientations.

IV. THE INTENDED USE OF PROCEEDS FROM THE NON-PUBLIC ISSUANCE OF SHARES

(i) Expanding the scale of credit transaction business including margin financing and securities lending and further enhancing ability to serve the real economy

The Company intends to apply not exceeding RMB2 billion from the proceeds from the Issuance for expanding the scale of credit transaction business including margin financing and securities lending of the Company.

It will be the overall trend for the financial sector to serve the real economy. From the perspective of securities industry, funds raised through pledge of stock mainly flow to the real economy, which helps to ease the financing difficulties faced by certain entities. Funds or securities provided through margin trading and securities lending can better realize the value discovery function of capital market. Since 2012, the credit transaction business that features margin trading and securities lending and stock pledged repurchase transactions has become an important part of assets and liabilities operations for securities firms. As of late June 2022, values of margin trading and securities lending on both the Shenzhen and Shanghai markets amounted to RMB1,603.331 billion.

The Company obtained from the CSRC the qualification for margin trading and securities lending in 2012, the qualification for capital refinancing business in January 2013 and the qualification for securities refinancing in June 2014. While ensuring that risks are measurable, controllable and tolerable, the Company promoted its credit transaction business with both endeavor and prudence, offering a range of solutions to its clients. As of 30 June 2022, the balance of margin trading and securities lending amounted to RMB9.438 billion, recording a market share of 0.59%; the scale of financial assets of stock pledged repurchase transactions reached RMB3.744 billion.

Under the backdrop of declining commission rate in the industry, the Company will further improve its profitability and market competitiveness by developing the credit transaction business to explore client demands for comprehensive financial services. The Company aimed to enhance its commission-based business while developing loan service business such as margin trading and securities lending as a boost to improve its profitability and further strengthen its ability to serve real economy. Therefore, the Company has further capital requirements for moderately expanding the scale of credit transaction business. Meanwhile, by increasing investments into the credit transaction business with proceeds from the Issuance, the Company will do better in meeting requirements related to risk control indicators so as to secure a reasonable growth of credit transaction business.

(ii) Expanding fixed income, equity, equity derivatives and other transaction business to enhance market competitiveness

The Company intends to apply not exceeding RMB4 billion from the proceeds from the Issuance for expanding fixed income, equity, equity derivatives and other transaction business of the Company.

The transaction businesses of securities companies have become a significant force in the market in recent years. Transaction business of securities companies are breaking away from directivity and shifting to diversification, and securities companies are having more mature strategies and stronger market competitiveness. According to operating data of securities companies for 2017 released by the Securities Association of China, revenue from proprietary businesses exceeded that generated from agency sales of securities businesses for the first time, becoming the largest source of income.

The Company started its securities proprietary business in 2001, with the development of the capital market, the securities industry is shifting from traditional directional proprietary business to risk-neutral capital intermediary business. The Company's securities transaction business is operated under securities investment department, fixed income department and equity derivatives business department. Specialized teams are formed in accordance to transaction types in concern. Equity transaction mainly involve securities products (e.g. listed stocks and funds), composing in majority those blue chips of medium to long term growth potential. Fixed income business mainly covers bonds and strategy derivatives hedging trades between banks or on exchanges. Quantitative and derivatives transaction adhere to the risk-neutral investment concept by mainly invest in stock price index, futures and options to hedge risks and trade.

Assuming the Company will continue to be able to manage relevant risks in the future, the transaction business department of the Company will moderately expand its scale of transaction to compile an investment portfolio with manageable risks and stable income according to the trends of macro economy and the changes of market condition and the net asset level of the Company. At the meantime, the Company will actively cultivate and improve investment management skill of the investment team aiming to achieve higher revenue. The Company are endeavoring to create unique image of its own through product design, intermediary trades and problem-solving plans in the fixed income business to provide distinctive service to the customers. The Company also strives to build a stock trading platform with first class trading, product innovation and problem-solving ability for its equity derivatives business to provide more value-added services to institutional sales, investment banks and wealth management businesses.

(iii) Repaying debts

The Company intends to apply not exceeding RMB1 billion from the proceeds from the Issuance for repaying debts.

Since its listing, the Company's business size has gradually expanded, while its debt size is also at a consistent higher level. As of 30 June 2022, the consolidated gearing ratio of the Company was 74.96% (amount of agency sales of securities has been excluded from assets and liabilities), the balance of bonds payable by the Company was RMB18.847 billion. Although it is the conventional development mode of the industry to appropriately increase the scale of leverage by means of debt financing instruments, however, the Company still needs to take the initiative to reduce the size of interest-bearing liabilities when conditions are available, so as to further reduce the financial costs and risks. Therefore, the Company intends to use the proceeds to repay debts and reduce financial risks, which is in the interests of all Shareholders and is conducive to the long-term and healthy development of the Company.

After the proceeds from the Issuance are in place, the Company will strategically optimize and adjust its business structure to enable continuous and sustainable growth; timely participate in internet financial service to promote the shifting of off-line business on-line; integrate business resources to build chain services throughout all the businesses to provide one-stop integrated service including equity and bond financing, merger and restructuring, financial consultation, market making, share transfer and trustee service. The Company will at the same time, promote synergy among all departments by deepening the cooperation and synergy mechanism and business connectivity mode in-between departments and branches, simplify management procedures to improve efficiency in order to form synergy effect among all businesses development.

Guolian Securities Co., Ltd.**Special Report on the Use of Proceeds Previously Raised****I. FORMULATION BASIS**

The Board of Directors of Guolian Securities Co., Ltd. (the “Company”) has formulated the special report on the use of proceeds previously raised as of 30 June 2022 in accordance with Regulations on the Report on the Use of Proceeds Previously Raised (Zheng Jian Fa Xing Zi No. [2007] 500). The Company and all members of the Board of Directors guarantee that there are no false records, misleading statements or material omissions in the report and assume joint and several responsibility for the authenticity, accuracy and completeness of content in the report.

II. AMOUNT, RECEIPT TIME AND DEPOSIT OF THE PROCEEDS PREVIOUSLY RAISED**1. Initial Public Offering of A Shares in 2020**

As approved by the CSRC under Zheng Jian Xu Ke No. [2020] 1305, the Company issued 475,719,000 RMB-denominated ordinary shares (A Shares) at an issue price of RMB4.25 per share on the Shanghai Stock Exchange on 27 July 2020 for a total amount of RMB2,021,805,750.00, after deducting the remaining underwriting sponsorship fee of the co-lead underwriter Nanjing Securities Co. Ltd., which was RMB55,000,000.00, the Company actually received RMB1,966,805,750.00 for the above A shares. And the actual net proceeds raised by the Company were RMB1,938,084,540.00 after deducting other issuance fees paid by the Company prior to the Issuance.

The aforesaid proceeds were fully received on 27 July 2020 and were verified by Deloitte Touche Tohmatsu Certified Public Accountant LLP and a capital verification report of De Shi Bao (Yan) Zi (20) No. 00324 (德師報(驗)字(20)第00324號) was issued.

As of 30 June 2022, all the proceeds raised from the Company's initial public offering of A shares have been utilised. The bank accounts of the proceeds have no balance and have all been cancelled as follows:

Bank	Bank Account Number	Currency	Balance	Bank Account Status
Wuxi Taihu New City Sub-branch of China Construction Bank	32050161410100000845	RMB	-	Cancelled
Wuxi Branch of China Merchants Bank	510902020510559	RMB	-	Cancelled
Wuxi Branch of China CITIC Bank	8110501014001564567	RMB	-	Cancelled
Wuxi Branch of Bank of Jiangsu	29010188000252301	RMB	-	Cancelled
Wuxi Branch of Bank of Nanjing	0401090000000098	RMB	-	Cancelled

2. Non-public Issuance of A Shares in 2021

As approved by CSRC with the Approval in Relation to the Non-public Issuance of Shares by Guolian Securities Co., Ltd. (Zheng Jian Xu Ke [2021] No. 2486) (《關於核准國聯證券股份有限公司非公開發行股票的批覆》(證監許可[2021]2486號)), as of 23 September 2021, the actual non-publicly issued RMB-denominated ordinary shares (A Shares) of the Company at an issue price of RMB11.22 per share were 453,654,168 shares, and the total proceeds raised were RMB5,089,999,764.96. After deducting the remaining sponsorship fees and underwriting fees of CSC Financial Co., Ltd., the joint lead underwriter of the non-public issuance of RMB-denominated ordinary shares (A Shares), of RMB66,037,735.84, the actual proceeds received by the Company were RMB5,023,962,029.12. After deducting the total amount of issuing expenses of RMB107,011,571.39 (excluding value-added tax) from the total proceeds from the Non-public Issuance of A Shares, the net amount of proceeds was RMB4,982,988,193.57.

The aforesaid proceeds from the non-public issuance of A Shares were fully received on 23 September 2021 and were verified by Deloitte Touche Tohmatsu Certified Public Accountant LLP and a capital verification report of De Shi Bao (Yan) Zi (21) No. 00499 (德師報(驗)字(21)第00499號) was issued.

As of 30 June 2022, all the proceeds raised from the Company's non-public issuance of A Shares in 2021 have been utilised. The bank accounts of the proceeds have no balance and have all been cancelled as follows:

Bank	Bank Account Number	Currency	Balance	Bank Account Status
Wuxi Taihu New City Sub-branch of China Construction Bank	32050161410100001193	RMB	-	Cancelled
Wuxi Branch of Bank of Jiangsu	29010188000274092	RMB	-	Cancelled
Wuxi Branch of China Merchants Bank	510902020510775	RMB	-	Cancelled
Wuxi Branch of Industrial Bank Co., Ltd.	408410100100591665	RMB	-	Cancelled
Business Department of the Head Office of Bank of Hangzhou	3301040160016589973	RMB	-	Cancelled

III. ACTUAL USE OF THE PROCEEDS PREVIOUSLY RAISED

1. Initial Public Offering of A Shares in 2020

The use of the proceeds raised from the initial public offering of A shares committed in the Company's prospectus is as follows:

The proceeds of Issuance, after deducting the issuance expenses, will be used to replenish capital, increase operation capital and develop the main business. According to the Company's development objectives, combining with the development of existing business, the focus of the planned use of proceeds is as follows, while the direction of use has been adjusted according to market changes:

- (1) optimizing the layout of business outlets to achieve full coverage of major central cities across the country, while further increasing business outlets in key expansion areas to improve the level of market share in the brokerage business, with RMB0.00 of funds being used;
- (2) by replenishing capital, accelerating the development of capital intermediary businesses such as margin financing and securities lending business and stock pledged repurchase, with RMB1,055,084,540.00 of funds being used;

- (3) within the risk-controlled range, appropriately increasing the investment scale of proprietary business according to the market situation, and improving the investment returns, with RMB615,971,382.77 of funds being used;
- (4) increasing investment in assets management business, enhancing the ability of product creation and investment management and expanding the scale of assets management, with RMB0.00 of funds being used;
- (5) actively cultivating innovative businesses such as over-the-counter market business and financial derivatives business, expanding revenue sources and optimizing revenue structure, with RMB267,028,617.23 of funds being used;
- (6) increasing capital investment in subsidiaries, expanding business scale, and promoting the rapid development of subsidiaries. At the same time, speeding up the construction of modern securities holding group and taking the opportunity to establish or acquire securities-related institutions and assets, with RMB0.00 of funds being used;
- (7) strengthening the construction of the risk control system and IT system to give full play to its role in supporting the development of various businesses, with RMB0.00 of funds being used.

As of 30 June 2022, all the proceeds have been fully utilised in accordance with the promised purposes. For details, please refer to the “Comparison Table of the Use of Proceeds from Initial Public Offering of A Shares in 2020” in Schedule I of this appendix.

2. Non-public Issuance of A Shares in 2021

All the proceeds from the Company’s non-public issuance of A Shares have been utilised in accordance with the plan for use of proceeds in the Plan for Non-public Issuance of A Shares of Guolian Securities Co., Ltd. The use of proceeds is as follows:

- (1) further expanding credit transaction business including margin financing and securities lending, with RMB1,973,958,193.57 of funds being used;
- (2) expanding fixed income, equity, equity derivatives and other transaction business, with RMB3,000,000,000.00 of funds being used;
- (3) increasing investment in subsidiaries, with RMB0.00 of funds being used;
- (4) replenishing other general working capital of the Company, with RMB9,030,000.00 of funds being used.

As of 30 June 2022, all the proceeds have been fully utilised in accordance with the promised purposes. For details, please refer to the “Comparison Table of the Use of Proceeds from the Non-public Issuance of A Shares in 2021” in Schedule II of this appendix.

3. Changes in the use of proceeds in the investment project of the proceeds previously raised

As of 30 June 2022, the Company does not change the use of proceeds for investment projects with raised proceeds.

4. External transfer or replacement of investment projects with proceeds previously raised

As of 30 June 2022, the Company has no external transfer or replacement of investment projects with raised proceeds.

5. Use of the temporarily idle raised proceeds

As of 30 June 2022, all the raised proceeds have been used up, and there is no temporarily idle raised proceeds.

IV. THE ECONOMIC BENEFITS GENERATED BY THE INVESTMENT PROJECT OF PROCEEDS PREVIOUSLY RAISED

1. Initial Public Offering of A Shares in 2020

After the Company’s proceeds that raised from the initial public offering of A shares are in place, they have all been used for capital-based intermediary business such as margin financing and securities lending business and stock pledged repurchase, proprietary securities investment business, over-the-counter market business and financial derivatives business and other innovative businesses. Since proceeds used in all of the investment projects of proceeds raised include original self-owned proceeds and proceeds raised, it is not possible to separately calculate the actual benefits realized with the investment project of proceeds raised as of 30 June 2022.

2. Non-public Issuance of A Shares in 2021

After the Company's proceeds that raised from the non-public issuance of A Shares are in place, they have all been used for further expanding credit transaction business including margin financing and securities lending; expanding fixed income, equity, equity derivatives and other transaction business and other working capitals.

Since proceeds used in all of the investment projects of proceeds raised include original self-owned proceeds and proceeds raised, it is not possible to separately calculate the actual benefits realised with the investment project of proceeds raised as of 30 June 2022.

V. COMPARISON BETWEEN THE USE OF PROCEEDS PREVIOUSLY RAISED AND THE DISCLOSED INFORMATION

The use of proceeds previously raised is consistent with the periodic report of the Company from July 2020 to 30 June 2022 and the relevant contents disclosed in the Company's other information disclosure documents.

VI. UNUSED PROCEEDS PREVIOUSLY RAISED

As of 30 June 2022, all the proceeds have been fully utilised in accordance with the promised purposes, and the Company has no unused proceeds previously raised.

