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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered 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)**

### **ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

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Notice convening the EGM of Guolian Securities Co., Ltd. to be held at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC at 2:00 p.m. on Friday, 17 March 2023 is set out on pages 33 to 35 of this circular.

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 later than 24 hours before the time scheduled for holding such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM.

2 March 2023

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## DEFINITIONS

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

“A Share(s)”	the ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which have been listed on Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“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 Shanghai Stock Exchange (stock code: 601456)
“Company Law”	the Company Law of the People’s Republic of China
“Director(s)”	the director(s) of the Company
“EGM” or “Second Extraordinary General Meeting for the Year 2023”	the extraordinary general meeting of the Company to be held at 2:00 p.m. on Friday, 17 March 2023 at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time

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## DEFINITIONS

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“Latest Practicable Date”	27 February 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information included herein
“PRC” or “China”	the People’s Republic of China, but for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

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## LETTER FROM THE BOARD

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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)**

*Executive Director:*

Mr. Ge Xiaobo (*Chairman*)

*Non-executive Directors:*

Mr. Hua Weirong

Mr. Zhou Weiping

Mr. Wu Weihua

Ms. Li Suo

Mr. Liu Hailin

*Independent Non-executive Directors:*

Mr. Wu Xingyu

Mr. Chu, Howard Ho Hwa

Mr. Gao Wei

*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

2 March 2023

*To the Shareholders*

Dear Sir or Madam,

**ARGUMENTATIVE ANALYSIS REPORT  
REGARDING THE ISSUANCE OF A  
SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS  
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Notice convening the EGM of the Company to be held at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC, on Friday, 17 March 2023 is set out on pages 33 to 35 of this circular.

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## LETTER FROM THE BOARD

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The purpose of this circular is to give you the notice of the EGM and provide you with relevant resolution details to enable you to make informed decision on whether to vote for or against the resolution to be proposed at the EGM for the following, to be approved by way of special resolution:

### SPECIAL RESOLUTION

- (1) Resolution on the Argumentative Analysis Report regarding the Issuance of A Shares Proposal to Specific Subscribers by the Company.

### ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS

References are made to the announcement of the Company dated 28 September 2022, the circular of the EGM dated 29 September 2022 and the announcement of the poll results dated 20 October 2022 in relation to, among other things, the proposed non-public issuance of A Shares of the Company (the “**Issuance**”).

On 17 February 2023, CSRC promulgated the rules of the system relating to the full implementation of the registration system for share issuance, which came into effect from the date of publication. In order to meet the new requirements after the full implementation of the registration system and to complete the approval of the Issuance, pursuant to the Company Law, the Securities Law, the Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》), the Provisions on the Administration Provisions of Equity of Securities Companies, the Applicable Opinion No. 18 of the Securities and Futures Law of CSRC and other relevant laws and regulations and in light of the actual situation of the Company, the Company has formulated the Argumentative Analysis Report regarding the Issuance of A Shares Proposal to Specific Subscribers by Guolian Securities Co., Ltd. (《國聯證券股份有限公司向特定對象發行A股股票方案的論證分析報告》), the details of which are set out in Appendix I to this circular.

Pursuant to the Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》), the Issuance is subject to the consideration and approval by Shanghai Stock Exchange and the approval of CSRC for registration. Except for the above, there is no change in terms of the methods, target subscribers, issue size, issue price, issue period, as well as the amount and use of proceeds of the Issuance, etc.

The aforesaid 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.

### EGM

Notice convening the EGM of the Company to be held at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC at 2:00 p.m. on Friday, 17 March 2023 is set out on pages 33 to 35 of this circular.

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## LETTER FROM THE BOARD

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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 2:00 p.m. on Thursday, 16 March 2023 (Hong Kong time).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM.

