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

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

ANNOUNCEMENT

- (1) PROPOSED GRANT OF GENERAL MANDATE TO AUTHORISE, ALLOT OR ISSUE A SHARES AND/OR H SHARES**
- (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
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- (4) PROJECTED ROUTINE RELATED PARTY TRANSACTIONS IN 2020**
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The board (the “**Board**”) of directors (the “**Directors**”) of Haitong Securities Co., Ltd. (the “**Company**”) hereby announces that:

I. PROPOSED GRANT OF GENERAL MANDATE TO AUTHORISE, ALLOT OR ISSUE A SHARES AND/OR H SHARES

The Board has resolved to propose a resolution regarding the grant of the general mandate to authorise, allot or issue A shares of the Company (the “**A Shares**”) and/or H shares of the Company (the “**H Shares**”) at the general meeting of the Company. Details of this general mandate are as follows:

In compliance with the regulations stipulated in the Company Law (the “**PRC Company Law**”) of the People's Republic of China (the “**PRC**”), the Securities Law of the PRC (the “**PRC Securities Law**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the articles of association of the Company (the “**Articles of Association**”), and subject to the terms and conditions set out in the following provisions (1), (2) and (3), it is proposed that the general meeting grant an unconditional general mandate to the Board to authorise, allot or issue A Shares and/or H Shares (including warrants, convertible bonds and other securities which carry rights to subscribe for or are convertible into shares) separately or concurrently, and to execute the necessary documents, complete the necessary formalities and take other necessary steps to complete the aforesaid matters:

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

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

- (2) the respective number of the A Shares and/or H Shares which the Board proposes to authorise, allot or issue, or conditionally or unconditionally agrees to authorise, allot or issue (including warrants, convertible bonds and other securities that carry rights to subscribe for or are convertible into shares, which will be calculated based on the aggregate number of shares potentially convertible by them) shall not exceed 20% of the respective number of the A Shares and/or H Shares of the Company in issue as at the date of passing of this resolution at the general meeting;
- (3) the Board shall exercise the authorisation pursuant to the PRC Company Law, the PRC Securities Law and the Hong Kong Listing Rules and all other applicable laws, regulations and requirements of any other government or regulatory authorities and with the approval by CSRC and/or other relevant governmental authorities in the PRC.

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

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

A circular containing, among other things, details of the above resolution, together with the notice of the general meeting, will be despatched to the shareholders of the Company in due course.

II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board has resolved to propose a resolution regarding the amendments to the Articles of Association at the general meeting of the Company, details of which are set out in Appendix I of this announcement.

The proposed amendments to the Articles of Association will come into effect from the date of approval by the shareholders at the general meeting to be convened by the Company. The Board has resolved to propose a resolution at the general meeting of the Company to authorise the Board in turn to authorise the management of the Company to handle the approval and filing procedures with relevant regulatory authorities involved in such amendments, and to make wording adjustments to such amendments according to opinions of regulatory authorities. The numbering of the relevant clauses in the Articles of Association and cross references shall be amended accordingly.

A circular containing, among other things, details of the above resolution, together with the notice of the general meeting, will be despatched to the shareholders of the Company in due course.

III. PROPOSED CHANGE OF EXTERNAL AUDITORS

In accordance with the relevant requirements under Administrative Measures of the Appointment of Accounting Firms by Financial Enterprises (Cai Jin [2016] No.12) (《金融企業選聘會計師事務所管理辦法》(財金[2016]12號)) issued by Ministry of Finance of the People's Republic of China, a financial enterprise shall not appoint the same accounting firm for five consecutive years in principle. As to the accounting firms ranked top 15 in terms of the comprehensive assessment ranking by The Chinese Institute of Certified Public Accountants with outstanding auditing quality, such financial enterprise may extend the reappointment term to no more than eight years. Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) (德勤華永會計師事務所) (特殊普通合夥) and Deloitte Touche Tohmatsu (德勤•關黃陳方會計師行) (“**Deloitte**”) will have served as the Company's external auditor for eight years upon completion of their auditing works for the year of 2019. Deloitte will cease to be the Company's external auditor responsible for relevant audit services since 2020 due to the above prescribed maximum number of years of services.