Schedule I Comparison Table of the Use of Proceeds from Initial Public Offering of A Shares in 2020

Closing Date: 30 June 2022
Unit: RMB

Total amount of proceeds raised 2,021,805,750.00 Accumulated total amount of raised proceeds invested 1,938,084,540.00
 Net amount of proceeds raised 1,938,084,540.00 Total amount of raised proceeds used in 2020 1,938,084,540.00
 Proportion of total amount of accumulated proceeds raised with use purpose changed 0.00%

Investment project	Total investment of raised proceeds			Accumulated investment amount of proceeds raised on the closing date			Difference between actual investment and committed investment after raising proceeds ready for use	The date on which the project is ready for use	Cumulative benefits realised (Note 2)
	Committed investment before raising proceeds (Note 1)	Committed investment after raising proceeds (Note 1)	Actual investment amount	Committed investment before raising proceeds (Note 1)	Committed investment after raising proceeds (Note 1)	Actual investment amount			
No. 1	Committed investment project Optimize the layout of business branches	N/A	N/A	-	N/A	N/A	-	N/A	N/A
2	Capital-based intermediary service	N/A	N/A	1,055,084,540.00	N/A	N/A	1,055,084,540.00	N/A	N/A
3	Proprietary trading business	N/A	N/A	615,971,382.77	N/A	N/A	615,971,382.77	N/A	N/A
4	Assets management business	N/A	N/A	-	N/A	N/A	-	N/A	N/A
5	Innovative businesses such as OTC market business and financial derivatives business	N/A	N/A	267,028,617.23	N/A	N/A	267,028,617.23	N/A	N/A
6	Funding subsidiaries	N/A	N/A	-	N/A	N/A	-	N/A	N/A
7	Strengthening the construction of risk control system and IT	N/A	N/A	-	N/A	N/A	-	N/A	N/A
Total		N/A	N/A	1,938,084,540.00	N/A	N/A	1,938,084,540.00	N/A	N/A

Note 1: According to the Company's prospectus, all the proceeds raised from the issuance, after deducting the issuance expenses, will be used to supplement the capital, increase the working capital and develop the principal activities. According to the Company's development goals, the proceeds will be used for seven focuses of the planned use of proceeds, while the direction of use may be adjusted according to market changes. There is no commitment on the specific amount of the above use directions.

Note 2: After the Company's proceeds that raised are in place, they have all been used for capital-based intermediary business such as margin financing and securities lending business and stock pledged repurchases, proprietary trading business, over-the-counter market business and financial derivatives business and other innovative businesses. Since the proceeds used in all of the investment projects of the proceeds raised, including original self-owned proceeds and proceeds previously raised, it is not possible to separately calculate the actual benefits realised with the investment project of proceeds raised as of 30 June 2022.

Schedule II Comparison Table of the Use of Proceeds from the Non-public Issuance of A Shares in 2021

Closing Date: 30 June 2022
Unit: RMB

Total amount of proceeds raised 4,982,988,193.57
Net amount of proceeds raised 4,982,988,193.57
Proportion of total amount of accumulated proceeds raised with use purpose changed 0.00%

Investment project	Total investment of raised proceeds			Accumulated investment amount of proceeds raised on the closing date			Difference between actual investment and committed investment after raising proceeds ready for use	The date on which the project is realised (Note 2)
	Committed investment before raising proceeds (Note 1)	Actual investment amount	Committed investment after raising proceeds (Note 1)	Actual investment amount	Committed investment after raising proceeds (Note 1)	Actual investment amount		
No. 1	Committed investment project Further expanding credit transaction business including margin financing and securities lending	Actual investment project Further expanding credit transaction business including margin financing and securities lending	Not exceeding RMB2.5 billion	1,973,958,193.57	Not exceeding RMB2.5 billion	1,973,958,193.57	-	N/A
No. 2	Expanding fixed income, equity, equity derivatives and other transaction business	Expanding fixed income, equity, equity derivatives and other transaction business	Not exceeding RMB3.0 billion	3,000,000,000.00	Not exceeding RMB3.0 billion	3,000,000,000.00	-	N/A
No. 3	Increasing investment in subsidiaries	Increasing investment in subsidiaries	Not exceeding RMB500 million	-	Not exceeding RMB500 million	-	-	N/A
No. 4	Replenishing other general working capital of the Company	Replenishing other general working capital of the Company	Not exceeding RMB500 million	9,030,000.00	Not exceeding RMB500 million	9,030,000.00	-	N/A
Total			Not exceeding RMB6.5 billion in total	4,982,988,193.57	Not exceeding RMB6.5 billion in total	4,982,988,193.57	-	N/A

Note 1: According to the Company's Plan for the Non-public Issuance of A Shares, the total amount of proceeds raised did not exceed RMB6.5 billion. After deducting the issuance expenses, it is intended to be used for further expanding the credit transaction business, including margin financing and securities lending, of not exceeding RMB2.5 billion; expanding the fixed income, equity, equity derivatives and other transaction business of not exceeding RMB3.0 billion; increasing the investment in subsidiaries of not exceeding RMB500 million; and replenishing other general working capital of the Company of not exceeding RMB500 million. The actual net proceeds from this issuance was RMB4.983 billion.

Note 2: After the Company's proceeds that raised are in place, they have all been used for further expanding the credit transaction business including margin financing and securities lending; expanding the fixed income, equity, equity derivatives and other transaction business and replenishing other general working capital of the Company. Since the proceeds used in all of the investment projects of the proceeds raised, including original self-owned proceeds and proceeds raised, it is not possible to separately calculate the actual benefits realised with the investment project of proceeds raised as of 30 June 2022.

Guolian Securities Co., Ltd.**Dilution of Current Returns by the Non-public Issuance of
A Shares and Remedial Measures**

Guolian Securities Co., Ltd. (hereinafter referred to as “Company” or “the Company”) proposes the non-public issuance of A Shares to raise funds (hereinafter referred to as “the Issuance”). In order to protect the interests of medium and small investors, the Company analyzed the impact of the Issuance on the dilution of current returns and developed specific remedial measures to dilute current returns in accordance with the requirements of the Opinions of the General Office of the State Council on Further Enhancing the Protection of Legitimate Rights and Interests of Medium and Small Investors in Capital Markets (Guo Ban Fa [2013] No. 110), the Several Opinions of the State Council on Further Promoting the Sound Development of Capital Markets (Guo Fa [2014] No. 17) and the Guiding Opinions on the Dilution of Current Returns by Initial Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31) issued by CSRC and other provisions. Specific details are set out below:

I. CHANGES IN EARNINGS PER SHARE OF THE COMPANY UPON COMPLETION OF THE ISSUANCE

The total share capital of the Company prior to the Issuance was 2,831,773,168 Shares. Subject to compliance with the regulatory requirements of the places where the Company are listed, the number of shares to be issued shall be no more than 600,000,000 Shares (inclusive). The total amount of proceeds from the Issuance, after deducting relevant issuance expenses, will be used for replenishment of capital and working capital of the Company in order to expand the Company’s business scale and improve its market competitiveness and risk resistance capacity. After the proceeds from the Issuance are in place, the total share capital and net asset size of the Company will be significantly increased. Due to the time needed for the proceeds from the Issuance to generate benefits, the indicator of current returns of the Company may be exposed to the dilution risk upon completion of the Issuance if the Company fails to record a growth in its operating results at a corresponding rate.

(i) Main assumptions and premises

1. It is assumed that there will be no material adverse changes in the macroeconomic environment, the development trend of the industry and the operating conditions of the Company in 2022 and 2023.

2. It is assumed that the Issuance will be completed prior to 31 March 2023. The completion time, which will be used only for the purpose of calculating the impact of the dilution of current returns under the Issuance on main financial indicators, shall be subject to the time when the Issuance is actually completed as approved by CSRC.
3. It is assumed that 600,000,000 Shares are to be issued under the Issuance and the total amount of proceeds is RMB7 billion, without taking into consideration the impact of issuance expenses. In the event that the Company distributes dividends, grants bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities during the period commencing from the Price Determination Date to the date of Issuance of this Non-public Issuance of A Shares, adjustments shall be made to the number of A Shares to be issued under Non-public Issuance accordingly. The actual amount of proceeds received from the Issuance shall be finalized subject to the approval of the regulatory authority, status of issuance and subscription, issuance expenses, etc.
4. No consideration is given to the impact on the production, operation, financial condition, etc. of the Company (such as operating revenue, financial expenses and investment income) upon receipt of the proceeds from the Issuance.
5. Estimate of the total share capital of the Company is based on the total share capital of 2,831,773,168 Shares of the Company as at the proposal announcement date, not considering the changes in share capital caused by factors other than the impact of the Non-public Issuance of A Shares.
6. The net profit attributable to shareholders of the parent company before and after deducting the non-recurring profit and loss in the half year of 2022 are RMB437,236,663.71 and RMB431,144,455.88 respectively. Assuming that the net profit attributable to shareholders of the parent company before and after deducting the non-recurring profit and loss in the whole 2022 are RMB874,473,327.42 (i.e., $\text{RMB}437,236,663.71 \times 2 = \text{RMB}874,473,327.42$) and RMB862,288,911.76 (i.e., $\text{RMB}431,144,455.88 \times 2 = \text{RMB}862,288,911.76$), the net profit attributable to shareholders of the parent company before and after deducting non-recurring profit and loss in 2023 shall be calculated on the basis of the performance of 2022 by the increase of 0%, 10% and -10% respectively, and the abovementioned assumptions shall not constitute a profit forecast.

(ii) Impact on main financial indicators of the Company upon the Issuance

Set out below are the analysis on earnings per share prior to and upon the completion of the Issuance based on above assumptions:

Item	2022/ 31 December 2022	Comparison between prior to the Issuance and upon the Issuance (2023/31 December 2023)	
		Prior to the Issuance	Upon the Issuance
Closing balance of total share capital (shares)	2,831,773,168	2,831,773,168	3,431,773,168
Weighted average total share capital (shares)	2,831,773,168	2,831,773,168	3,281,773,168

Assumption I: The net profit attributable to shareholders of the parent company before and after deducting non-recurring profit and loss in 2023 remains stable as compared with previous year

Net profit attributable to shareholders of the parent company (RMB)	874,473,327.42	874,473,327.42	874,473,327.42
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (RMB)	862,288,911.76	862,288,911.76	862,288,911.76
Basic earnings per share (RMB/share)	0.31	0.31	0.27
Diluted earnings per share (RMB/share)	0.31	0.31	0.27
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.30	0.26
Diluted earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.30	0.26

Assumption II: The net profit attributable to shareholders of the parent company before and after deducting non-recurring profit and loss in 2023 increases by 10% as compared with the previous year

Net profit attributable to shareholders of the parent company (RMB)	874,473,327.42	961,920,660.16	961,920,660.16
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (RMB)	862,288,911.76	948,517,802.94	948,517,802.94
Basic earnings per share (RMB/share)	0.31	0.34	0.29
Diluted earnings per share (RMB/share)	0.31	0.34	0.29
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.33	0.29
Diluted earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.33	0.29

Item	2022/ 31 December 2022	Comparison between prior to the Issuance and upon the Issuance (2023/31 December 2023)	
		Prior to the Issuance	Upon the Issuance
Assumption III: The net profit attributable to shareholders of the parent company before and after deducting non-recurring profit and loss in 2023 decreases by 10% as compared with the previous year			
Net profit attributable to shareholders of the parent company (RMB)	874,473,327.42	787,025,994.68	787,025,994.68
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (RMB)	862,288,911.76	776,060,020.58	776,060,020.58
Basic earnings per share (RMB/share)	0.31	0.28	0.24
Diluted earnings per share (RMB/share)	0.31	0.28	0.24
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.27	0.24
Diluted earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.27	0.24

Note: Basic earnings per share and diluted earnings per share are prepared pursuant to Calculation and Disclosure of Return on Net Assets and Earnings per Share, No. 9 of the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public.

As estimated based on the above assumptions, there will be certain dilution effects on earnings per share of the Company in 2023 caused by the Issuance.

(iii) Description about the estimate

The above assumption analysis of the Company in relation to the estimate does not constitute the profit estimate of the Company. Investors should not rely on such analysis in making investment decisions and the Company shall not be liable to any losses caused thereon.

The number of shares, total amount of proceeds and the completion time of the Issuance in relation to the estimate are just estimated values, and shall be finalized subject to the approval of regulatory authority, status of issuance and subscription.

**II. RISK ALERT IN RELATION TO THE DILUTION OF CURRENT RETURNS BY
THE NON-PUBLIC ISSUANCE**

The total share capital and net asset size of the Company will be significantly increased upon completion of the Issuance. Due to the time needed for the proceeds from the Issuance to generate benefits, the realization of profits and shareholder's returns by the Company will still mainly rely on the existing businesses of the Company. On the premise of increase in the total share capital of the Company, the indicator of current returns of the Company may be exposed to the dilution risk upon completion of the Issuance if the Company fails to record a growth in its operating results at a corresponding rate.

III. NECESSITY AND RATIONALITY OF THE ISSUANCE**(I) Necessity of the Issuance****1. *The Issuance is a necessary measure for the realization of the Company's strategic development objective***

Facing the market environment with both opportunities and challenges, the Company adheres to the business philosophy of "integrity, stability, openness and innovation", relying on its regional advantages, continuously improves its ability to serve the investment and financing needs of the real economy and meet the wealth management demands of people, promotes the comprehensive and balanced development of the Company's businesses, and realizes the transformation from a traditional channel brokerage to a modern comprehensive financial service provider.

To realize the Company's strategic objectives, the Company has taken the following measures to accelerate the pace of development over the past few years: implementing the strategy of locational advantages, focusing on enhancing branch construction; increasing resource investment and steadily promoting transformation and development; actively improving production lines and focusing on building advantageous businesses; building an A+H dual financing platform and carrying out various types of capital operations; proactively exploring management mechanism innovation and enhancing comprehensive benefits; strengthening the cultivation of talent team and establishing a people-oriented corporate culture.

To realize its strategic development objective, the Company will continuously invest in credit intermediation and transaction business in the future. The Issuance will provide a strong financial support to the Company's future development strategy; therefore, it is a necessary measure for the realization of strategic development objective.

2. Reinforcing capital strength and consolidating industry position

As China deepens reform in the capital market, the securities industry is facing intensified competition. On the one hand, the securities industry has a low rate of market concentration and universally homogeneous competition. Some competitive securities companies had started expansion in business scale or get into new business fields via horizontal mergers and acquisitions with an aim to promote synergic business development and improve comprehensive competitiveness and risk resistance capacity, which results in a differentiation trend in the securities industry. On the other hand, the opening-up of securities industry is being promoted gradually, the CSRC has announced to lift the restrictions on foreign shareholding proportion in securities companies, allowing foreign investors to have shareholding up to 100% in domestic securities companies. As the securities industry is further opened to the world, China's securities companies will face greater competition from foreign-funded financial institutions. Given the intensified competition, the Company is in need of reinforcing capital strength and comprehensively improving its competitiveness on basis of consolidating existing advantages.

As at 30 June 2022, total asset on consolidated basis reached RMB78.682 billion. The Company realized revenue of RMB1.274 billion and net profit of RMB437 million from January to June in 2022. The Company grows faster, and the demand for capital strength is more urgent when compared with leading securities companies of larger scale. Some peers have recently realized net capital improvement via equity refinancing activities. Amid the fierce market competition, the Company needs to continuously enhance its capital strength, seize development opportunities, improve its business, and consolidate its position in the industry. The Issuance will help the Company to consolidate its industry position and improve its comprehensive competitiveness, lay a solid foundation for business development, while using the leverage effect to further drive the expansion of debt financing and total asset size, and help the Company to gain an advantage in market competition.