In order to determine the list of Shareholders who are entitled to attend the EGM, the Company will close the register of members of H Shares during the period from Monday, 13 March 2023 to Friday, 17 March 2023 (both days inclusive), during which no registration of Shares will be made. For Shareholders who wish to attend the EGM, the relevant share certificates accompanied by all transfer documents must be lodged with 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 Friday, 10 March 2023. Shareholders registered in Computershare Hong Kong Investor Services Limited on Monday, 13 March 2023 are entitled to attend the EGM.

### VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote at the EGM shall be conducted by way of poll. Therefore, the chairman of the EGM shall exercise his power to, in accordance with the Articles of Association, request to vote by poll on the resolution proposed at the EGM. The results of the vote by poll will be published on the Company's website and the HKEXnews website of the Stock Exchange after the meeting.

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 resolution at the EGM.

### RECOMMENDATION

The Board considers that the resolution above is in the interests of the Company and the Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favor of the resolution to be proposed at the EGM.

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

Wuxi, Jiangsu Province, the PRC

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**APPENDIX I      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE  
OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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Attachment:

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)



**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)**

*(Registered address: No. 8 Jinrong One Street,  
Wuxi, Jiangsu Province)*

**ARGUMENTATIVE ANALYSIS REPORT  
REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO  
SPECIFIC SUBSCRIBERS**

February 2023



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## APPENDIX I      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS

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### DEFINITIONS

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

Company or Guolian Securities	Guolian Securities Co., Ltd. (國聯證券股份有限公司)
A Share(s)	the RMB-denominated ordinary share(s) listed on 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) listed on the Hong Kong Stock Exchange with a nominal value of RMB1.00 each, which are traded in HK dollars
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 issuance of shares to specific subscribers by Guolian Securities
Price Determination Date	the first day of the issue period of the Issuance
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.
Listing Rules	Shanghai Stock Exchange Listing Rules (2023 Revision)
Articles of Association	the articles of association of Guolian Securities Co., Ltd.

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## APPENDIX I      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS

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Registration Administrative Measures      the Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》)

Applicable Opinion No. 18 of the Securities and Futures Law      Applicable opinions of the relevant provisions of Articles 9, 10, 11, 13, 40, 57 and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》)– Applicable Opinion No. 18 of the Securities and Futures Law

RMB      RMB, RMB ten thousand, RMB100 million

*Note:* In this report, 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 report are presented on a consolidated basis.

Guolian Securities Co., Ltd. (hereinafter referred to as the “**Company**”) is a company listed on the main board of Shanghai Stock Exchange. In order to meet the capital needs of the business development of the Company, enhance the Company’s capital capability and improve its profitability, the Company intends to issue A Shares to specific subscribers pursuant to the provisions under the Company Law, Securities Law, Articles of Association, Registration Administrative Measures promulgated by CSRC and other relevant laws, regulations and normative documents, with proceeds raised of no more than RMB7 billion (inclusive).

### **I. BACKGROUND AND PURPOSE OF ISSUANCE OF SHARES TO SPECIFIC SUBSCRIBERS**

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.

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## **APPENDIX I                      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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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 of A Shares 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 Issuance of A Shares to specific subscribers 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.

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## APPENDIX I      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS

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### II.    NECESSITY OF ISSUANCE OF SHARES AND SELECTION OF CLASS THEREOF

#### (I)    Class and nominal value of shares under the Issuance

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

#### (II)    Necessity of the Issuance of Shares

##### ***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, 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 September 2022, total assets of the Company on consolidated basis reached RMB68.807 billion. The Company realized a revenue of RMB2.055 billion and a net profit of RMB644 million from January to September 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 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 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.

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## **APPENDIX I                      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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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. APPROPRIATENESS OF THE SELECTION SCOPE, QUANTITY AND STANDARD OF TARGET SUBSCRIBERS**

#### **(I) Appropriateness of the selection scope of target subscribers**

The target subscribers for the Issuance will be no more than 35 specific subscribers which satisfy the relevant requirements of 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 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.