Deloitte has confirmed that there were no matters regarding their retirement that should be brought to the attention of the shareholders of the Company. The Board has confirmed that there were no disagreements or unresolved matters between the Company and Deloitte, nor were there any relevant matters that should be brought to the attention of the shareholders of the Company.

The Board proposed to engage PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (普華永道中天會計師事務所) (特殊普通合夥) and PricewaterhouseCoopers (羅兵咸永道會計師事務所) (“**PwC**”) as the external auditors of the Company for the year of 2020 for a term of one year, who will be responsible for the provision of relevant domestic and overseas audit and review services in accordance with PRC GAAP and IFRS, respectively, with annual audit fees (including those for internal control) amounting to RMB3.66 million for 2020. It is also proposed at the general meeting to authorize the Board to determine the adjustments to the audit fees if there is any increase due to the change of service scope. The Company believes that PwC has the experience and capability to provide audit and review services for the Company, and the qualifications for securities and futures related business, and are therefore capable to provide professional services for the Company.

The above proposal shall be submitted to the general meeting of the Company for consideration and approval. A circular containing, among other things, details of the above resolution, together with the notice of the general meeting, will be despatched to the shareholders of the Company in due course.

IV. PROJECTED ROUTINE RELATED PARTY TRANSACTIONS IN 2020

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

1. Overview of Related Party Transactions

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

2. Implementation of Routine Related Party Transactions in 2019

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

Unit: RMB0'000

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

Unit: RMB0'000

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

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

Unit: RMB0'000

Contents of Transactions	Transaction volume in 2019	Remarks
Fee and commission income	230.57	Fund management fee and investment consulting service fees charged against related parties
Interest expenses	1,711.21	Interest expense incurred from loan from financial leasing
Business and management expenses	10.29	Expenses from sales and service fees of fund paid to related parties
Net gains or losses from trading of derivative financial instruments	-282.22	Realised and unrealised investment income from derivatives trading between related parties, as counterparties, and the Company. In 2019, the amount of nominal principal was RMB820 million; as at the end of 2019, the balance of nominal principal was RMB880 million.

Unit: RMB0'000

Item	Balance as at 31 December 2019	Remarks
Long-term borrowings	50,156.40	Balance of loans incurred from financial leasing (interests included)
Accounts payable to brokerage clients	17,351.37	Balance of margin deposits from futures business
Dividends Payable	4,489.54	Balance of dividend payable to related parties by controlling subsidiaries
Accounts receivable	48.64	Balance of investment consulting fees receivable from related parties
Accounts payable	1.49	Balance of fund sales and customer maintenance fees payable to related parties

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

Unit: RMB0'000

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

Unit: RMB0'000

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

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

Unit: RMB0'000

Contents of Transactions	Transaction volume in 2019	Remarks
Fees and commissions income	17,299.96	Income from investment banking business, income from sales service and income from investment consulting service received from related parties
Fee and commission income	39.44	Securities trading fees and commissions income received from related parties
Interest income	6.87	Interest income from margin deposits of related parties
Business and management expenses	2,386.05	Sales and service fees, investment consulting service fees and depository fees paid to related parties
Loan interest expenses	9,372.61	Interest expense incurred from financial leasing

Contents of Transactions	Transaction volume in 2019	Remarks
Net interest expense from credit lending trading	3,338.54	In 2019, credit lending trading amounted to RMB356,050 million, with terms ranging from one to seven days
Net interest expense from repurchase trading	1,685.09	In 2019, repurchase trading amounted to RMB109,076 million, with terms ranging from one to 35 days
Net interest expense from gold forward trading	1,156.82	In 2019, gold forward trading amounted to RMB626 million, with a term of one year
Net interest expense from bond lending trading	329.68	In 2019, bond lending trading amounted to RMB2,430 million, with terms ranging from six to 179 days
Interest expenses from the issuance of debt instruments	49.72	Interest expenses arising from the related parties' purchases of debt instruments issued by the Company
Net gains or losses from trading of derivative financial instruments	-9,035.75	Realised and unrealised investment income from derivatives trading between related parties, as counterparties, and the Company. In 2019, the amount of nominal principal was RMB36,723 million; as at the end of 2019, the balance of nominal principal was RMB34,691 million.