3. *Following the industry trend of transforming profit model and optimizing business structure*

In the past few years, with the deepening of the capital market reform, the profit model of Chinese securities companies has transited from the traditional three major businesses, namely securities brokerage, securities proprietary trading and underwriting and sponsorship to a comprehensive business model with equal emphasis on commission business and securities transaction business. In the macro environment of prudent regulation, securities companies are actively exploring innovative businesses, which, in turn, sets a higher requirement on the capital strength of securities companies. At the same time, the follow-up investment mechanism for some projects on the Science Technology Innovation Board and GEM also requires that the sponsor should participate in the share subscription, which objectively puts forward new requirements on the capital strength of securities companies.

In such context, it is imperative for the Company to replenish its capital, enhance capital-driven businesses and promote development of innovative businesses while consolidating its current strengths, so as to further optimize income structure, diversify risks, help the Company maintain and steadily improve its advantages in innovation capability and reduce the impact of market uncertainty risks. The use of the proceeds is adapted to the needs of the Company's various major businesses, which can promote the optimization of the Company's business structure and the improvement of its profitability model, and enhance the Company's profitability.

4. *Reducing the liquidity risk and improving risk resistance capacity*

Risk management is a prerequisite for securities companies to realize sustainable development, and the ability to maintain risks in a measurable, controllable and tolerable range and prevent risk event is related to the profitability of securities companies and even a key to the survival and development of securities companies. The Guidelines for the Management of Liquidity Risks of Securities Companies effective from 1 March 2014 and the amended Measures for the Administration of Risk Control Indicators of Securities Companies and its supporting rules effective from 1 October 2016 set higher standards on the capital strength and risk management of securities companies. Currently, regulators implement risk control index management for securities companies with net capital and liquidity as the core.

The securities industry is capital intensive, and the capital scale directly determines the business scale, and even directly relates to the risk resistance capacity. As the business scale of the Company continues to grow, it is possible that the liquidity risk would be led by unmatched assets and liabilities structures. To effectively prevent the liquidity risk, the Company optimizes its liquidity risk management policy, improves the liquidity risk stress test mechanism and the liquidity risk indicator forecast mechanism, and improves the liquidity risk contingency plan. Nevertheless, reasonable capital replenishment is still an important means to resist risks. Proceeds from the Issuance are conducive to capital structure optimization, liquidity risk reduction and risk resistance capacity improvement.

(II) Feasibility of the Non-public Issuance

1. The Non-public Issuance satisfies the conditions prescribed by relevant laws, regulations and regulatory documents

The Company has a sound corporate governance structure, has established a comprehensive risk management and internal control system, and possesses high-quality assets and sound financial position, and its profitability is strong and sustainable. The Company satisfies the conditions for non-public issuance of domestic RMB-denominated ordinary shares (A Shares) that are prescribed by the Administrative Measures for Issuance, the Implementation Rules, Issuance Regulation Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Financing Activities of Listed Companies (Revision) and other relevant laws, regulations and regulatory documents.

2. The Non-public Issuance is in line with national industry policy orientations

In May 2014, the State Council issued the Several Opinions on Further Promoting the Sound Development of Capital Markets, which proposed to promote the differentiated, professional and characteristic development of securities institutions and to facilitate the establishment of several modern investment banks with international competitiveness and strong brand influence and of systemic importance.

In May 2014, CSRC issued the Opinions on Further Promoting the Innovative Development of Securities Institutions which clarified the main tasks and specific measures for promoting the innovative development of securities institutions from three aspects, constructing modern investment banks, supporting business and product innovation and promoting supervision transformation, and explicitly encouraged securities institutions to expand financing channels and conduct equity and debt financing activities.

In September 2014, CSRC and the Securities Industry Association issued the Notice on Encouraging Securities Companies to Further Replenish Capital and the Guidelines on Capital Replenishment for Securities Companies, respectively, requiring that securities companies should pay attention to capital replenishment and replenish capital through IPOs and capital increases to ensure that the scale of business is commensurate with capital strength and that the overall risk profile of the company matches its risk tolerance.

In June 2016, CSRC amended the Measures for the Administration of Risk Control Indicators of Securities Companies and the supporting rules. The document aims to improve the effectiveness of risk control indicators and promote the long-term, sound and steady development by referring to the latest industry development trend, improving the calculation basis for net capital and risk capital reserve, incorporating leverage ratio and liquidity supervision into the scope of indicators, and clarifying the counter-cyclical regulation mechanism.

As the business scale grows rapidly and industry regulatory policies are gradually adjusted, the current net capital cannot meet business development requirements of the Company. The Issuance is an act to respond to the proposal of CSRC to encourage securities companies to replenish their capital, and is in line with national industry policy orientations.

IV. RELATIONSHIP BETWEEN INVESTMENT PROJECTS FOR THE PROCEEDS AND EXISTING BUSINESSES OF THE COMPANY

(i) Operation status and development trend of existing business segments of the Company

The business scope of the Company is “securities brokerage; securities investment consulting; financial advisory business related to securities trading and securities investment activities; proprietary securities trading; securities assets management; agency sale of securities investment funds; margin financing and securities lending business; provision of intermediary business to futures companies; agency sale of financial products (the business items subject to approval under the laws shall be carried out after the approval by relevant authorities)”.

For 2019, 2020, 2021 and from January to June in 2022, the operating revenues of the Company were RMB1.619 billion, RMB1.876 billion, RMB2.967 billion and RMB1.274 billion, respectively, and net profits realised were RMB521 million, RMB588 million, RMB889 million and RMB437 million, respectively.

(ii) Risk exposure and improvement measures

Risks faced by the Company include political and legal risk, business and operational risk, financial risk and information technology risk. The Company always pays great attention to the development of risk management system, and has established an all-round risk management and internal control system. The Company ensured risks to be measurable and controllable, as well as a reasonable risk – return ratio, so as to guarantee that the Company operates on a going-concern basis in compliance with regulatory requirements. The Company continuously improves risk management system according to its business development needs, changes in market environment and regulatory requirements. The all-round risk management mechanism has been continuously improved and is operating in an effective manner.

(iii) Relationship between investment projects for the proceeds and existing businesses of the Company

The total amount of proceeds from the Issuance is no more than RMB7 billion (inclusive), all of which will be used for replenishment of capital and working capital of the Company after deducting the issuance expenses in order to expand the Company's business scale.

The total amount of proceeds from the Non-public Issuance will be used for replenishment of capital and working capital of the Company after deducting the issuance expenses in order to optimize the capital structure and enhance its market competitiveness and risk resistance capacity. The proceeds will be used mainly for the following aspects: further expanding credit transaction business including margin financing and securities lending, expanding fixed income, equity, equity derivatives and other transaction business and repaying debts.

The Non-public Issuance investment projects for the proceeds is compatible with the production and operation, technical level and management capacity of the Company. Upon the completion of the Non-public Issuance, the Company's existing main business will not be significantly changed and the Company's net capital scale will be effectively improved, the business related to the Company's main business will be driven to develop and the overall profitability level of the Company will be improved.

**V. PERSONNEL, TECHNOLOGY, MARKET RESERVE AND OTHER RESERVES FOR
INVESTMENT PROJECTS FOR THE PROCEEDS OF THE COMPANY**

In terms of personnel reserve, the Company always attaches great importance to encouraging and cultivating the entrepreneurship of employees, and motivating employees to work diligently and faithfully. The Company has a high-quality and professional securities practice team covering all business lines.

According to the market-oriented principle, the Company has established a promotion and remuneration management mechanism with market competitiveness by focusing on the management of the MD ranking system. The Company attaches great importance to staff trainings, is committed to building a high-quality talent team and keeps on improving and optimizing its staff training system. Based on the business development requirements every year, the Company accurately explores the training problems at the front and back ends and gathers departments training needs to develop and carry out annual training programme in an orderly manner, improve the effectiveness of training, and achieve mutual growth of staff and the Company. In order to ensure the smooth implementation of the Non-public Issuance investment projects, the Company will continuously optimize the personnel structure and strengthen the talent strength focusing on the characteristics as well as the management and operation mode of the investment projects. Hence, the Company has sufficient, excellent and reasonable structured personnel reserve to ensure the effective implementation of the investment projects.

In terms of technology, the Company attaches great importance to the leading role of information technology in supporting and leading its future business development, continues to increase the investment in information technology, improves the customer service platform and information technology operation and management system, establishes and improves its data center, introduces and trains excellent information technology talents. The Company has independently developed a public offering fund investment advisory system, which has greatly improved the system iteration speed, reduced system costs, and supported the rapid development of external channels for fund investment advisory purposes. In the future, the Company will continuously deepen the reform of management mechanism, strengthen the leading role of financial technology, improve the forward-looking capacity and planning capacity by focusing on the needs of clients and business, effectively improve the level of IT investment, the scale of professionals and the strength of technological innovation capacity based on its financial capacity and live within its means, and promote the transformation of information technology from the technical support to the Company's driven business.

In terms of market, as a broker with comprehensive businesses, the Company has formed a relatively well-established business system including brokerage and wealth management business, investment banking business, assets management and investment business, credit transaction business and proprietary trading business, and has established several branches in the important regions in some cities and provinces including Jiangsu, Shanghai, Beijing, Zhejiang, Guangdong, Chongqing, Shandong, Liaoning, Sichuan, Hunan and Hubei. In future, the Company will gradually establish its position as an investment and financing arranger, transaction organiser, wealth manager and liquidity provider in the national market with established presence in Wuxi, Southern Jiangsu and the Yangtze River Delta region.

VI. MAIN MEASURES TO BE TAKEN BY THE COMPANY IN RESPONSE TO THE DILUTION OF CURRENT RETURNS BY THE NON-PUBLIC ISSUANCE

In response to the possible dilution of the current return from the Issuance, the Company will take the following measures to use the proceeds to further enhance the Company's operating efficiency, fully protect the interests of the Company's shareholders, especially the medium and small shareholders, and focus on medium and long-term shareholder value returns:

(i) Improving the efficiency of daily operations and rationalizing operation costs

The Company takes matrix management as the direction, aims to optimize the allocation of resources and improve the overall operational efficiency of the Company, continuously optimizes and improves the management process and enhances the management efficiency; the Company takes "Internalization of customers, Internalization of business and Internalization of management" as the goal and vigorously promotes the "Internet+" enterprise operation mode to improve the efficiency of business development and internal management. The Company will continue to optimize the allocation of resources, strictly control expenses and reasonable control operating costs.

(ii) Optimizing revenue structure, expanding business scale and improving sustainable profitability

The use of proceeds is focused on the main business of the Company and is in line with the development strategy of the Company. The Company will seize the favorable opportunity of transformation and upgrading of the securities industry, further optimize its business structure, accelerate the development of credit transaction business such as margin financing and securities lending, stock pledged repurchase, actively cultivate innovative business such as over-the-counter market business and financial derivatives business, accelerate the construction of modern securities holding group, promote the diversification and comprehensive development of the Company's revenue structure, reduce operation risks and effectively mitigate the volatility of the securities industry on the income of securities companies caused by its cyclical nature.

After the proceeds that raised from the Issuance are in place, the Company will make reasonable use of the proceeds to further expand credit transaction business including margin financing and securities lending and expand fixed income, equity, equity derivatives and other transaction business and repaying debts.

(iii) Strengthening risk management measures

The Company takes comprehensive risk management as an important means to achieve and secure business development, continuously strengthens the construction of comprehensive risk management system, continuously improves risk management capabilities in the areas of credit risk, concentration risk, market risk, liquidity risk, operation risk, compliance risk and reputation risk, strengthens risk prevention and control in key areas, continuously improves risk identification, measurement, monitoring, disposal and reporting in key areas, and comprehensively improves the Company's risk management capabilities.

(iv) Regulating the management and use of proceeds

In order to regulate the management and use of the proceeds and protect the interests of investors, the Company has formulated the Policy on the Management of Proceeds of Guolian Securities Co., Ltd. in accordance with the requirements of laws, regulations and other regulatory documents such as the Company Law, the Securities Law, the rules for the listing of shares on the relevant stock exchange and the Articles of Association of the Company, which provides detailed regulation on the deposit of proceeds, the use of proceeds, the change of the investment of proceeds and the supervision of the use of proceeds. The Company will strengthen the management of the proceeds, use the proceeds reasonably and effectively, and prevent the risk of using the proceeds.

(v) Maintaining stable policies on shareholder's returns

The provisions of the Articles of Association regarding the profit distribution policy, in particular the specific conditions, ratio, distribution form of cash dividends and conditions for distribution of stock dividends, are in compliance with the requirements of the Notice of the China Securities Regulatory Commission on Further Implementation of Matters Relating to Cash Dividends for Listed Companies and the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividend of Listed Companies. The Company has formulated the Shareholder Return Plan for the Next Three Years (2021-2023) of Guolian Securities Co., Ltd. to facilitate investors to form stable return expectations.

The Company highly emphasizes the protection of shareholders' rights and interests and will continue to maintain the continuity and stability of its profit distribution policy and insist on creating long-term value for shareholders.

The Company specifically reminds investors that the formulation of remedial returns measures is not equivalent to making guarantees for the future profits of the Company.

**VII. UNDERTAKINGS MADE BY DIRECTORS AND SENIOR MANAGEMENT OF THE
COMPANY ON REMEDIAL MEASURES TO THE DILUTION OF CURRENT
RETURNS BY THE ISSUANCE OF SHARES**

Directors and senior management of the Company have made the following undertakings on the proper implementation of the remedial measures to the dilution of current returns to be taken by the Company:

1. not to transfer benefits to other organizations or individuals at nil consideration or on unfair terms nor otherwise prejudice the interests of the Company;
2. to control duty-related expenses of Directors and senior management;
3. not to utilize the Company's assets for the purpose of investment and consumption activities that are irrelevant to their duties;
4. to associate the remuneration system formulated by the Board or the Remuneration Committee with the execution of the remedial measures to current returns of the Company;
5. to associate the exercise conditions under the equity incentive plan with the execution of the remedial measures to current returns of the Company in case the Company implements an equity incentive plan in the future.

I undertake to make additional undertakings in accordance with relevant regulations in due course where the regulatory authority develops other detailed provisions on remedial measures and relevant undertakings and such undertakings fail to satisfy the detailed provisions of the regulatory authority subsequent to the date of the above undertakings.