After the Issuance has been considered and approved by Shanghai Stock Exchange and approved by CSRC for registration, 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 are new national laws or regulations governing the target subscribers of shares issued to specific subscribers, the Company will make necessary adjustments thereof.

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

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## **APPENDIX I                      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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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.

Based on the foregoing, the selection scope of target subscribers is in compliance with the relevant provisions of laws and regulations such as the Registration Administrative Measures, hence the selection scope is appropriate.

### **(II) Appropriateness of the quantity of the target subscribers**

The quantity of target subscribers under the Issuance shall not exceed 35. After the Issuance has been considered and approved by Shanghai Stock Exchange and approved by CSRC for registration, 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.

Based on the foregoing, the quantity of target subscribers is in compliance with the relevant provisions of laws and regulations such as the Registration Administrative Measures, hence the quantity of the target subscribers is appropriate.

### **(III) Appropriateness of the standard of the target subscribers**

The target subscribers shall possess certain risk identification capability and risk resistance capability, and have corresponding capital capacity. The standard of target subscribers is in compliance with the relevant provisions of laws and regulations such as the Registration Administrative Measures, hence the standard of the target subscribers is appropriate.

Based on the foregoing, the selection scope, quantity and standard of target subscribers are in compliance with the provisions of relevant laws and regulations, are compliant and reasonable.



**IV. REASONABLENESS OF THE PRINCIPLES, BASES, METHODS AND  
PROCEDURES FOR THE PRICING OF THE ISSUANCE**

**(I) Principles and bases for the pricing of the Issuance**

The Price Determination Date of the Issuance of shares to specific subscribers shall be the first day of the issue period.

The issue price of the 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.

After the Issuance has been considered and approved by Shanghai Stock Exchange and the consent registration decision has been made by CSRC, the final issue price under the 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 CSRC and the principle of price priority.

The principles and bases for the pricing of the Issuance are in compliance with the relevant provisions of the laws and regulations such as the Registration Administrative Measures, hence the principles and bases for the pricing of the Issuance are reasonable.

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## **APPENDIX I                      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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### **(II)    Methods and procedures for the pricing of the Issuance**

The methods and procedures for the pricing of the Issuance are in compliance with the relevant regulations on registration administration, which have been considered and approved by the Board and the general meeting of the Company, and relevant documents have been disclosed on the information disclosure website and information disclosure media designated by CSRC, and the necessary consideration procedures and information disclosure procedures have been fulfilled. The Issuance proposal is subject to the consideration and approval by Shanghai Stock Exchange and the approval of CSRC for registration. The methods and procedures for the pricing of the Issuance are in compliance with the relevant regulations on registration administration, hence the methods and procedures for the pricing of the Issuance are reasonable.

Based on the foregoing, the principles, bases, methods and procedures for the pricing of the Issuance are in compliance with the provisions of relevant laws and regulations, are compliant and reasonable.

## **V.    FEASIBILITY OF THE METHODS OF THE ISSUANCE**

### **(I)    Methods of the Issuance are in compliance with the laws and regulations**

#### ***1.    The Issuance is in compliance with the issuing conditions stipulated in the Securities Law***

The Issuance is in compliance with the relevant provisions of Article 9 of the Securities Law: non-public issuance of securities shall not adopt the methods of advertising, public inducement or disguised publicity campaigns.

The Issuance is in compliance with the relevant provisions of Article 12 of the Securities Law: any listed company that makes a new share issuance shall satisfy the requirements specified by the securities regulatory authority under the State Council upon approval of the State Council, and the specific administrative measures shall be prescribed by the securities regulatory authority under the State Council.