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

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

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

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

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

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

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

Category of Transactions	Contents of Transactions	Caps for and Descriptions of Projected Transactions
Securities and Financial Product Services	Provide securities and futures brokerage services for related parties; lease of trading rights to related parties; provide targeted asset management services for related parties; provide asset custody and operation outsourcing services for related parties; bank deposits and deposit interest in related parties; provide third-party fund depository services by related parties; agency sale of financial products of related parties; provide underwriting, sponsorship and financial consultation services to related parties; provide stock pledge, margin financing and securities lending services to related parties; provide investment consultation services to related parties; related parties provide banking credit, borrowing and other services to the Company; provide financial leasing to related parties; pay dividends to related parties.	Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount.
Securities and Financial Product Transactions	Resale or repurchase with related parties in the interbank market; conduct bond proprietary trading with related parties in the interbank market; carry out receivables transfer with related parties; subscribe for bonds, funds, wealth management products or trust plans issued by related parties; related parties subscribe for funds, asset management plans, wealth management products, over-the-counter derivatives and non-public issuance bonds issued by the Company; conduct transfer of the listed shares in the National Equities Exchange and Quotations System with related parties.	Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount.

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

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

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

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

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

5). Related party transactions with related natural persons

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

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

For the definitions of related relationship and related party in this announcement, please refer to Chapter 10 of the Shanghai Stock Exchange Listing Rules (2014 Revision). Description of major related parties referred to in this announcement is as follows:

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

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

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

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

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

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

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

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

4. *Other related companies*

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

(III). Pricing Determination Principles

1. *Securities and financial product services*

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

2. *Securities and financial product transactions*

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

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

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

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

(V). Implications Under the Hong Kong Listing Rules

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

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

V. PROPOSED CHANGE OF NON-EXECUTIVE DIRECTOR AND SUPERVISOR

(I). Change of Non-Executive Director

The Board received the written resignation from Mr. Chen Bin (陳斌) (“**Mr. Chen**”) as a non-executive Director on 26 March 2020. Mr. Chen has tendered his resignation from the office of a non-executive Director of the seventh session of the Board, the member of the Development Strategy and Investment Management Committee and the member of the Compliance and Risk Control Committee of the Board due to change in work arrangement with effect from 26 March 2020. In accordance with the PRC Company Law and the Articles of Association, the resignation of Mr. Chen will not cause the number of the members of the Board lower than the quorum, nor will it affect the usual operations of the Board. After his resignation, Mr. Chen will no longer hold any position in the Company. Mr. Chen confirms that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

The Company would like to take this opportunity to express the sincere appreciation to Mr. Chen for his dedication to the work and his contribution to the Company and the Board during his tenure of office.

The Board is pleased to announce that Mr. Zhou Donghui (周東輝) (“**Mr. Zhou**”) has been proposed to be appointed as a non-executive Director of the Company. In accordance with the Articles of Association and the provisions of the relevant PRC laws and regulations, the proposed appointment of Mr. Zhou as a non-executive Director shall be subject to the approval from the shareholders of the Company at the general meeting, and will become effective from the date of approval by the shareholders at the general meeting to be convened. The term of office of Mr. Zhou as a non-executive Director will end upon the expiration of the term of office of the seventh session of the Board. As at the date of this announcement, the Company has not entered into any service contract with Mr. Zhou. Mr. Zhou will not receive remuneration from the Company.