APPENDIX V

COMPARISON TABLE ON THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 2.02 The business scope of the Company is as approved by the securities regulatory authorities and the company registration authority.</p> <p>The business scope of the Company is: securities brokerage, securities investment consultation, financial advisory in relation to securities trading and securities investment activities, proprietary securities trading, securities assets management, the sales of securities investment funds on commission basis, margin financing and securities lending business, provision of intermediary business for futures companies, and the sales of financial products on commission basis. (For projects requiring approval in accordance with the law, commencement of operations is subject to approval by the relevant authorities)</p>	<p>Article 2.02 The business scope of the Company is as approved by the securities regulatory authorities and <u>registered by</u> the company registration authority.</p> <p><u>Upon registration according to law, the</u> The business scope of the Company is: <u>licensed items: securities business, securities investment consultation, sales of public securities investment funds and bond market business. (For items requiring approval in accordance with the law, commencement of operations is subject to approval by the relevant authorities, and the specific items are subject to the approval documents or licences of relevant authorities) General items: provision of intermediary business for futures companies by securities companies and securities financial advisory services. (Except for items requiring approval in accordance with the law, operations shall be commenced independently with the business licences in accordance with the law)</u></p> <p><u>Upon approval by the securities regulatory authorities, the business scope of the Company is:</u> securities brokerage, securities investment consultation, financial advisory in relation to securities trading and securities investment activities, proprietary securities trading, securities assets management, the sales of securities investment funds on commission basis, margin financing and securities lending business, provision of intermediary business for futures companies, and the sales of financial products on commission basis, <u>and securities (limited to treasury bonds, policy financial bonds, debt instruments issued by non-financial enterprises) underwriting business. (For projects requiring approval in accordance with the law, commencement of operations is subject to approval by the relevant authorities)</u></p>	<p>Amended according to the Reply of Jiangsu Securities Regulatory Bureau on Approving the Business Qualification for Securities Underwriting of Guolian Securities Co., Ltd. (Su Zheng Jian Xu Ke Zi [2022] No. 2)(《江蘇證監局關於核准國聯證券股份有限公司證券承銷業務資格的批覆》(蘇證監許可字[2022]2號)) and the requirements of the market supervision and administration department on the specification of the business scope.</p> <p>The specific business scope is subject to the contents registered by the market supervision and administration department.</p>

APPENDIX V

COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 6.07 Closure of registers of members prior to a shareholders' general meeting or prior to the reference date set by the Company for the purpose of distribution of dividends shall be conducted in accordance with the laws, regulations and the relevant requirements of the securities regulatory authorities at the place where the shares of the Company are listed.</p>	<p>Article 6.07 Closure of registers of members prior to a shareholders' general meeting or prior to the reference date set by the Company for the purpose of distribution of dividends shall be conducted in accordance with the laws, regulations and the relevant requirements of the securities regulatory authorities at the place where the shares of the Company are listed.</p> <p><u>The period of closure of registers of members shall not be more than thirty (30) days within one year, but can be extended for thirty (30) days at most upon approval of the shareholders' general meeting. During the period of closure of registers of members, in the event of any application for access to the registers of members, the Company shall send a certification document signed by its company secretary to the applicant, stating the approval authority and period of closure of registers of members.</u></p>	<p>Amended according to the Core Shareholder Protection Standards 20 of Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 632 of the Hong Kong Companies Ordinance.</p>
<p>Article 8.18 The shareholders of the Company shall not pledge their equity in the Company during the equity lock-up period. Upon the expiry of the equity lock-up period, the proportion of the Company's equity held by the shareholders that is pledged shall not exceed 50% of the proportion of the Company's equity held by the shareholders. Shareholders who have pledged the equity in the Company shall not prejudice the interests of other shareholders and the Company, 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 of the Company in a disguised form.</p>	<p>Article 8.18 The shareholders holding more than 5% of shares of the Company shall not pledge their equity in the Company during the equity lock-up period; upon <u>upon</u> the expiry of the equity lock-up period, the proportion of the Company's equity held by the shareholders that is pledged shall not exceed 50% of the proportion of the Company's equity held by the shareholders. Shareholders who have pledged the equity in the Company shall not prejudice the interests of other shareholders and the Company, 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 of the Company in a disguised form.</p>	<p>Amended according to Article 25 of the Provisions on the Administration of Equities of Securities Companies.</p>

APPENDIX V

COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 9.02 The shareholders' general meeting shall exercise the following functions and powers:</p> <p>.....</p> <p>(18) to consider any equity incentive scheme;</p> <p>.....</p>	<p>Article 9.02 The shareholders' general meeting shall exercise the following functions and powers:</p> <p>.....</p> <p>(18) to consider any equity incentive scheme and employee stock ownership plan;</p> <p>.....</p>	<p>Amended according to Article 41 of the Guidelines on the Articles of Association for Listed Companies.</p>
<p>Article 9.03 The external guarantees to be considered and approved by the general meeting is subject to approval of the Board before presenting to the general meeting for approval, including but not limited to the following circumstances:</p> <p>.....</p> <p>(4) provision of any external guarantee by the Company, the total amount of which amounts or exceeds 30% of the latest audited total assets of the Company;</p> <p>(5) any other guarantee which shall be considered by the general meeting as stipulated by the listing rules of the stock exchange where the shares of the Company are listed.</p> <p>.....</p>	<p>Article 9.03 The external guarantees to be considered and approved by the general meeting is subject to approval of the Board before presenting to the general meeting for approval, including but not limited to the following circumstances The following external guarantees by the Company shall be considered and approved by a shareholders' general meeting:</p> <p>.....</p> <p>(4) provision of any external guarantee by the Company, the total amount of which amounts or exceeds 30% of the latest audited total assets of the Company;</p> <p>(5) provision of guarantee by the Company within one year, the amount of which exceeds 30% of the latest audited total assets of the Company;</p> <p>(5) any other guarantee which shall be considered by the general meeting as stipulated by the listing rules of the stock exchange where the shares of the Company are listed.</p> <p>.....</p>	<p>Amended according to Article 42 of the Guidelines on the Articles of Association for Listed Companies.</p>

APPENDIX V

COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 9.05 General meetings are classified into annual general meetings and extraordinary general meetings and convened by the Board. The annual general meeting shall be held once every year within six months after the end of the previous financial year.</p> <p>In any of the following circumstances, the Board shall convene an extraordinary general meeting within two months from the date upon which the circumstance occurs:</p>	<p>Article 9.05 General meetings are classified into annual general meetings and extraordinary general meetings and convened by the Board. The annual general meeting shall be held once every year within six months after the end of the previous financial year.</p> <p>In any of the following circumstances, the Board shall convene an extraordinary general meeting within two months from the date upon which the circumstance occurs:</p> <p><u>Where the Company is unable to convene the general meeting within the abovementioned time limit, the Company shall report and explain the reasons to the local office of the CSRC in the place where the Company is located and the stock exchange where the Company's shares are listed and make an announcement thereof.</u></p>	<p>Amended according to Article 4 of the Rules Governing Shareholders' General Meetings of Listed Companies.</p>
<p>Article 9.08..... If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 (five) days after receiving the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained.</p>	<p>Article 9.08..... If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 (five) days after receiving the said request. In the event of any change to the original proposal request set forth in the notice, the consent of relevant shareholder(s) shall be obtained.</p>	<p>Amended according to Article 49 of the Guidelines on the Articles of Association for Listed Companies.</p>

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COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 9.09 Where the Supervisory Committee or the shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and the relevant documents shall be filed with the local office of the CSRC and the stock exchange in the place where the Company is located.</p> <p>The shareholding proportion of the convening shareholders prior to announcement of the resolution of the general meeting shall not be less than 10%.</p> <p>The convening shareholders shall, when issuing the notice of general meeting and announcement on the resolution of the general meeting, submit relevant evidential documents to the local office of the securities regulatory authorities in China and the stock exchange in the place where the Company is registered.</p>	<p>Article 9.09 Where the Supervisory Committee or the shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and the relevant documents shall be filed with the local office of the CSRC and the stock exchange in the place where the Company is located.</p> <p>The shareholding proportion of the convening shareholders prior to announcement of the resolution of the general meeting shall not be less than 10%.</p> <p>The Supervisory Committee or convening shareholders shall, when issuing the notice of general meeting and announcement on the resolution of the general meeting, submit relevant evidential documents to the local office of the securities regulatory authorities in China and the stock exchange in the place where the Company is registered.</p>	<p>Amended according to Article 50 of the Guidelines on the Articles of Association for Listed Companies.</p>
<p>Article 9.10 The Board of Directors and its secretary shall cooperate with the Supervisory Committee or such shareholder(s) convening the meeting. The Board of Directors shall provide the register of shareholders as of the record date.</p> <p>Any such expense necessary to convene the meeting, incurred by the Supervisory Committee or such shareholder(s) shall be borne by the Company.</p>	<p>Article 9.10 The Board of Directors and its secretary shall cooperate with the Supervisory Committee or such shareholder(s) convening the meeting. The Board of Directors shall will provide the register of shareholders as of the record date.</p> <p><u>If the Board of Directors fails to provide the register of shareholders, the convener may apply to the securities depository and clearing institution for the register of shareholders with the presence of relevant announcement of convening the shareholders' general meeting. The register of shareholders obtained by the convener shall not be used for other purposes than convening the shareholders' general meeting.</u></p> <p>Any such expense necessary to convene the meeting, incurred by the Supervisory Committee or such shareholder(s) shall be borne by the Company.</p>	<p>Amended according to Article 51 of the Guidelines on the Articles of Association for Listed Companies and Article 11 of the Rules Governing Shareholders' General Meetings of Listed Companies.</p>

APPENDIX V

**COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION**

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 9.12 A notice of shareholders' general meeting shall meet the following requirements: (10) name and telephone number of the contact person for the meeting.</p> <p>For general meetings initiated by the Supervisory Committee or the shareholders in accordance with these Articles, the requirements under these Articles are applicable to the notice of such meetings.</p>	<p>Article 9.12 A notice of shareholders' general meeting shall meet the following requirements: (10) name and telephone number of the contact person for the meeting; <u>(11) the voting time and procedures via the Internet or other methods.</u></p> <p>For general meetings initiated by the Supervisory Committee or the shareholders in accordance with these Articles, the requirements under these Articles are applicable to the notice of such meetings.</p>	<p>Amended according to Article 56 of the Guidelines on the Articles of Association for Listed Companies.</p>

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COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 9.44..... When material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The results of separate vote counting shall be disclosed publicly in a timely manner.</p> <p>The Board of Directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with the laws, administrative regulations or the requirements of the securities regulatory authorities may act as solicitors, and by themselves or by entrusting securities companies or securities service institutions, publicly request the shareholders of the Company to appoint them as proxies to attend the general meeting and exercise the proposal rights, voting rights and other shareholders' rights on their behalf.</p>	<p>Article 9.44..... When material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The results of separate vote counting shall be disclosed publicly in a timely manner.</p> <p><u>Where a shareholder's purchase of the Company's voting shares is in violation of the provisions of the first and second paragraphs of Article 63 of the Securities Law, the voting rights of such shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such shares shall not be included in the total number of voting shares of the shareholders attending the general meeting.</u></p> <p>The Board of Directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with the laws, administrative regulations or the requirements of the securities regulatory authorities may act as solicitors, and by themselves or by entrusting securities companies or securities service institutions, publicly request the shareholders of the Company to appoint them as proxies to attend the general meeting and exercise the proposal rights, voting rights and other shareholders' rights on their behalf.</p>	<p>Amended according to Article 79 of the Guidelines on the Articles of Association for Listed Companies.</p>

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COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 9.50 When a voting is made on the election of directors or supervisors at a shareholders' general meeting, the cumulative voting system may be adopted to reflect the opinions of minority shareholders. Where shareholder(s) of the Company solely or jointly hold with their associates 50% or more of shares of the Company, the cumulative voting system shall be adopted for the election of directors and supervisors.</p>	<p>Article 9.50 When a voting is made on the election of directors or supervisors at a shareholders' general meeting, the cumulative voting system may be adopted to reflect the opinions of minority shareholders. Where shareholder(s) of the Company solely or jointly hold with their associates 50% or more of shares of the Company <u>If a single shareholder and its parties acting in concert are interested in 30% or above of the Shares</u>, the cumulative voting system shall be adopted for the election of directors and supervisors.</p>	<p>Amended according to Article 82 of the Guidelines on the Articles of Association for Listed Companies.</p>
<p>Article 9.53 Before a resolution is voted on at a shareholders' general meeting, two representatives of the shareholders shall be elected as vote counters and scrutinisers. Any shareholder who is interested in the matter to be considered and proxies of such shareholder shall not participate in vote counting or scrutinising.</p>	<p>Article 9.53 Before a resolution is voted on at a shareholders' general meeting, two representatives of the shareholders shall be elected as vote counters and scrutinisers. Any shareholder who is interested in <u>related to</u> the matter to be considered and proxies of such shareholder shall not participate in vote counting or scrutinising.</p>	<p>Amended according to Article 87 of the Guidelines on the Articles of Association for Listed Companies.</p>
<p>Article 9.58 The following matters shall be resolved by a special resolution at a general meeting: (3) division, merger, change of corporate form, dissolution and liquidation of the Company;</p>	<p>Article 9.58 The following matters shall be resolved by a special resolution at a general meeting: (3) division, <u>spin-off</u>, merger, change of corporate form, dissolution and liquidation of the Company;</p>	<p>Amended according to Article 78 of the Guidelines on the Articles of Association for Listed Companies.</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 11.11 The Board shall perform the following duties:</p> <p>.....</p> <p>(9) to decide on external investment, acquisition and disposal of assets, asset mortgage, consigned financial management and connected transactions, etc. of the Company within the authority granted by the general meeting;</p> <p>(10) to resolve on the establishment of internal management organisations and branches of the Company;</p> <p>(11) to appoint or dismiss the Company's manager, secretary of the Board, chief compliance officer and chief risk officer based on the nominations of the chairman; to appoint or dismiss the deputy manager, chief financial officer, chief information officer and other senior management who actually perform the above-mentioned duties based on the nominations of the manager and determine their remunerations and penalties;</p> <p>.....</p> <p>The Board shall resolve on the matters mentioned in the above paragraph, in accordance to Article 11.25 of these Articles of Association as mentioned above. If such powers involving matters such as external investment, acquisition and disposal of assets, asset mortgage, entrusted financial management, connected transactions. The Board shall exercise such powers according to the listing rules of the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed.</p>	<p>Article 11.11 The Board shall perform the following duties:</p> <p>.....</p> <p>(9) to decide on external investment, acquisition and disposal of assets, asset mortgage, consigned financial management, and connected transactions <u>and external donations</u>, etc. of the Company within the authority granted by the general meeting;</p> <p>(10) to resolve on the establishment of internal management organisations and branches of the Company;</p> <p>(11) to <u>decide to</u> appoint or dismiss the Company's manager, secretary of the Board, chief compliance officer and chief risk officer based on the nominations of the chairman, <u>and determine their remunerations and penalties</u>; to <u>decide to</u> appoint or dismiss the deputy manager, chief financial officer, chief information officer and other senior management who actually perform the above-mentioned duties based on the nominations of the manager and determine their remunerations and penalties;</p> <p>.....</p> <p><u>(23) to decide on the targets of honest employment management and assume responsibility for the effectiveness of honest employment management;</u></p> <p>.....</p> <p>The Board shall resolve on the matters mentioned in the above paragraph, in accordance to Article 11.25<u>11.26</u> of these Articles of Association as mentioned above. If such powers involving matters such as external investment, acquisition and disposal of assets, asset mortgage, entrusted financial management, connected transactions, <u>external donations</u>; The<u>the</u> Board shall exercise such powers according to the listing rules of the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed.</p>	<p>Amended according to Article 107 of the Guidelines on the Articles of Association for Listed Companies and the Opinions on Strengthening the Regulation of Honest Employment of Intermediaries under the Registration System (《關於加強註冊制下中介機構廉潔從業監管的意見》).</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
New article	<p>Article 11.13 The Company's Board of Directors clarifies that targets of honest employment management are to firmly establish a correct concept of honest employment, and integrate honest employment into corporate culture; establish and improve the internal control mechanism for honest employment covering all businesses and processes to effectively identify and prevent and control honest employment risks; continue to strengthen the honest employment management of staff, strictly implement the assessment of honest employment, so as to promote the Company and its staff to strictly abide by laws, regulations, regulatory requirements and industry self-regulatory provisions, abide by social ethics, business ethics, professional ethics and code of conduct, and adhere to fair competition, compliant operation, faithfulness and diligence, honesty and trustworthiness in the course of carrying out securities business and related activities, with a view to realize the standardized and orderly development of the Company.</p>	<p>Relevant content shall be added according to the Opinions on Strengthening the Regulation of Honest Employment of Intermediaries under the Registration System (《關於加強註冊制下中介機構廉潔從業監管的意見》).</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 12.02 An independent director shall meet the following basic conditions: (5) being at least a university graduate and possessing at least a bachelor's degree (for those with not less than ten years' working experience in the field of securities, or having acted as head of a department of a financial institution or a higher position of this kind for at least eight years, the academic qualification will be loosened to a college graduate); (6) having the necessary time and effort to fulfill his/her duties; (7) being independent as required by securities regulatory authorities; (8) other conditions stipulated by the Articles of Association.</p>	<p>Article 12.02 An independent director shall meet the following basic conditions: (5) being at least a university graduate and possessing at least a bachelor's degree (for those with not less than ten years' working experience in the field of securities, or having acted as head of a department of a financial institution or a higher position of this kind for at least eight years, the academic qualification will be loosened to a college graduate); (65) having the necessary time and effort to fulfill his/her duties; (76) being independent as required by securities regulatory authorities; (7) being complied with the requirements for independent directors in the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Operating Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》), the Rules for Independent Directors of Listed Companies (《上市公司獨立董事規則》), and the Guidelines No. 1 on Self-Regulatory and Supervision for Listed Companies on Shanghai Stock Exchange – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》); (8) other conditions stipulated by the Articles of Association.</p>	<p>Amended according to Article 6 of the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Operating Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》), Rule 9 of the Rules for Independent Directors of Listed Companies (《上市公司獨立董事規則》) and Section 5 of Chapter 3 of the Guidelines No. 1 on Self-Regulatory and Supervision for Listed Companies on Shanghai Stock Exchange – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》).</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 12.03 The following persons shall not act as an independent director:</p> <p>.....</p> <p>(4) persons who provide financial, legal or consulting services to a listed company and its controlling shareholders or each of its subsidiaries, and the immediate family members of such persons, including all persons of the task force of the intermediary agency providing such services, supervising officer of each level, persons signing for the report, partner and major persons in charge;</p> <p>(5) persons who had been persons under categories (1) to (4) within the preceding year;</p> <p>.....</p>	<p>Article 12.03 The following persons shall not act as an independent director:</p> <p>.....</p> <p><u>(4) persons who hold positions in the actual controller of the Company and its subsidiaries;</u></p> <p>(5) persons who provide financial, legal or consulting services to a listed company and its controlling shareholders or each of its subsidiaries, and the immediate family members of such persons, including all persons of the task force of the intermediary agency providing such services, supervising officer of each level, persons signing for the report, partner and major persons in charge;</p> <p><u>(6) a person who serves as a director, supervisor or senior management in an entity that has material business dealings with the Company and its controlling shareholders or their respective subsidiaries, or a person who serves as a director, supervisor or senior management in the controlling shareholder(s) of such entity;</u></p> <p>(5) persons who had been persons under <u>six</u> categories (1) to (4) <u>above</u> within the preceding year;</p> <p>.....</p>	<p>Amended according to Article 9 of the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Operating Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》), Rule 7 of the Rules for Independent Directors of Listed Companies (《上市公司獨立董事規則》) and Article 3.5.4 of the Guidelines No. 1 on Self-Regulatory and Supervision for Listed Companies on Shanghai Stock Exchange – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》).</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 12.04 The nomination, election and replacement of independent directors shall be conducted in a regulated manner in accordance with the laws:</p> <p>.....</p> <p>(4) If any independent director has not attended the Board meetings in person for three times consecutively, the Board of Directors shall propose to the general meeting for the removal of such independent director. Except for circumstances described above and those set out in the Company Law relating to the prohibition of a person to act as a director, an independent director shall not be removed, without cause, from his office before the expiration of his term of office. In the case of any early removal, the Company shall make a special disclosure thereof. Any removed independent director who thinks that the Company has not any proper reason to remove him may make public statement;</p> <p>.....</p>	<p>Article 12.04 The nomination, election and replacement of independent directors shall be conducted in a regulated manner in accordance with the laws:</p> <p>.....</p> <p>(4) If any independent director has not attended the Board meetings in person for three times consecutively, the Board of Directors shall propose to the general meeting for the removal of such independent director. Except for circumstances described above and those set out in the Company Law relating to the prohibition of a person to act as a director, an independent director shall not be removed, without cause, from his office before the expiration of his term of office. In the case of any early removal, the Company shall make a special disclosure thereof. Any removed independent director who thinks that the Company has not any proper reason to remove him may make public statement;</p> <p><u>(5) An independent director may be removed from his office by the Company through statutory procedures before the expiration of his term of office. In the case of any early removal, the Company shall make a special disclosure thereof;</u></p> <p>.....</p>	<p>Amended according to Rule 17 of the Rules for Independent Directors of Listed Companies (《上市公司獨立董事規則》).</p>