**2. *The Issuance proposal is in compliance with the relevant provisions of the Registration Administrative Measures***

*(1) The Company does not exist any of the following circumstances under which shares may not be issued to specific subscribers, and is in compliance with Article 11 of the Registration Administrative Measures and the relevant rules*

- 1) The use of proceeds previously raised being changed without permission and fail to rectify or obtain approval at the general meeting;

According to the Special Report on the Use of Proceeds Previously Raised as of 30 September 2022 prepared by the Board of the Company, and the Special Assurance Report on the Use of Proceeds Previously Raised issued by Deloitte Touche Tohmatsu Certified Public Accountant LLP (De Shi Bao (He) Zi (23) No. E00011 (德師報(核)字(23)第E00011號)), the Company has not changed the use of the proceeds previously raised without permission and failed to rectify or obtain approval at the general meeting.

- 2) The preparation and disclosure of financial statements for the most recent year do not comply with the Accounting Standards for Business Enterprises or relevant information disclosure rules in material respects; an audit report with adverse opinions or disclaimer of opinion is issued for the financial and accounting reports for the most recent year; and an audit report with qualified opinions is issued for the financial and accounting reports for the most recent year, and the material adverse impact of the matters involved in the qualified opinion on the listed company has not been eliminated, except when the Issuance involves a material asset restructuring;

The audit institution engaged by the Company is Deloitte Touche Tohmatsu Certified Public Accountant LLP, and the accountant has issued a standard unqualified audit report (De Shi Bao (Shen) Zi (22) No. P01906 (德師報(審)字(22)第P01906號)) on the 2021 annual financial statements of the Company.

- 3) The incumbent directors, supervisors and senior management have been subject to administrative penalties imposed upon by CSRC within the most recent three years or have been publicly condemned by the stock exchange within the most recent year;

Upon reviewing the announcements of CSRC and the stock exchange, and self-checking the biographical information of the aforesaid personnel and the personal statements issued by the aforesaid personnel as to whether they have been subject to administrative penalties imposed upon by CSRC and have been publicly condemned by the stock exchange, the incumbent directors, supervisors and senior management have not been subject to administrative penalties imposed upon by CSRC within the most recent three years nor have been publicly condemned by the stock exchange within the most recent year.

- 4) The listed company and its incumbent directors, supervisors and senior management are under official investigation by the judicial authority for any suspected crime or by CSRC for any suspected violation of laws and regulations;

Upon self-inspection, the Company and its incumbent directors, supervisors and senior management are not under official investigation by judicial authority for any suspected crime or by CSRC for any suspected violation of laws and regulations.

- 5) The controlling shareholder or actual controller commits a major illegal act that seriously harms the interests of the listed company or investors' legitimate rights and interests in the most recent three years;

Upon self-inspection, the Company does not have controlling shareholders or actual controller who have committed a major illegal act that seriously harms the interests of the listed company or investors' legitimate rights and interests in the most recent three years.

- 6) There being a major illegal act that seriously jeopardizes investors' legitimate rights and interests or public interests in the most recent three years.

Upon self-inspection, the Company does not have any major illegal act that seriously jeopardizes investors' legitimate rights and interests or public interests in the most recent three years.

(2) *Compliance with the relevant provisions of the Registration Administrative Measures on the use of the proceeds*

- 1) The investment projects with the proceeds raised from the Issuance conform to the provisions of national industrial policies and relevant laws and administrative regulations on environmental protection and land management, which comply with the provisions of Article 12 (1) of the Registration Administrative Measures;
- 2) The proceeds raised from the Issuance will be mainly applied as follows: further expanding credit transaction business including margin financing and securities lending, expanding fixed income, equity, equity derivatives and other transaction business and repaying debts, which comply with the provisions of Article 12 (2) of the Registration Administrative Measures;
- 3) After the implementation of the investment projects with the proceeds raised from the Issuance of shares, there will be no related transactions that constitute horizontal competition with and are evidently unfair to the controlling shareholder, actual controller and other enterprises under their control, or that seriously affect the independence of the Company's production and business operation, which comply with the provisions of Article 12 (3) of the Registration Administrative Measures.