The biography of Mr. Zhou is as follows:

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

(II). Change of Supervisor

The supervisory committee of the Company (the “**Supervisory Committee**”) received the written resignation from Mr. Xu Renzhong (徐任重) (“**Mr. Xu**”) as a supervisor of the Company (the “**Supervisor**”) on 26 March 2020. Mr. Xu has tendered his resignation from the office of a Supervisor of the seventh session of the Supervisory Committee due to change in work arrangement with effect from 26 March 2020. In accordance with the PRC Company Law and the Articles of Association, the resignation of Mr. Xu will not cause the number of the members of the Supervisory Committee lower than the quorum, nor will it affect the usual operations of the Supervisory Committee. After his resignation, Mr. Xu will no longer hold any position in the Company. Mr. Xu confirms that he has no disagreement with the Board and the Supervisory Committee and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

The Company would like to take this opportunity to express the sincere appreciation to Mr. Xu for his dedication to the work and his contribution to the Company and the Supervisory Committee during his tenure of office.

The Supervisory Committee is pleased to announce that Mr. Li Zhenghao (李爭浩) (“**Mr. Li**”) has been proposed to be appointed as a Supervisor of the Company. In accordance with the Articles of Association and the provisions of the relevant PRC laws and regulations, the proposed appointment of Mr. Li as a Supervisor shall be subject to the approval from the shareholders of the Company at the general meeting, effective from the date of approval by the shareholders at the general meeting to be convened. The term of office of Mr. Li as a Supervisor will end upon the expiration of the term of office of the seventh session of the Supervisory Committee. As at the date of this announcement, the Company has not entered into any service contract with Mr. Li. Mr. Li will not receive remuneration from the Company.

The biography of Mr. Li is as follows:

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

As far as the Directors are aware, neither Mr. Zhou nor Mr. Li has held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Neither Mr. Zhou nor Mr. Li has any relationship with any directors, supervisors, senior management or substantial shareholders of the Company, nor do they hold any position in the Company or any of its subsidiaries. As at the date of this announcement, neither Mr. Zhou nor Mr. Li has any interest in the shares of the Company or its associated companies within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance.

Save as disclosed above, there is no other information in relation to the proposed appointment of Mr. Zhou nor Mr. Li which is required to be disclosed pursuant to the requirements set out in Rules 13.51(2) (h) to (v) of the Hong Kong Listing Rules nor are there any matters which need to be brought to the attention of the shareholders of the Company. Neither Mr. Zhou nor Mr. Li has been penalized by China Securities Regulatory Commission or other relevant departments or stock exchanges.

A circular containing, among other things, details of the above resolutions, together with the notice of the general meeting, will be despatched to the shareholders of the Company in due course.

By order of the board of directors
Haitong Securities Co., Ltd.
ZHOU JIE
Chairman

Shanghai, the PRC
26 March 2020

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

* *For identification purpose only*

APPENDIX I
Comparison Chart of Amendments to the Articles of Association

Original article	To be amended as	Basis
CHAPTER ONE GENERAL PROVISIONS		
<p>Article 1 With an aim to protect the lawful interests of the Company, shareholders and creditors, and standardize the organization and conduct of the Company, the Articles of Association is formulated pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of People’s Republic of China (hereinafter referred to as the “Securities Law”), the Guidelines for the Articles of Association of the Listed Companies, the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for the Articles of Association of the Companies Listed Overseas, the Letter of Opinion on the Supplements and Amendments to the Articles of Association of the Companies Listed in Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and the other relevant provisions.</p>	<p>Article 1 With an aim to protect the lawful interests of the Company, shareholders and creditors, and standardize the organization and conduct of the Company, the Articles of Association is formulated pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of People’s Republic of China (hereinafter referred to as the “Securities Law”), <u>the Provisions on the Administration of Equity Ownership of Securities Companies</u>, the Guidelines for the Articles of Association of the Listed Companies, the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for the Articles of Association of the Companies Listed Overseas, the Letter of Opinion on the Supplements and Amendments to the Articles of Association of the Companies Listed in Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and the other relevant provisions.</p>	<p>The Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission) has been considered and approved at the 7th working meeting (committee affairs meeting) of the chairman of the China Securities Regulatory Commission in 2018 on 15 August 2018, and has been implemented from 5 July 2019.</p>
<p>Article 2 The Company was incorporated as a joint stock limited company (hereinafter referred to as the “Company”) pursuant to the Company Law and other relevant provisions.</p> <p>The Company was incorporated on 7 October 1993 by way of public share offer under the Approval Document Ref. HUZHENGBAN No. (93)117 of Shanghai Securities Administration Office, and obtained the business licence after registration with the Shanghai Administration of Industry and Commerce. The unified social credit code in the business license is 9131000013220921X6.</p>	<p>Article 2 The Company was incorporated as a joint stock limited company (hereinafter referred to as the “Company”) pursuant to the Company Law and other relevant provisions.</p> <p>The Company was incorporated on 7 October 1993 by way of public share offer under the Approval Document Ref. HUZHENGBAN No. (93)117 of Shanghai Securities Administration Office, and obtained the business licence after registration with <u>the Market Supervision Administration of Shanghai</u>. The unified social credit code in the business license is 9131000013220921X6.</p>	<p>Adjustments to regulatory authorities</p>