APPENDIX V

COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 13.04 The manager shall report to the Board of Directors and have the following duties and powers:</p> <p>.....</p> <p>(11) to have other powers authorized by the Articles of Association or the Board.</p> <p>.....</p> <p>If such powers involving matters such as external investment, acquisition and disposal of assets, asset mortgage, entrusted financial management, connected transactions. The Board shall exercise such powers according to the listing rules of the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed.</p>	<p>Article 13.04 The manager shall report to the Board of Directors and have the following duties and powers:</p> <p>.....</p> <p><u>(11) to act as the first responsible person for the implementation of the responsibility of honest employment management to perform the responsibility of honest employment management;</u></p> <p>(12) to have other powers authorized by the Articles of Association or the Board.</p> <p>.....</p> <p>If such powers involving matters such as external investment, acquisition and disposal of assets, asset mortgage, entrusted financial management, connected transactions, external donations; The the Board shall exercise such powers according to the listing rules of the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed.</p>	<p>Amended according to the Opinions on Strengthening the Regulation of Honest Employment of Intermediaries under the Registration System (《關於加強註冊制下中介機構廉潔從業監管的意見》) and Article 128 of the Guidelines on the Articles of Association for Listed Companies.</p>

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COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 13.06 A person who holds administrative positions other than that of a director and supervisor of the Company's controlling shareholder or actual controller shall not act as the senior management of the Company.</p> <p>A senior management of the Company may at most hold the office of director or supervisor concurrently in two companies where the Company has shareholding, but not an office other than those aforesaid. They shall not engage themselves concurrently in any other profit-making organizations or other operation activities.</p>	<p>Article 13.06 A person who holds administrative positions other than that of a director and supervisor of the Company's controlling shareholder or actual controller shall not act as the senior management of the Company.</p> <p><u>The senior management of the Company only receives remuneration from the Company, and no remuneration shall be paid by the controlling shareholder on behalf of the Company.</u></p> <p>A senior management of the Company may at most hold the office of director or supervisor concurrently in two companies where the Company has shareholding, but not an office other than those aforesaid. They shall not engage themselves concurrently in any other profit-making organizations or other operation activities.</p>	<p>Amended according to Article 126 of the Guidelines on the Articles of Association for Listed Companies.</p>
<p>New article</p>	<p><u>Article 13.13 The senior management of the Company shall faithfully perform their duties and protect the best interests of the Company and all shareholders. The senior management of the Company shall be liable for compensation in accordance with the law if they fail to perform their duties faithfully or violate their fiduciary obligations and cause damage to the interests of the Company and public shareholders.</u></p>	<p>Amended according to Article 135 of the Guidelines on the Articles of Association for Listed Companies.</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 14.02 The secretary of the Board of Directors shall be a natural person who has necessary professional knowledge and experience, and shall be appointed by the Board of Directors. The qualification of the secretary of the Board of Directors shall be as follows:</p> <p>(1) having good professional ethics and personal qualities;</p> <p>(2) having more than three years of experience in securities, or more than five years experience in finance, laws and accounting (for those holding postgraduate degrees in securities, finance, economic management, laws, accounting and investment, the years of experience in securities, or more than five years of experience in finance, laws and accounting will be loosened moderately);</p> <p>(3) having the qualifications for practising in securities industry (for those with more than eight years of experience in professional regulatory work with the securities regulatory bodies and self-regulatory organisations, the qualifications for practising in securities industry can be waived);</p> <p>(4) being at least a university graduate and possessing at least a bachelor's degree (for those with more than ten years' working experience in the field of securities, or having acted as head of a department of a financial institution or a higher position of this kind for at least eight years, the academic qualification will be loosened to a college graduate);</p>	<p>Article 14.02 The secretary of the Board of Directors shall be a natural person who has necessary professional knowledge and experience, and shall be appointed by the Board of Directors. The qualification of the secretary of the Board of Directors shall be as follows:</p> <p>(1) having good professional ethics and personal qualities;</p> <p>(2) being familiar with the laws and regulations of securities and funds as well as the requirements of the CSRC;</p> <p>(23) having more than three years of experience in securities, or more than five years experience in finance, laws and accounting (for those holding postgraduate degrees in securities, finance, economic management, laws, accounting and investment, the years of experience in securities, or more than five years of experience in finance, laws and accounting will be loosened moderately) having more than three years of relevant working experience;</p> <p>(34) having appropriate management experience and operation and management capabilitiesthe qualifications for practising in securities industry (for those with more than eight years of experience in professional regulatory work with the securities regulatory bodies and self-regulatory organisations, the qualifications for practising in securities industry can be waived);</p> <p>(4) being at least a university graduate and possessing at least a bachelor's degree (for those with more than ten years' working experience in the field of securities, or having acted as head of a department of a financial institution or a higher position of this kind for at least eight years, the academic qualification will be loosened to a college graduate);</p>	<p>Amended according to Article 6 of the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Operating Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》) and Article 4.4.4 of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange.</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>(5) having acted as head of a department of a securities institution or a higher position of this kind for at least two years, or having acted as head of a department of a financial institution or a higher position of this kind for at least four years, or of comparable management experience;</p> <p>(6) having passed the qualification verification by the CSRC;</p> <p>(7) meeting other conditions as required by the laws, administrative regulations, department rules, regulatory rules and rules of the stock exchange of the place where the Company is listed.</p> <p>A natural person who falls within any of the following circumstances shall not serve as the secretary of the Board of Directors:</p> <p>(1) any of the circumstances specified in Article 148 of the Company Law;</p> <p>(2) has been subject to any administrative penalty by CSRC in the most recent 3 years;</p> <p>(3) has been publicly declared by any stock exchange to be unsuitable for serving as the secretary of the Board of Directors of any listed company;</p> <p>(4) has been publicly reprimanded or criticized 3 or more times in circulars by any stock exchange in the most recent 3 years;</p> <p>(5) in the most recent 3 years when he serves as the secretary of the Board of Directors of a listed company, has failed to pass the annual appraisal by the stock exchange for 2 times;</p> <p>.....</p>	<p>(5) having acted as head of a department of a securities institution or a higher position of this kind for at least two years, or having acted as head of a department of a financial institution or a higher position of this kind for at least four years, or of comparable management experience;</p> <p>(6) having passed the qualification verification by the CSRC;</p> <p>(7) meeting other conditions as required by the laws, administrative regulations, department rules, regulatory rules and rules of the stock exchange of the place where the Company is listed.</p> <p>A natural person who falls within any of the following circumstances shall not serve as the secretary of the Board of Directors:</p> <p>(1) any of the circumstances specified in Article 148<u>16.01</u> of the Company Law <u>Articles of Association</u>;</p> <p>(2) has been subject to any administrative penalty by CSRC in the most recent 3 years;</p> <p>(3) has been publicly declared by any stock exchange to be unsuitable for serving as the secretary of the Board of Directors of any listed company;</p> <p>(4) has been publicly reprimanded or criticized 3 or more times in circulars by any stock exchange in the most recent 3 years;</p> <p>(5) in the most recent 3 years when he serves as the secretary of the Board of Directors of a listed company, has failed to pass the annual appraisal by the stock exchange for 2 times;</p> <p>.....</p>	