**3. *The Issuance proposal is in compliance with the relevant provisions of the Applicable opinions of relevant provisions of Articles 9, 10, 11, 13, 40, 57 and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》)– Applicable Opinion No. 18 of the Securities and Futures Law***

The Issuance of the Company is in compliance with the relevant provisions of the Applicable opinions of relevant provisions of Articles 9, 10, 11, 13, 40, 57 and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》)– Applicable Opinion No. 18 of the Securities and Futures Law:

**(1) *Regarding financing scale***

Article 40 of the Registration Administrative Measures stipulates that listed companies should “raise funds rationally and reasonably determine the scale of financing”. The number of shares to be issued to specific subscribers will not exceed 600 million shares (inclusive). The total share capital of the Company prior to the Issuance was 2,831,773,168 Shares. The number of shares to be issued for the Issuance of A Shares to specific subscribers will not exceed 30% of the total share capital of the Company prior to the Issuance.

Based on the foregoing, the Issuance is in compliance with the requirements of the Registration Administrative Measures and the Applicable Opinion No. 18 of the Securities and Futures Law regarding the financing scale.

*(2) Regarding time interval*

The Applicable Opinion No. 18 of the Securities and Futures Law stipulates that, “if a listed company applies for additional issuance, rights issue, or issuance of shares to specific subscribers, the resolution date of the board of directors for this issuance shall, in principle, be no less than 18 months from the date of the receipt of proceeds previously raised. If proceeds previously raised have been substantially invested or if the investment purpose of the proceeds did not change and the proceeds has been invested as planned; nonetheless, the corresponding interval shall in principle not be less than six months. The methods of proceeds previously raised include initial issuance, additional issuance, rights issues, and issuance of shares to specific subscribers. Listed company’s issuance of convertible bonds, preference shares, and issuance of shares for acquisition of assets with supporting raise of fund and applicable simplified procedures is not subject to the above requirements.”

The net proceeds raised by the Company from the initial public offering of A shares in 2020 were RMB1,938,084,540.00, which 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. The net proceeds raised by the Company from the issuance of A Shares to specific subscribers in 2021 were RMB4,982,988,193.57, which 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 September 2022, all the proceeds previously raised by the Company from the aforesaid two occasions have been utilised. The date of resolution of the Board for the Issuance of the Company is no less than 6 months from the date of the receipt of proceeds previously raised.

Based on the foregoing, the Issuance complies with the requirements of the Registration Administrative Measures and the Applicable Opinion No. 18 of the Securities and Futures Law regarding the time interval.

(3) *Regarding the use of proceeds for non-capital expenditures such as supplement of working capital and repayment of debts*

Article 40 of the Registration Administrative Measures stipulates that, “such proceeds are mainly used for the principal business”. If proceeds are raised through allotment of shares, issuance of preference shares, or issuance of shares to specific subscribers determined by the Board, all the proceeds may be used to supplement working capital and repayment of debts. If proceeds are raised through other methods, the proportion used for supplement of working capital and repayment of debts shall not exceed 30% of the total proceeds. For companies with the light assets and high R&D investment, if the proportion used for supplement of working capital and repayment of debts exceeds the aforesaid proportion, the company shall justify the reasonableness in a comprehensive manner, and in principle, the excess part shall be used for R&D investment related to the principal business. Financial companies may use all the proceeds for supplement of capital.

The total amount of proceeds from the Issuance is no more than RMB7 billion (inclusive), of which the funds to be used for repayment of debts do not exceed RMB1 billion. The proportion used for supplement of working capital and repayment of debts by the Company does not exceed 30% of the total proceeds.

Based on the foregoing, the Issuance complies with the requirements of the Registration Administrative Measures and the Applicable Opinion No. 18 of the Securities and Futures Law regarding the use of proceeds for non-capital expenditures such as supplement of working capital and repayment of debts.