<p>CHAPTER FOUR SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING</p>	<p>CHAPTER FOUR SHAREHOLDERS, <u>EQUITY OWNERSHIP MANAGEMENT AND</u> SHAREHOLDERS' GENERAL MEETING</p>	
<p>Section 1 Shareholders</p>	<p>Section 1 Shareholders <u>and Equity Ownership Management</u></p>	
<p>New article</p>	<p><u>Article 55 Shareholders of the Company shall have a full understanding of their rights and obligations, be fully aware of the information on the operation and management situation and potential risks of securities companies, have reasonable investment expectations and a real willingness to make capital contribution, and perform necessary internal decision-making procedures.</u></p> <p><u>Shareholders of the Company shall abide by laws and regulations, requirements of the CSRC and the articles of association of the Company, uphold the long-term investment philosophy, exercise shareholders' rights in accordance with the law, and perform shareholder obligations.</u></p>	<p>Articles 21 and 4 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)</p>
<p>Article 55 The ordinary shareholders of the Company shall be entitled to the following rights:</p> <p>(i) the right to dividends and other distributions in proportion to the number of shares held;</p> <p>(ii) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right;</p> <p>(iii) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;</p> <p>(iv) the right to transfer shares in accordance with the laws, administrative regulations and provisions of the Articles of Association;</p> <p>(v) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:</p> <p>1. the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;</p> <p>2. the right to inspect and copy, subject to the payment of a reasonable charge:</p>	<p>Article 56 The ordinary shareholders of the Company shall be entitled to the following rights:</p> <p>(i) the right to dividends and other distributions in proportion to the number of shares held;</p> <p>(ii) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right;</p> <p>(iii) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;</p> <p>(iv) the right to transfer shares in accordance with the laws, administrative regulations and provisions of the Articles of Association;</p> <p>(v) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:</p> <p>1. the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;</p> <p>2. the right to inspect and copy, subject to the payment of a reasonable charge:</p>	<p>Article 28(ii) of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)</p>