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 14.03 The secretary of the Board shall perform the following duties:</p> <p>.....</p> <p>(2) to be responsible for the investor relations management and shareholder information management of the Company, and coordinate communication and liaison between the Company and securities regulatory authorities, shareholders and actual controllers, sponsors, securities service providers and the media;</p> <p>.....</p> <p>(4) to be responsible for the confidentiality of information disclosure of the Company and promptly report to the stock exchange when significant undisclosed information was disclosed;</p> <p>(5) pore over press coverage and initiatively seek confirmation of the authenticity of such coverage, and urge the Board of Directors to timely reply enquiries of the stock exchange;</p> <p>(6) organise trainings concerning securities laws and regulations and relevant provisions for directors, supervisors and senior management, and assist them in understanding their rights and obligations in terms of information disclosure;</p> <p>(7) urge the directors, supervisors and senior management to observe the laws and regulations, and earnestly fulfill their commitments; when becoming aware of that the Company makes or may possibly make a decision in violation of the relevant provisions, remind related personnel and immediately report it to the securities regulatory authority;</p>	<p>Article 14.03 The secretary of the Board shall perform the following duties:</p> <p>.....</p> <p>(2) to be responsible for the investor relations management and shareholder information management of the Company, and coordinate communication and liaison between the Company and securities regulatory authorities, shareholders investors and actual controllers, sponsors, securities service providers <u>intermediaries</u> and the media;</p> <p>.....</p> <p>(4) to be responsible for the confidentiality of information disclosure of the Company and <u>promptly immediately</u> report <u>and disclose</u> to the stock exchange when significant undisclosed information was disclosed;</p> <p>(5) pore over press coverage and initiatively seek confirmation of the authenticity of such coverage, and urge the Board of Directors Company and other related entities to timely reply enquiries of the stock exchange;</p> <p>(6) organise trainings concerning securities laws and regulations and relevant provisions for directors, supervisors and senior management <u>on relevant laws and regulations, and relevant regulations of stock exchanges</u>, and assist them in understanding their rights and obligations responsibilities in terms of information disclosure;</p> <p>(7) urge the directors, supervisors and senior management to observe the laws and regulations, <u>the relevant regulations of the stock exchanges and the Articles of Association</u> and earnestly fulfill their commitments; when becoming aware of that the Company, <u>directors, supervisors and senior management</u> makes or may possibly make a decision in violation of the relevant provisions, remind related personnel and immediately report it to the securities regulatory authority <u>stock exchanges</u>;</p>	<p>Amended according to Article 4.4.2 of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange.</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>(8) ensure that the Company keeps complete organisational documents and records; (11) perform other duties as required by the Company Law, the Securities Law and the CSRC.</p>	<p><u>(8) being responsible for managing the changes in corporate stocks and their derivatives;</u> (8) ensure that the Company keeps complete organisational documents and records; (11) perform other duties as required by the <u>Company Law, the Securities Law and the CSRC laws, administrative regulations, department rules, the securities regulatory authorities and the stock exchanges where the Company is listed.</u></p>	
<p>Article 14.06 The Company shall not remove the secretary of the Board of Directors without any reason. The change of the secretary of the Board of Directors must first be reported to the China securities regulatory authority for the record, the reasons for doing so must be given and a public announcement of such change must be made. The change shall also be notified to the relevant regulatory authority of the domestic and overseas place where the shares of the Company are listed. At the same time as the removal of the original secretary of the Board of Directors, a new secretary of the Board of Directors shall be appointed in accordance with the stipulated procedures and formalities.</p>	<p>Article 14.06 The Company shall not remove the secretary of the Board of Directors without any reason. The change of the secretary of the Board of Directors must first be reported to the China securities regulatory authority for the record, the reasons for doing so must be given and a public announcement of such change must be made. The change shall also be notified to the relevant regulatory authority of the domestic and overseas place where the shares of the Company are listed. <u>If the secretary of the Board of Directors is being dismissed or resigns from his/her position, the Company shall, in a timely manner, report to the Shanghai Stock Exchange and state reasons thereof and make an announcement.</u> At the same time as the removal of the original secretary of the Board of Directors, a new secretary of the Board of Directors shall be appointed in accordance with the stipulated procedures and formalities.</p>	<p>Amended according to Article 4.4.9 of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange.</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 16.01 Under any of the following circumstances, the persons shall not serve as directors, supervisors, manager or other senior management of the Company:</p> <p>.....</p> <p>(2) persons who have been penalized or sentenced due to an offense of corruption, bribery, encroachment on property, misappropriation of property or disruption of the social economic order, or have been deprived of political rights due to committing of any crime, and in each case, less than five years have elapsed since the completion of the relevant penalty, sentence or deprivation;</p> <p>.....</p> <p>(7) persons who were ever a lawyer, certified public accountant or a professional of an investment consulting institution, financial consulting institution, credit rating institution, asset valuation institution or certification institution who was disqualified due to breach of the laws and irregularities where less than five years have elapsed since the date of such disqualification;</p> <p>.....</p> <p>(10) persons who have been banned from entering the market by securities regulatory authorities and have not been relieved of the ban;</p>	<p>Article 16.01 Under any of the following circumstances, the persons shall not serve as directors, supervisors, manager or other senior management of the Company:</p> <p>.....</p> <p>(2) persons who have been penalized or sentenced due to an offense of endangering national security, terrorism, corruption, bribery, encroachment on property, misappropriation of property, crime of underworld or disruption of the social economic order, or have been deprived of political rights due to committing of any crime, and in each case, less than five years have elapsed since the completion of the relevant penalty, sentence or deprivation;</p> <p>.....</p> <p>(7) persons who were ever a lawyer, certified public accountant or a professional of an investment consulting institution, financial consulting institution, credit rating institution, asset valuation institution or certification institution other securities service institutions who was disqualified whose practicing certificates were revoked or qualification was cancelled due to breach of the laws and irregularities where less than five years have elapsed since the date of such disqualification the revocation or cancellation of practicing certificates or qualification;</p> <p>.....</p> <p>(10) persons who have been banned from entering the market by securities regulatory authorities and have not been relieved of the ban;</p>	<p>Amended according to Rule 124 of the Securities Law, Article 7 of the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Operating Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》) and Article 95 of the Guidelines on the Articles of Association for Listed Companies.</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>(11) persons who were subject to administrative penalties by financial regulatory departments due to material illegal or improper behavior where less than three years have elapsed since the date of completion of the penalties;</p> <p>(12) persons who are disqualified by the CSRC where less than three years have elapsed since the date of disqualification;</p> <p>(13) persons who are declared to be unfit by the CSRC where less than two years have elapsed since the date of the declaration;</p> <p>(14) persons who have been subject to an investigation by judicial authorities for criminal offences, and such investigation not having come to an end;</p> <p>.....</p>	<p>(11) persons who were subject to administrative penalties by financial regulatory departments or prohibited by the CSRC to participate in the securities market due to material illegal or improper behavior where less than three five years have elapsed since the date of completion of the penalties;</p> <p>(12) persons who are disqualified by the CSRC where less than three years have elapsed since the date of disqualification whose fund practicing qualification has been revoked by the CSRC or fund practicing qualification has been cancelled by the fund industry association in the past 5 years;</p> <p>(12) person who was acting as a legal representative and principal person in charge of business management of an institution that has been taken over, revoked, declared bankrupt or revoked its business licence, where less than five years have elapsed since the date of the company was taken over, revoked, declared bankrupt or revoked its business license, unless it is proved that such person was not personally responsible for the company being taken over, revoked, declared bankrupt or revoked its business license;</p> <p>(13) persons who are declared to be unfit by the CSRC where less than two years have elapsed since the date of the declaration or imposed on disciplinary sanction by an industry association of being unsuitable for engaging in the relevant business, and the relevant limitation period has not expired;</p> <p>(14) persons who have been subject to an investigation by administrative authorities or an investigation by judicial authorities for criminal offences suspected illegal crimes, and such investigation not having come to an end case has not yet been closed to form a final opinion;</p> <p>.....</p>	

APPENDIX V

**COMPARISON TABLE ON THE AMENDMENTS
TO THE ARTICLES OF ASSOCIATION**

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 18.01..... The Company shall engage an accounting firm which has obtained the qualification to engage in securities related businesses to audit the financial statements, net assets verification and other relevant consultancy services. The term of office of an accounting firm appointed by the Company shall be one year, and the appointment may be renewed.</p>	<p>Article 18.01..... The Company shall engage an accounting firm which has obtained the qualification to engage in securities related businesses complies with the requirements of the Securities Law to audit the financial statements, net assets verification and other relevant consultancy services. The term of office of an accounting firm appointed by the Company shall be one year, and the appointment may be renewed.</p>	<p>Amended according to Article 159 of the Guidelines on the Articles of Association for Listed Companies.</p>

Note: The clause number and the clause number quoted in the text will be adjusted accordingly.

APPENDIX VI

COMPARISON TABLE ON THE AMENDMENTS TO THE RULES OF PROCEDURE OF GENERAL MEETING

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 4 The shareholders' general meeting is the authority of the Company and exercise the following functions and powers in accordance with the Company Law and the Articles of Association:</p> <p>.....</p> <p>(18) to consider any equity incentive scheme;</p> <p>.....</p>	<p>Article 4 The shareholders' general meeting is the authority of the Company and exercise the following functions and powers in accordance with the Company Law and the Articles of Association:</p> <p>.....</p> <p>(18) to consider any equity incentive scheme and employee stock ownership plan;</p> <p>.....</p>	<p>Amended according to Article 41 of the Guidelines on the Articles of Association for Listed Companies.</p>
<p>Article 5 The external guarantees to be considered and approved by the general meeting is subject to approval of the Board before presenting to the general meeting for approval, including but not limited to the following circumstances:</p> <p>.....</p> <p>(4) provision of any external guarantee by the Company, the total amount of which amounts or exceeds 30% of the latest audited total assets of the Company;</p> <p>(5) provision of any other guarantee which shall be considered by the general meeting as stipulated by the listing rules of the stock exchange where the shares of the Company are listed.</p> <p>.....</p>	<p>Article 5 The external guarantees to be considered and approved by the general meeting is subject to approval of the Board before presenting to the general meeting for approval, including but not limited to the following circumstances The following external guarantees by the Company shall be considered and approved by a shareholders' general meeting:</p> <p>.....</p> <p>(4) provision of any external guarantee by the Company, the total amount of which amounts or exceeds 30% of the latest audited total assets of the Company;</p> <p>(5) provision of guarantee by the Company, the amount of which within a year exceeds 30% of the latest audited total assets of the Company;</p> <p>(5) provision of any other guarantee which shall be considered by the general meeting as stipulated by the listing rules of the stock exchange where the shares of the Company are listed.</p> <p>.....</p>	<p>Amended according to Article 42 of the Guidelines on the Articles of Association for Listed Companies.</p>

APPENDIX VI

COMPARISON TABLE ON THE AMENDMENTS TO THE RULES OF PROCEDURE OF GENERAL MEETING

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 7 In any of the following circumstances, the Board shall convene an extraordinary general meeting within two months from the date upon which the circumstance occurs:</p>	<p>Article 7 In any of the following circumstances, the Board shall convene an extraordinary general meeting within two months from the date upon which the circumstance occurs: <u>Where the Company is unable to convene the general meeting with in the abovementioned time limit, the Company shall report and explain the reasons to the local office of the CSRC in the place where the Company is located and the stock exchange where the Company's shares are listed and make an announcement thereof.</u></p>	<p>Amended according to Article 4 of the Rules Governing Shareholders' General Meetings of Listed Companies.</p>
<p>Article 13..... If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 (five) days after receiving the said request. In the event of any change to the original proposal set forth in the notice, the consent of the proposing shareholder(s) shall be obtained.</p>	<p>Article 13..... If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 (five) days after receiving the said request. In the event of any change to the original proposal request set forth in the notice, the consent of the proposing shareholder(s) shall be obtained.</p>	<p>Amended according to Article 49 of the Guidelines on the Articles of Association for Listed Companies.</p>

APPENDIX VI

COMPARISON TABLE ON THE AMENDMENTS TO THE RULES OF PROCEDURE OF GENERAL MEETING

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 15 Where the Supervisory Committee or the shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and the relevant documents shall be filed with the local office of the CSRC and the stock exchange in the place where the Company is located.</p> <p>The shareholding proportion of the convening shareholders prior to announcement of the resolution of the general meeting shall not be less than 10%.</p> <p>The Supervisory Committee and the convening shareholders shall, when issuing the notice of general meeting and announcement on the resolution of the general meeting, submit relevant evidential documents to the local office of the securities regulatory authorities in China and the stock exchange in the place where the Company is registered.</p>	<p>Article 15 Where the Supervisory Committee or the shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and the relevant documents shall be filed with the local office of the CSRC and the stock exchange in the place where the Company is located.</p> <p>The shareholding proportion of the convening shareholders prior to announcement of the resolution of the general meeting shall not be less than 10%.</p> <p>The Supervisory Committee and <u>or</u> the convening shareholders shall, when issuing the notice of general meeting and announcement on the resolution of the general meeting, submit relevant evidential documents to the local office of the securities regulatory authorities in China and the stock exchange in the place where the Company is registered.</p>	<p>Amended according to Article 10 of the Rules Governing Shareholders' General Meetings of Listed Companies.</p>
<p>Article 16 The Board of Directors and its secretary shall cooperate with the Supervisory Committee or such shareholder(s) convening the meeting. The Board of Directors shall provide the register of shareholders as of the record date. The register of shareholders obtained by the convener shall not be used for any purpose other than convening a general meeting.</p>	<p>Article 16 The Board of Directors and its secretary shall cooperate with the Supervisory Committee or such shareholder(s) convening the meeting. The Board of Directors shall provide the register of shareholders as of the record date. <u>If the Board of Directors fails to provide the register of shareholders, the convener may apply to the securities registration and clearing institution to obtain the same by submitting the relevant announcement of the notice of convening the general meeting.</u> The register of shareholders obtained by the convener shall not be used for any purpose other than convening a general meeting.</p>	<p>Amended according to Article 11 of the Rules Governing Shareholders' General Meetings of Listed Companies.</p>

APPENDIX VI

COMPARISON TABLE ON THE AMENDMENTS TO THE RULES OF PROCEDURE OF GENERAL MEETING

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 23 A notice of shareholders' general meeting shall meet the following requirements: (10) name and telephone number of the contact person for the meeting. For general meetings initiated by the Supervisory Committee or the shareholders in accordance with these Articles, the requirements under these Articles are applicable to the notice of such meetings.</p>	<p>Article 23 A notice of shareholders' general meeting shall meet the following requirements: (10) name and telephone number of the contact person for the meeting; (11) the voting time and voting procedures via internet or other methods. For general meetings initiated by the Supervisory Committee or the shareholders in accordance with these Articles, the requirements under these Articles are applicable to the notice of such meetings.</p>	<p>Amended according to Article 56 of the Guidelines on the Articles of Association for Listed Companies.</p>
<p>Article 46 The following matters shall be resolved by a special resolution at a general meeting: (3) division, merger, change of corporate form, dissolution and liquidation of the Company;</p>	<p>Article 46 The following matters shall be resolved by a special resolution at a general meeting: (3) division, spin-off, merger, change of corporate form, dissolution and liquidation of the Company;</p>	<p>Amended according to Article 78 of the Guidelines on the Articles of Association for Listed Companies.</p>

APPENDIX VI

COMPARISON TABLE ON THE AMENDMENTS TO THE RULES OF PROCEDURE OF GENERAL MEETING

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 47..... When material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The results of separate vote counting shall be disclosed publicly in a timely manner. The Board of Directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with the laws, administrative regulations or the requirements of the securities regulatory authorities may act as solicitors, and by themselves or by entrusting securities companies or securities service institutions, publicly request the shareholders of the Company to appoint them as proxies to attend the general meeting and exercise the proposal rights, voting rights and other shareholders' rights on their behalf. </p>	<p>Article 47..... When material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The results of separate vote counting shall be disclosed publicly in a timely manner. <u>Where a shareholder purchasing the Company's voting shares is in violation of the provisions of the first and second paragraphs under Article 63 of the Securities Law, such shares in excess of the prescribed proportion shall not be exercisable for voting within 36 months from the date of purchase, and nor be counted in the total number of voting shares present at the general meeting.</u> The Board of Directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with the laws, administrative regulations or the requirements of the securities regulatory authorities may act as solicitors, and by themselves or by entrusting securities companies or securities service institutions, publicly request the shareholders of the Company to appoint them as proxies to attend the general meeting and exercise the proposal rights, voting rights and other shareholders' rights on their behalf. </p>	<p>Amended according to Article 31 of the Rules Governing Shareholders' General Meetings of Listed Companies.</p>

APPENDIX VI

COMPARISON TABLE ON THE AMENDMENTS TO THE RULES OF PROCEDURE OF GENERAL MEETING

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 52 When a voting is made on the election of directors or supervisors at a shareholders' general meeting, the cumulative voting system may be adopted to reflect the opinions of minority shareholders. Where shareholder(s) of the Company solely or jointly hold with their associates 50% or more of shares of the Company, the cumulative voting system shall be adopted for the election of directors and supervisors.</p>	<p>Article 52 When a voting is made on the election of directors or supervisors at a shareholders' general meeting, the cumulative voting system may be adopted to reflect the opinions of minority shareholders. Where shareholder(s) of the Company solely or jointly hold with their associates 50% or more of shares of the Company <u>When a single shareholder of the Company and parties acting in concert with it are interested in 30% or above of the shares.</u> the cumulative voting system shall be adopted for the election of directors and supervisors.</p>	<p>Amended according to Article 32 of the Rules Governing Shareholders' General Meetings of Listed Companies.</p>

Note: The clause number and the clause number quoted in the text will be adjusted accordingly.