**(II) Procedures of the Issuance are in compliance with the laws and regulations**

The related matters for the Issuance of shares to specific subscribers have been considered and approved at the twenty-eighth meeting of the fourth session of the Board, the First Extraordinary General Meeting for the Year 2022, the First A Shareholders’ Class Meeting for the Year 2022 and the First H Shareholders’ Class Meeting for the Year 2022. The relevant documents have been disclosed on the information disclosure media designated by CSRC, through which the necessary review procedures and information disclosure procedures have been fulfilled.

The implementation of the Issuance of shares to specific subscribers is subject to the approval of Shanghai Stock Exchange and the approval of CSRC for registration.



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## **APPENDIX I                      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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Based on the foregoing, there are no circumstances under which securities may not be issued by the Company, and the Issuance is in compliance with the relevant provisions of laws and regulations such as the Registration Administrative Measures. The issuance methods also meet the requirements of relevant laws and regulations, and the review procedures and issuance methods are in compliance with laws and regulations, and are feasible.

### **VI. FAIRNESS AND RATIONALITY OF THE ISSUANCE PROPOSAL**

The Issuance proposal was carefully studied and formulated by the Board, and approved by all the directors by vote. The implementation of the Issuance proposal will be conducive to the sustainable and stable development of the Company, beneficial to the Shareholders' rights and interests, and is in the interests of all Shareholders.

The Issuance proposal and the related documents are disclosed on the websites of the stock exchanges and the designated information disclosure media, ensuring the rights of information of all shareholders are duly protected.

The Issuance has been in strict compliance with the relevant laws and regulations of CSRC and the provisions of the Articles of Association, and has been proposed for consideration at the general meeting after consideration and approval by the Board. At the general meeting, all shareholders have voted on the Issuance proposal of the Company in a fair manner. The resolution in relation to the matters relevant to the Issuance has been resolved at the general meeting, which have been passed by more than two-thirds of the voting rights held by shareholders present at the meeting, and the votes of small and medium investors have been counted separately. Meanwhile, shareholders of the Company have exercised their rights through on-site or online voting.

Based on the foregoing, the Issuance proposal of the Company has been carefully studied by the Board, which believed that the Issuance proposal is in the interests of all shareholders. The Issuance proposal and the related documents have gone through relevant disclosure procedures to ensure shareholders' right to be informed. At the same time, the Issuance proposal has been voted by shareholders attending the general meeting in a fair manner, which will be fair and reasonable. There are no circumstances under which the Issuance is detrimental to the interests of the Company and its shareholders, especially the minority shareholders.

**VII. IMPACT OF DILUTION OF CURRENT RETURNS BY ISSUANCE OF SHARES  
TO SPECIFIC SUBSCRIBERS AND REMEDIAL MEASURES ADOPTED AND  
RELATED COMMITMENTS**

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.

**1. 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 2023.

- (2) It is assumed that the Issuance will be completed prior to 30 June 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 and whether the approval of the registration by CSRC has been obtained.
- (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 the issuance of A Shares to specific subscribers, adjustments shall be made to the number of A Shares to be issued under the issuance of A Shares to specific subscribers accordingly. The actual amount of proceeds received from the Issuance shall be finalized subject to the approval of the maximum number of registrations by 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 issuance of A Shares to specific subscribers.

- (6) The net profit attributable to shareholders of the parent company before and after deducting the non-recurring profit and loss in the first three quarters of the year of 2022 are RMB643,534,947.46 and RMB636,501,902.71 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 RMB858,046,596.61 (i.e.,  $\text{RMB}643,534,947.46 \times 4/3 = \text{RMB}858,046,596.61$ ) and RMB848,669,203.61 (i.e.,  $\text{RMB}636,501,902.71 \times 4/3 = \text{RMB}848,669,203.61$ ), 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.