<p>(1) all parts of the register of shareholders;</p> <p>(2) personal particulars of each of the Company's Directors, Supervisors, general manager and other senior management members;</p> <p>(3) report on the state of the Company's share capital;</p> <p>(4) the latest audited financial statements of the Company, and reports of the Board, auditor and Supervisory Committee;</p> <p>(5) special resolutions of shareholders' general meetings and/or the Board of the Company;</p> <p>(6) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount of cost incurred by the Company for this purpose, and their breakdown by domestic and foreign invested shares;</p> <p>(7) minutes of shareholders' general meetings;</p> <p>(8) duplicate of the latest Annual Inspection Form that has been filed with Chinese AIC or other competent authority;</p> <p>(9) corporate bond counterfoils;</p> <p>(10) resolutions of Board meetings;</p> <p>(11) resolutions of Supervisory Committee meetings; and</p> <p>(12) the financial report.</p> <p>Documents of Item (1) to (8) (except Item (2)) mentioned above shall be made available by the Company, according to the requirements of the Listing Rules, at the Company's address in Hong Kong, for the public and overseas-listed foreign invested shareholders to inspect with no charge (Item (7) is only for shareholders to inspect);</p>	<p>(1) all parts of the register of shareholders;</p> <p>(2) personal particulars of each of the Company's Directors, Supervisors, general manager and other senior management members;</p> <p>(3) report on the state of the Company's share capital;</p> <p>(4) the latest audited financial statements of the Company, and reports of the Board, auditor and Supervisory Committee;</p> <p>(5) special resolutions of shareholders' general meetings and/or the Board of the Company;</p> <p>(6) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount of cost incurred by the Company for this purpose, and their breakdown by domestic and foreign invested shares;</p> <p>(7) minutes of shareholders' general meetings;</p> <p>(8) duplicate of the latest Annual Inspection Form that has been filed with Chinese AIC or other competent authority;</p> <p>(9) corporate bond counterfoils;</p> <p>(10) resolutions of Board meetings;</p> <p>(11) resolutions of Supervisory Committee meetings; and</p> <p>(12) the financial report.</p> <p>Documents of Item (1) to (8) (except Item (2)) mentioned above shall be made available by the Company, according to the requirements of the Listing Rules, at the Company's address in Hong Kong, for the public and overseas-listed foreign invested shareholders to inspect with no charge (Item (7) is only for shareholders to inspect);</p>	
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<p>(vi) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;</p> <p>(vii) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held;</p> <p>(viii) such other rights conferred by the laws, regulations, rules, regulatory documents and the Article.</p> <p>The Company shall not exercise its rights to freeze or harm in any other forms the rights attaching to any shares held in the event that any person has not disclosed the rights and interests they hold directly or indirectly.</p> <p>Shareholders shall notify the Company in advance if, through subscription or assignment of the equity of the Company or the equity of the Company's shareholders or otherwise, the shareholders may hold 5% or more of the Company's registered capital. Shareholders shall be officially entitled to hold the corresponding proportion of the Company's shares only upon approval from the relevant securities supervision and administrative authorities under the State Council. Shareholders holding or beneficially owning more than 5% of the Company's shares shall not have any voting rights with respect to such shares until approval of such qualifications for shareholders is properly obtained from the relevant securities supervision and administrative authorities under the State Council. The abovementioned shareholders shall dispose of the corresponding equity if they are unable to obtain such approval within one year.</p>	<p>(vi) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;</p> <p>(vii) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held;</p> <p>(viii) such other rights conferred by the laws, regulations, rules, regulatory documents and the Article.</p> <p>The Company shall not exercise its rights to freeze or harm in any other forms the rights attaching to any shares held in the event that any person has not disclosed the rights and interests they hold directly or indirectly.</p> <p>Shareholders shall notify the Company in advance if, through subscription or assignment of the equity of the Company or the equity of the Company's shareholders or otherwise, the shareholders may hold 5% or more of the Company's registered capital. Shareholders shall be officially entitled to hold the corresponding proportion of the Company's shares only upon approval from the relevant securities supervision and administrative authorities under the State Council. <u>Shareholders who shall but have not been approved by the regulatory authorities or have not filed with the regulatory authorities, or those who have not completed the rectification, shall not exercise such rights as requesting to convene a general meeting, voting, nominating, proposing and disposition, etc.</u> <u>Shareholders who shall but have not been approved by the regulatory authorities shall dispose of the corresponding equity interest if they are unable to obtain such approval within one year.</u></p>	
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<p>Article 60 The ordinary shareholders of the Company shall assume the following obligations:</p> <p>(i) to abide by laws, administrative regulations and the Articles of Association;</p> <p>(ii) to pay subscription monies according to the number of shares subscribed and the method of subscription;</p> <p>(iii) not to divest the shares unless required by the laws and regulations;</p> <p>(iv) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;</p> <p>Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for compensation according to the law.</p> <p>Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.</p> <p>(v) other obligations imposed by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders are not liable to make any further subsequent contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.</p>	<p>Article 61 The ordinary shareholders of the Company shall assume the following obligations:</p> <p>(i) to abide by laws, administrative regulations and the Articles of Association;</p> <p>(ii) to pay subscription monies according to the number of shares subscribed and the method of subscription;</p> <p><u>(iii) to invest the Company with its own funds which shall be legally obtained, and shall not make any investment in the Company with non-own funds such as entrusted funds, unless otherwise provided by laws and regulations; substantial shareholders and controlling shareholders of the Company shall replenish capital to the Company when necessary;</u></p> <p><u>(iv) to explain the shareholding structure truthfully, accurately and completely up to the actual controllers, the ultimate beneficial owner, and the related relationship or the relationship of concerted action with other shareholders and shall not evade the approval or supervision of the shareholder qualification by concealing or deceiving;</u></p> <p>(v) not to divest the shares unless required by the laws and regulations;</p> <p>(vi) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;</p> <p><u>Shareholders who make false statements, abuse shareholders' rights or do other acts that prejudice the interests of the Company, shall not exercise such rights as requesting to convene a general meeting, voting, nominating, proposing and disposition, etc.;</u> Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for compensation according to the law.</p>	<p>Articles 22, 28(i), 23 and 28(iii) of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)</p>
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	<p>Where shareholders of the Company abuse the Company’s position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.</p> <p><i>(vii)</i> other obligations imposed by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders are not liable to make any further subsequent contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.</p>	
New article	<p><u>Article 62 Shareholders of the Company and their actual controllers shall not perform the following acts:</u></p> <p><u>(i) False or untruthful capital contribution, withdrawal or evasion of capital contribution, or withdrawal or evasion of capital contribution in a disguised form;</u></p> <p><u>(ii) In violation of laws, administrative regulations and the Articles of Association to intervene in the operations and management of the Company;</u></p> <p><u>(iii) Abuse rights or influence to occupy the assets of the Company or customers, and transfer interests, which damage the legitimate rights and interests of the Company, other shareholders or customers;</u></p> <p><u>(iv) Illegally require the Company to provide financing or guarantee to them or their related parties, or force, instruct, assist, accept the Company to provide financing or guarantee with the assets of its securities brokerage clients or securities asset management clients;</u></p> <p><u>(v) Conduct improper related party transactions with the Company and use the influence on the Company’s operation and management to obtain illegitimate interests;</u></p> <p><u>(vi) Without approval entrust others or accept trust from others to hold or manage the equity of the Company, accept or transfer the control over the equity of the Company in a disguised form;</u></p>	Article 30 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)