APPENDIX VII

COMPARISON TABLE ON THE AMENDMENTS TO
THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 4 The Board shall perform the following duties:</p> <p>.....</p> <p>(9) to decide on external investment, acquisition and disposal of assets, asset mortgage, consigned financial management and connected transactions, etc. of the Company within the authority granted by the general meeting;</p> <p>.....</p> <p>(23) to exercise other powers as conferred by the laws, administrative regulations, department rules and listing rules of the stock exchange in the place where the Company's shares are listed or provisions of the Articles of Association as well as the general meetings.</p> <p>The Board shall resolve on the matters mentioned in the above paragraph, in accordance to Article 11.25 of the Articles of Association as mentioned above. If such powers involving matters such as external investment, acquisition and disposal of assets, asset mortgage, entrusted financial management, connected transactions. The Board shall exercise such powers according to the listing rules of the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed.</p>	<p>Article 4 The Board shall perform the following duties:</p> <p>.....</p> <p>(9) to decide on external investment, acquisition and disposal of assets, asset mortgage, consigned financial management and, connected transactions <u>and external donations</u>, etc. of the Company within the authority granted by the general meeting;</p> <p>.....</p> <p><u>(23) to determine the objectives of honest employment management and be liable for ensuring the effectiveness of honest employment management;</u></p> <p>(23) to exercise other powers as conferred by the laws, administrative regulations, department rules and listing rules of the stock exchange in the place where the Company's shares are listed or provisions of the Articles of Association as well as the general meetings.</p> <p>The Board shall resolve on the matters mentioned in the above paragraph, in accordance to Article 11.2511.26 of the Articles of Association as mentioned above. If such powers involving matters such as external investment, acquisition and disposal of assets, asset mortgage, entrusted financial management, connected transactions <u>and external donations</u>, The the Board shall exercise such powers according to the listing rules of the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed.</p>	<p>Relevant content shall be added according to Article 107 of the Guidelines on the Articles of Association for Listed Companies and the Opinions on Strengthening the Regulation of Honest Employment of Intermediaries under the Registration System (《關於加強註冊制下中介機構廉潔從業監管的意見》).</p>

Note: The clause number and the clause number quoted in the text will be adjusted accordingly.

Guolian Securities Co., Ltd.**Administrative Measures for External Donations****Chapter I General Provisions**

Article 1 In order to regulate the external donations of Guolian Securities Co., Ltd. (hereinafter referred to as the “Company”), strengthen the management of the Company’s external donations, better perform the Company’s social responsibilities, safeguard the interests of Shareholders and employees, and develop a better public image, these Measures are formulated in accordance with the Law of the People’s Republic of China on Donations for Public Welfare (《中華人民共和國公益事業捐贈法》) and other laws and regulations, as well as the Articles of Association of Guolian Securities Co., Ltd. (hereinafter referred to as the “Articles of Association”).

Article 2 The term “external donations” as mentioned in these Measures refers to the act of voluntarily giving away for free the legal person property (funds and assets) that the Company has the right to dispose of to a legal recipient for use in public welfare undertakings that are not related to production and business activities.

Article 3 These Measures are applicable to the management of external donations of the Company and its holding subsidiaries.

Chapter II Principles of External Donations

Article 4 The Company’s external donations shall follow the following principles:

- (I) Principle of compliance and legality. The Company’s external donations shall be made subject to relevant laws, regulations and other rules and regulations, in stringent implementation of internal and external approval procedures, and without prejudices to public interests as well as the legitimate rights and interests of other citizens;
- (II) Principle of voluntariness and free of charge. Upon external donations by the Company with the occupied or used property, the recipient shall not be required to create favorable conditions for financing, market access, administrative licensing, possession of other resources, etc., and shall not engage in profit-making activities in the name of donation, thus leading to unfair market competition;
- (III) Principle of doing according to the capabilities. If the Company suffers losses or external donations will affect the normal production and operation activities of the Company and the vital interests of the Company’s employees, no external donations are allowed;

- (IV) Principle of honesty and trustworthiness. Donations made to the public or recipients in accordance with the internal and external decision-making procedures of the Company shall be performed honestly to maintain the Company's image;
- (V) Principle of clear rights and responsibilities. The Company encourages all employees to proactively contribute to the development of public welfare undertakings, and the Company shall not make external donations with the properties owned by it in individual name.

Chapter III Purposes of External Donations

Article 5 The Company's external donations shall be used for the following non-profit public welfare undertakings:

- (I) Activities of social groups and individuals in difficulty, such as disaster relief, poverty relief, and assistance to the disabled;
- (II) Education, science, culture, health and sports;
- (III) Environmental protection, construction of social public facilities;
- (IV) Other social public and welfare undertakings that promote social development and progress.

Chapter IV Methods of External Donations

Article 6 The Company's external donations shall be made through legally established social welfare organizations and public welfare non-profit institutions or the people's governments at or above the county level and their departments.

Social welfare organizations refer to foundations, charitable organizations and other social groups established in accordance with the law with the purpose of developing public welfare undertakings

Public welfare non-profit institutions refer to educational institutions, scientific research institutions, medical and health institutions, social public cultural institutions, social public sports institutions and social welfare institutions that are established in accordance with the law and engage in public welfare undertakings not for making profits.

Chapter V Scope of External Donations

Article 7 The property used by the Company for external donations shall have clear ownership and be legal property that the Company has the right to dispose of, including funds and assets. The following properties shall not be used for external donations:

- (I) Fixed assets required for production and operation;
- (II) Equity and creditor's rights held;
- (III) Materials reserved as approved by the state;
- (IV) Entrusted properties;
- (V) Properties with established security interest;
- (VI) Properties with unclear ownership;
- (VII) Deteriorated, damaged, expired and scrapped commodities and materials.

Chapter VI Management of External Donations

Article 8 The Party Committee Office is the centralized management department of the Company's external donations, and is responsible for the daily management of external donations, including the organization, guidance, management and coordination of external donations, as well as the external publicity of related donation activities.

The Board of Directors Office is responsible for the organization of the consideration of external donations by the board of directors and the general meeting. It also coordinates the information disclosure of the Company's external donations.

The Financial and Accounting Department is responsible for the financial management and accounting issues of external donations.

Article 9 The handling department shall propose a donation plan in respect of the Company's external donations, which shall be reviewed by the leaders in charge and subject to the corresponding approval procedures in accordance with Article 11 of these Measures.

The donation plan shall include the following contents: the reason of the donation, the object of the donation, the means of the donation, the method of the donation, the person responsible for the donation, the composition and amount of the donated properties, etc.

Article 10 The Company's external donations must follow the internal and external decision-making procedures strictly, clarify the specific person in charge of the implementation of each donation, and establish a work log.

Article 11 All external donations of the Company shall be studied and discussed by the Party Committee of the Company in advance, and subject to the consideration and approval of the president's office and the board of directors of the Company.

The Company's external donations with a single or annual cumulative amount more than RMB1 million (inclusive), and accounting for more than 10% of the Company's audited net profit (consolidated) in the latest year, are also subject to the consideration and approval of the general meeting of the Company.

In addition to performing the aforesaid internal approval procedures of the Company, external donations shall also be reported to the state-owned assets supervision and administration department for recordation or verification.

The holding subsidiaries of the Company will implement the internal procedures to put forward a donation plan, which will be implemented after being approved by the Company in accordance with the procedures set out in this article if external donations are made by the Company's holding subsidiaries.

Article 12 The Company may enter into donation agreements with the recipient in respect of the type, quality, quantity and purpose of donated assets. The Company reserves the right to determine the amount, purpose and method of donations.

The Company shall perform the donation agreement in accordance with the law, and transfer the donated properties to the recipient within the time limit and in the manner stipulated in the donation agreement.

Article 13 When the Company donates properties to develop an engineering project for public welfare, donation agreement stipulating the funds, construction, management and use of the project should be signed with the recipient.

For the donated engineering project for public welfare, the recipient unit shall go through the project approval procedures, the bidding process and organize the construction in accordance with the relevant state regulations. The quality of the project shall comply with the national quality standard. After the completion of the donated engineering project for public welfare, the donated unit shall notify the Company of the construction of the project, the use of construction funds and the acceptance of the project quality.

Article 14 The actual external donation expenditure incurred by the Company shall be confirmed by the donation receipt or the handover list of donated assets issued by the recipient. For donations for public welfare, the receipts of donations for public welfare printed by the Ministry of Finance or the financial departments of provinces, autonomous regions and municipalities directly under the Central Government shall be obtained and stamped with the seal of the such unit.

Article 15 The Company may inquire about the use and management of the donated property from the recipient, and put forward comments and suggestions.

Article 16 The Company shall do a good job in the financial and accounting treatment of donations in accordance with the relevant financial and accounting systems, and declare tax incentives in accordance with the provisions of laws and administrative regulations.

Chapter VII Supervision, Management and Accountability of External Donations

Article 17 The Auditing Department of the Company is responsible for conducting irregular audits on the external donations of the Company.

Article 18 In the event of violation of these Measures, the Company will penalize the responsible person according to the internal accountability system of the Company; if a crime is suspected, it shall be handed over to the judicial departments for criminal responsibility in accordance with law.

Chapter VIII Supplementary Provisions

Article 19 For matters not covered by these Measures or in case of conflict between the contents of these Measures and the laws, regulations, policy documents to be promulgated or revised after these Measures take effect, and the provisions of the Articles of Association, the laws, regulations, policy documents and the Articles of Association shall prevail.

Article 20 These Measures shall be interpreted and revised by the board of directors of the Company.

Article 21 These Measures shall come into force on the date of approval at the general meeting.

Mr. Ge Xiaobo (葛小波), born in 1970, Chinese nationality with no right of permanent residency abroad, holds a master's degree in business administration. He is currently the Chairman of the Board, the executive Director and the president of the Company, and concurrently serves as the chairman of Hua Ying Securities, a director of Zhonghai Fund and the chairman of Guolian HK, a member supervisor of SAC, the vice director of Development Strategy Committee, the vice director of the Exchange Commission of Shanghai Stock Exchange (上海證券交易所交易委員會), a member of International Accounting Standards Committee and a member of China Industrial Cooperation Economics Association. He previously served as the manager and senior manager of the investment banking department, deputy director of the A Shares listing office, deputy general manager and executive general manager of the risk control department, administrative person-in-charge of the trading and derivatives department, planning and finance department, risk management department, and overseas business and fixed income business, a member of the executive committee, the person-in-charge of accounting affairs and chief risk officer of CITIC Securities Company Limited. He had concurrently served as the director of CITIC Securities International, CLSAB.V., China Asset Management, CITIC Securities Investment and CITIC Private Equity Funds, etc., the chairman of the international strategy committee and the vice chairman of the overseas committee of SAC. He had concurrently served as the financial officer of the Company.

Mr. Hua Weirong (華偉榮), born in 1965, Chinese nationality with no right of permanent residency abroad, holds a master's degree in business administration and is a senior accountant. He is currently the director and president of Guolian Group, director and general manager of Wuxi Guofa Asset Operation Co., Ltd.* (無錫市國發資本運營有限公司), director and president of Guolian Financial Investment, director and president of Guolian Industrial, director of V-Capital Co., Ltd.* (一村資本有限公司), and director of China State-owned Enterprise Structural Adjustment Fund Phase II Co., Ltd.* (中國國有企業結構調整基金二期股份有限公司). He is a Director of the Company since May 2008 to date. He served as a clerk of the department of budget management and the department of the comprehensive planning and the deputy section chief of the department of comprehensive planning of Wuxi Finance Bureau (無錫市財政局), department manager, assistant to general manager and deputy general manager of Wuxi Trust Investment Co., Ltd.* (無錫市信託投資公司), director and president of the Company, director and vice president of Guolian Group, chairman of the board of Zhonghai Fund, chairman of the board of Guolian Trust, director of China Asset Management Co., Ltd., director and chairman of the board of Wuxi Guolian Venture Capital Co., Ltd.* (無錫國聯創業投資有限公司), director of Wuxi Rural Commercial Bank Co., Ltd.* (無錫農村商業銀行股份有限公司), director of Jiangsu Yixing Rural Commercial Bank Co., Ltd.* (江蘇宜興農村商業銀行股份有限公司), director and chairman of the board of Jiangsu Asset Management Co., Ltd.* (江蘇資產管理有限公司), director and chairman of the board of Wuxi Baolian Investment Co., Ltd.* (無錫市寶聯投資有限公司), director and chairman of the board of Wuxi Delian Investment Co., Ltd.* (無錫市德聯投資有限公司), director and chairman of the board of Wuxi Liantai Venture Capital Co., Ltd.* (無錫聯泰創業投資有限公司), chairman of the board of Guolian Life Insurance Co., Ltd.* (國聯人壽保險股份有限公司), chairman of the board of Guolian Financial Holding Group Co., Limited* (國聯金融控股集團有限公司) and chairman of the board of Guolian Industrial Investment Co., Ltd.* (無錫國聯產業投資有限公司), the legal representative of Guolian Industrial, the legal representative of Guolian Financial Investment, the chairman of the board and legal representative of Wuxi Guofa Asset Operation Co., Ltd.* (無錫市國發資本運營有限公司) and legal representative of Guolian Group.

Mr. Zhou Weiping (周衛平), born in 1968, Chinese nationality with no right of permanent residency abroad, holds a master's degree in business administration. He is currently the chairman of the board and general manager (acting) of Guolian Trust, a director of Wuxi Rural Commercial Bank Co., Ltd.* (無錫農村商業銀行股份有限公司). He is a Director of the Company since June 2016 to date. He previously served as an accountant of Wuxi Mineral Exploration Machinery Factory* (無錫市探礦機械總廠), finance manager of Wuxi Hengda Securities Co., Ltd.* (無錫恆達證券公司), deputy manager of Shanghai Handan Road Branch of Wuxi Trust Investment Co., Ltd.* (無錫市信託投資公司), deputy manager and manager of Kaixin Securities Branch of Wuxi Trust Investment Co., Ltd.* (無錫市信託投資公司), general manager of the Brokerage Department of the Company, general manager of Wuxi Guolian Futures Brokerage Co., Ltd.* (無錫國聯期貨經紀有限公司), finance manager of Guolian Group, chairman of the board of Wuxi Guolian Futures Brokerage Co., Ltd. and executive director, president, interim chief executive officer and interim chief financial officer of Suntech Power Holdings Co., Ltd.

Mr. Wu Weihua (吳衛華), born in 1978, Chinese nationality with no right of permanent residency abroad, holds a master's degree and is an intermediate economist. He is currently the general manager of the strategic development department of Wuxi Guolian Development (Group) Co., Ltd.* (無錫市國聯發展(集團)有限公司). He previously served as the assistant manager, deputy manager of the investment and development department, deputy director of the office, deputy general manager of the financial investment management department of Wuxi Guolian Development (Group) Co., Ltd., general manager, executive director and chairman of the board of Wuxi Equity Exchange Co., Ltd.

Ms. Li Suo (李梭), born in 1980, Chinese nationality with no right of permanent residency abroad, holds a bachelor's degree and is a certified public accountant, certified tax agent, senior accountant and intermediate economist. She is currently the deputy general manager of the finance and accounting department of Wuxi Guolian Development (Group) Co., Ltd.* (無錫市國聯發展(集團)有限公司). She previously served as staff of Jiangsu Dadi Foods Group* (江蘇大地食品集團), cost accountant, cost supervisor and group financial supervisor of Jiangsu Tiandi Steel Structure Engineering Group* (江蘇天地鋼結構工程集團), finance manager of Shanghai Tiandi Steel Structure Engineering Co., Ltd.* (上海天地鋼結構工程有限公司), financial general staff and assistant to general manager of finance and accounting department of Wuxi Guolian Development (Group) Co., Ltd. and chief finance officer of Zhongshe Guolian Wuxi New Energy Development Co., Ltd.* (中設國聯無錫新能源發展有限公司).

Mr. Liu Hailin (劉海林), born in 1977, Chinese nationality with no right of permanent residency abroad, holds a bachelor's degree in management. He is currently the general manager and executive director of Jiangsu Xinfang. He is a Director of the Company since May 2008 to date. He previously served as a technician, head of workshop and deputy general manager of Jiangsu Xinfang.