## 2. *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 the previous year**

Net profit attributable to shareholders of the parent company (RMB)	858,046,596.61	858,046,596.61	858,046,596.61
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (RMB)	848,669,203.61	848,669,203.61	848,669,203.61
Basic earnings per share (RMB/share)	0.30	0.30	0.27

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**APPENDIX I                      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE  
OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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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
Diluted earnings per share (RMB/share)	0.30	0.30	0.27
Basic earnings per share after deducting non-recurring profit and loss (RMB/ share)	0.30	0.30	0.27
Diluted earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.30	0.27

**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)	858,046,596.61	943,851,256.27	943,851,256.27
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (RMB)	848,669,203.61	933,536,123.97	933,536,123.97
Basic earnings per share (RMB/share)	0.30	0.33	0.30
Diluted earnings per share (RMB/share)	0.30	0.33	0.30
Basic earnings per share after deducting non-recurring profit and loss (RMB/ share)	0.30	0.33	0.30
Diluted earnings per share after deducting non-recurring profit and loss (RMB/share)	0.30	0.33	0.30

**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)	858,046,596.61	772,241,936.95	772,241,936.95
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**APPENDIX I                      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE  
OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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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
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (RMB)	848,669,203.61	763,802,283.25	763,802,283.25
Basic earnings per share (RMB/share)	0.30	0.27	0.25
Diluted earnings per share (RMB/share)	0.30	0.27	0.25
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.

### ***3. 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 the registration by the regulatory authority, status of issuance and subscription.

**(II) MAIN MEASURES TO BE TAKEN BY THE COMPANY IN RESPONSE TO  
THE DILUTION OF CURRENT RETURNS BY THE 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:

**1.     *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.

**2.     *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 repay debts.

**3.     *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.

**4.     *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, 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.

**5.     *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.



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## **APPENDIX I                      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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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.

### **(III) 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.

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**APPENDIX I                      ARGUMENTATIVE ANALYSIS REPORT REGARDING THE ISSUANCE  
OF A SHARES PROPOSAL TO SPECIFIC SUBSCRIBERS**

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**VIII. CONCLUSION**

Based on the foregoing, it is necessary and feasible for the Company to issue shares to specific subscribers. The issuance of shares proposal to specific subscribers is fair and reasonable, and is in compliance with the requirements of the relevant laws and regulations, which will be conducive to further improving the performance of the Company, in line with the development strategy of the Company, and in the interests of the Company and the shareholders as a whole.

**The Board of Guolian Securities Co., Ltd.**

21 February 2023

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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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)**

### **NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING FOR THE YEAR 2023**

**NOTICE IS HEREBY GIVEN** that the second extraordinary general meeting (the “EGM”) for the year 2023 of Guolian Securities Co., Ltd. (the “**Company**”) will be held at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC at 2:00 p.m. on Friday, 17 March 2023 for the purpose of considering and, if thought fit, passing the following resolution 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 2 March 2023:

#### **SPECIAL RESOLUTION**

1. Resolution on the Argumentative Analysis Report regarding the Issuance of A Shares Proposal to Specific Subscribers by the Company.

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

Wuxi, Jiangsu Province, the PRC  
2 March 2023

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. In order to determine the entitlement to attend and vote at the EGM of the Company to be held on Friday, 17 March 2023, the register of members of the Company will be closed from Monday, 13 March 2023 to Friday, 17 March 2023 (both days inclusive) during which period no transfer of shares of the Company will be effected.

Holders of H shares whose name appear on our register of members on Monday, 13 March 2023 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 Computershare Hong Kong Investor Services Limited (the “**H Shares registrar**”) at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 10 March 2023.

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/her 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 form of proxy and other documents of authorization (if any) must be deposited, for the H Shareholders, to the H Shares registrar of the Company, Computershare Hong Kong Investor Services Limited, by 2:00 p.m. on Thursday, 16 March 2023 (Hong Kong time). Completion and return of the form of proxy 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 form of proxy 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 are as follows:

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen’s Road East  
Wanchai  
Hong Kong

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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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. Wu Weihua, Ms. Li Suo and Mr. Liu Hailin; and the independent non-executive directors of the Company are Mr. Wu Xingyu, Mr. Chu, Howard Ho Hwa and Mr. Gao Wei.*