Mr. Wu Xingyu (吳星宇), born in 1976, Chinese nationality with no right of permanent residency abroad, holds a master's degree, the non-practising member certificate of Chinese Public Accountant, the PRC lawyer's qualification certificate and USA Chartered Financial Analyst (CFA) certificate. He is currently the director and chief financial officer of Land Space Technology Corporation Ltd.* (藍箭航太空間科技股份有限公司) and independent director of Sailvan Times Technology Co., Ltd.* (賽維時代科技股份有限公司). He is an independent non-executive director of the Company since November 2018 to date. He previously served as deputy general manager and chief financial officer of Aotecar New Energy Technology Co., Ltd. (奧特佳新能源科技股份有限公司)(002239.SZ), independent director of Anhui Tongfeng Electronics Company Limited (安徽銅峰電子股份有限公司)(600237.SH), Hubei Jumpcan Pharmaceutical Co., Ltd. (湖北濟川藥業股份有限公司)(600566.SH), vice president and secretary to the board of Shanying International Holdings Co., Ltd. (山鷹國際控股股份公司) (600567.SH), independent director of Beijing Tongrentang Co., Ltd. (北京同仁堂股份有限公司)(600085.SH) and Shanghai PRET Composites Co., Ltd. (上海普利特複合材料股份有限公司)(002324.SZ).

Mr. Chu, Howard Ho Hwa (朱賀華), born in 1964, a resident of Hong Kong, China, holds a master's degree in business administration. He is currently a fund partner of Go Capital Limited, independent non-executive director of BOE Varitronix Limited (0710.HK) and independent director of Loto Interactive Limited (8198.HK). He is an independent non-executive director of the Company since June 2019 to date. He previously served as the director of ABN AMRO Asia Corporate Finance Ltd., co-CEO and co-founder of Hong Kong MyRice.com, director of HSBC Investment Bank, chief investment officer of Shanghai Century Acquisition Corporation, assistant to chairman of United Energy Group Limited (0467.HK), chief financial officer of Trony Solar (2468.HK, delisted), independent non-executive director of Directel Holdings Limited (8337.HK), independent non-executive director of China Kingstone Mining Holdings Limited (1380.HK), chief financial officer of China Smart Electric Group Limited* (中國智能電氣集團有限公司), independent non-executive director of Weichai Power Co., Ltd. (2338.HK) and the chief executive officer of mReferral Corporation (HK) Limited.

Mr. Gao Wei (高偉), born in 1966, Chinese nationality with no right of permanent residency abroad, holds a degree of doctor of laws and the Chinese lawyer qualification certificate. He is currently a council member of The Hong Kong Chartered Governance Institute, vice-chairman and chairman of the Mainland China Technical Advisory Group; joint company secretary of Zhongguancun Science-Tech Leasing Co., Ltd. (1601.HK); arbitrator of China International Economic and Trade Arbitration Commission, China Maritime Arbitration Commission, Beijing Arbitration Commission and Shanghai Arbitration Commission. He previously served as the general manager of Sinotrans Air Transportation Development Company Limited (600270.SH, delisted); secretary to the board and general counsel of Sinotrans Limited (0598.HK); secretary to the board and financial officer of Zhongguancun Science-Tech Leasing Co., Ltd.; and one of the vice-chairmen of the Board Secretary Committee of China Association for Public Companies.

Mr. Xu Faliang (徐法良), born in 1964, Chinese nationality with no right of permanent residency abroad, holds a bachelor's degree. He is currently the chairman of the Supervisory Committee, the secretary of the discipline inspection committee and the chairman of the labour union of the Company. He previously served as the financial manager, deputy general manager and general manager of the Securities Branches of the Company, the general manager of the Auditing Department and chief compliance officer of the Company, the chairman of the supervisory committee of Guolian Futures Co., Ltd. and the chief compliance officer of Hua Ying Securities.

Mr. Xu Kan (徐看), born in 1989, Chinese nationality with no right of permanent residency abroad, holds a master's degree and is an engineer. He is currently the securities representative of Wuxi Weifu High-technology Co., Ltd.* (無錫威孚高科技集團股份有限公司). He previously served as the engineer and supervisor engineer of Wuxi Weifu Automotive Diesel System Co., Ltd.* (無錫威孚汽車柴油系統有限公司), secretary supervisor for confidential matters of the administration department, and strategic planning director of the strategy and new business department of Wuxi Weifu High-technology Co., Ltd.* (無錫威孚高科技集團股份有限公司).

Ms. Xu Jingyan (徐靜豔), born in 1978, Chinese nationality with no right of permanent residency abroad, holds a bachelor's degree. She is currently the head of the investment and development department of Wuxi Municipal Xinfu Group Limited* (無錫市新發集團有限公司). She previously served as a staff member of the Finance Bureau of Wuxi New District Management Committee (無錫新區管委會財政局), an accountant, the head of the accounting and audit division of the financial investment management department, the assistant to the director of the investment management department, the deputy director of the investment management department, and the deputy director of the asset management department of Wuxi New District Economic Development Group Corporation (無錫市新區經濟發展集團總公司), deputy general manager of Wuxi High-Tech Industrial Development Co., Ltd.* (無錫高新技術產業發展股份有限公司), general manager of Wuxi Xinlianfa Property Management Co., Ltd.* (無錫新聯發物業管理有限公司), and concurrently served as the chairlady and legal representative of Wuxi Zhongxin Real Estate Co., Ltd.* (無錫眾信置業有限公司).

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



国联证券股份有限公司
GUOLIAN SECURITIES CO., LTD.

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

(Stock Code: 01456)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING FOR THE YEAR 2022

NOTICE IS HEREBY GIVEN that the First Extraordinary General Meeting (the “EGM”) for the Year 2022 of Guolian Securities Co., Ltd. (the “**Company**”) will be held at conference room at 4th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC at 1:00 p.m. on Thursday, 20 October 2022 for the purpose of considering and, if thought fit, passing the following resolutions of the Company. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 29 September 2022:

SPECIAL RESOLUTIONS

1. Resolution on the Fulfilment of Conditions for the Non-public Issuance of A Shares by the Company
2. Resolution on the Proposed Non-public Issuance of A Shares of the Company
 - 2.1 Class and nominal value of shares to be issued
 - 2.2 Method and time of Issuance
 - 2.3 Target subscribers and subscription method
 - 2.4 Issue size
 - 2.5 Issue price and pricing principles
 - 2.6 Amount and the use of proceeds
 - 2.7 Lock-up period
 - 2.8 Listing venue
 - 2.9 Arrangement of accumulated undistributed profits prior to completion of the Issuance
 - 2.10 Validity period of the resolutions

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

3. Resolution on the Plan for the Non-public Issuance of A Shares of the Company
4. Resolution on the Feasibility Report for the Use of Proceeds from the Non-public Issuance of A Shares of the Company
5. Resolution on the Report on the Use of Proceeds Previously Raised by the Company
6. Resolution to Ask the Shareholders' Meeting to Authorize the Board and to Authorize the Board for the Board to in turn Authorize the Management of the Company to Deal with Specific Matters in relation to the Non-public Issuance of A Shares of the Company
7. Resolution on the Amendments to the Articles of Association and its Attachments
 - 7.1 Amendments to the Articles of Association;
 - 7.2 Amendments to the Rules of Procedure of General Meeting;
 - 7.3 Amendments to the Rules of Procedure of the Board of Directors.

ORDINARY RESOLUTIONS

8. Resolution on the Dilution of Current Returns by the Non-public Issuance of A Shares and Remedial Measures of the Company
9. Resolution on the Formulation of the Administrative Measures for External Donations of Guolian Securities Co., Ltd.
10. Resolution on Adjustment of the Allowance Standard of the Independent Non-executive Directors of the Company
11. Resolution on Election of Executive Director and Non-executive Directors for the Fifth Session of the Board
 - 11.1 To elect Mr. Ge Xiaobo as an executive Director of the fifth session of the Board;
 - 11.2 To elect Mr. Hua Weirong as a non-executive Director of the fifth session of the Board;
 - 11.3 To elect Mr. Zhou Weiping as a non-executive Director of the fifth session of the Board;
 - 11.4 To elect Mr. Wu Weihua as a non-executive Director of the fifth session of the Board;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- 11.5 To elect Ms. Li Suo as a non-executive Director of the fifth session of the Board;
- 11.6 To elect Mr. Liu Hailin as a non-executive Director of the fifth session of the Board.
12. Resolution on Election of Independent Non-executive Directors for the Fifth Session of the Board
- 12.1 To elect Mr. Wu Xingyu as an independent non-executive Director of the fifth session of the Board;
- 12.2 To elect Mr. Chu, Howard Ho Hwa as an independent non-executive Director of the fifth session of the Board;
- 12.3 To elect Mr. Gao Wei as an independent non-executive Director of the fifth session of the Board.
13. Resolution on Election of Shareholder Representative Supervisors for the Fifth Session of the Supervisory Committee
- 13.1 To elect Mr. Xu Faliang as a shareholder representative Supervisor for the fifth session of the Supervisory Committee;
- 13.2 To elect Mr. Xu Kan as a shareholder representative Supervisor for the fifth session of the Supervisory Committee;
- 13.3 To elect Ms. Xu Jingyan as a shareholder representative Supervisor for the fifth session of the Supervisory Committee.

By Order of the Board
Guolian Securities Co., Ltd.
Ge Xiaobo
Chairman

Wuxi, Jiangsu Province, the PRC
29 September 2022

Notes:

1. In order to determine the entitlement to attend and vote at the EGM of the Company to be held on Thursday, 20 October 2022, the register of Shareholders of the Company will be closed from Friday, 14 October 2022 to Thursday, 20 October 2022 (both days inclusive) during which period no transfer of shares will be effected.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Holders of H shares whose name appear on our register of members on Friday, 14 October 2022 shall be entitled to attend the EGM. For shareholders who wish to attend and vote at the EGM, the relevant share certificates accompanied by all transfer documents must be lodged with the Company's H Shares registrar ("**H Shares registrar**"), Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 13 October 2022 for registration.

2. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and, in the event of a poll, vote on their behalves. A proxy need not be a Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised in writing. If the shareholder is a corporation, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same.
4. In order to be valid, the proxy form and other documents of authorization (if any) must be deposited, for the H Shareholders, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, by 1:00 p.m. on Wednesday, 19 October 2022 (Hong Kong time). Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the EGM should you so wish.
5. Shareholders or their proxies shall produce their identity documents and supporting documents in respect of shares held or proxy form signed by the shareholder (or shareholder's authorized person) when attending the EGM.
6. The EGM is expected to be held for less than half a day. Shareholders who intend to attend the EGM shall arrange and bear their own transportation and accommodation expenses.
7. The name and address of the Company's H Shares registrar in Hong Kong are as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai,
Hong Kong
8. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the EGM, either in person or by proxy, in respect of such Share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the executive Director of the Company is Mr. Ge Xiaobo; the non-executive Directors of the Company are Mr. Hua Weirong, Mr. Zhou Weiping, Mr. Liu Hailin and Mr. Zhang Weigang; and the independent non-executive Directors of the Company are Mr. Lu Yuanzhu, Mr. Wu Xingyu and Mr. Chu, Howard Ho Hwa.

NOTICE OF THE H SHAREHOLDERS' CLASS MEETING



国联证券股份有限公司
GUOLIAN SECURITIES CO., LTD.

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

(Stock Code: 01456)

NOTICE OF THE FIRST H SHAREHOLDERS' CLASS MEETING FOR THE YEAR 2022

NOTICE IS HEREBY GIVEN that the H Shareholders' Class Meeting (the "H Shareholders' Class Meeting") of Guolian Securities Co., Ltd. (the "Company") will be held on Thursday, 20 October 2022 at conference room at 4th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC immediately after the A Shareholders' Class Meeting for the purpose of considering and, if thought fit, passing the following resolutions of the Company. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 29 September 2022:

SPECIAL RESOLUTIONS

1. Resolution on the Proposed Non-public Issuance of A Shares of the Company
 - 1.1 Class and nominal value of shares to be issued
 - 1.2 Method and time of Issuance
 - 1.3 Target subscribers and subscription method
 - 1.4 Issue size
 - 1.5 Issue price and pricing principles
 - 1.6 Amount and the use of proceeds
 - 1.7 Lock-up period
 - 1.8 Listing venue
 - 1.9 Arrangement of accumulated undistributed profits prior to completion of the Issuance
 - 1.10 Validity period of the resolutions

NOTICE OF THE H SHAREHOLDERS' CLASS MEETING

2. Resolution on the Plan for the Non-public Issuance of A Shares of the Company
3. Resolution on the Feasibility Report for the Use of Proceeds from the Non-public Issuance of A Shares of the Company
4. Resolution on the Dilution of Current Returns by the Non-public Issuance of A Shares and Remedial Measures of the Company
5. Resolution to Ask the Shareholders' Meeting to Authorize the Board and to Authorize the Board for the Board to in turn Authorize the Management of the Company to Deal with Specific Matters in relation to the Non-public Issuance of A Shares of the Company

By Order of the Board
Guolian Securities Co., Ltd.
Ge Xiaobo
Chairman

Wuxi, Jiangsu Province, the PRC
29 September 2022

Notes:

1. In order to determine the entitlement to attend and vote at the H Shareholders' Class Meeting of the Company to be held on Thursday, 20 October 2022, the register of Shareholders of the Company will be closed from Friday, 14 October 2022 to Thursday, 20 October 2022 (both days inclusive) during which period no transfer of shares will be effected.

Holders of H shares whose name appear on our register of members on Friday, 14 October 2022 shall be entitled to attend the H Shareholders' Class Meeting. For shareholders who wish to attend and vote at H Shareholders' Class Meeting, the relevant share certificates accompanied by all transfer documents must be lodged with the Company's H Shares registrar ("**H Shares registrar**"), Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 13 October 2022 for registration.

2. Shareholders who are entitled to attend and vote at the H Shareholders' Class Meeting may appoint one or more proxies to attend and, in the event of a poll, vote on their behalves. A proxy need not be a Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised in writing. If the shareholder is a corporation, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same.
4. In order to be valid, the proxy form and other documents of authorization (if any) must be deposited, for the H Shareholders, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, by 1:00 p.m. on Wednesday, 19 October 2022 (Hong Kong time). Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the H Shareholders' Class Meeting should you so wish.

NOTICE OF THE H SHAREHOLDERS' CLASS MEETING

5. Shareholders or their proxies shall produce their identity documents and supporting documents in respect of shares held or proxy form signed by the shareholder (or shareholder's authorized person) when attending the H Shareholders' Class Meeting.
6. The H Shareholders' Class Meeting is expected to be held for less than half a day. Shareholders who intend to attend the H Shareholders' Class Meeting shall arrange and bear their own transportation and accommodation expenses.
7. The name and address of the Company's H Shares registrar in Hong Kong are as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai,
Hong Kong
8. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the H Shareholders' Class Meeting, either in person or by proxy, in respect of such Share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the H Shareholders' Class Meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the executive Director of the Company is Mr. Ge Xiaobo; the non-executive Directors of the Company are Mr. Hua Weirong, Mr. Zhou Weiping, Mr. Liu Hailin and Mr. Zhang Weigang; and the independent non-executive Directors of the Company are Mr. Lu Yuanzhu, Mr. Wu Xingyu and Mr. Chu, Howard Ho Hwa.