	<p><u>(vii) Other acts prohibited by the CSRC.</u></p> <p><u>The Company and its directors, supervisors, senior management and other relevant parties shall not cooperate with the Company's shareholders and their actual controllers to bring about the above acts. If the Company finds out that the shareholders and their actual controllers have the above-mentioned acts, it should take timely measures to prevent the violations from intensifying, and report to the local office of the CSRC within 2 working days.</u></p>	
New article	<p><u>Article 63 The number of securities companies participated in by shareholders of the Company and their controlling shareholder and actual controller shall not exceed two, of which the number of controlling securities companies shall not exceed one. The following circumstances shall not be counted into the number of shareholding and controlling securities companies:</u></p> <p><u>(i) Directly hold and indirectly control less than 5% of equity in securities companies;</u></p> <p><u>(ii) Invest in other securities companies through controlling securities companies;</u></p> <p><u>(iii) Securities companies have control over other securities companies;</u></p> <p><u>(iv) Transitional arrangements for implementing mergers and acquisitions of securities companies;</u></p> <p><u>(v) The State Council authorizes the holding of equity in securities companies;</u></p> <p><u>(vi) Other circumstances as recognized by the CSRC.</u></p>	Article 24 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)

New article	<p><u>Article 67 The shareholding period of the shareholders shall comply with the laws, administrative regulations and the relevant provisions of the CSRC. The actual controller of the shareholders shall abide by the same lock-up period for the equity of the Company under its control as the shareholders of the Company, except for cases recognized by CSRC according to law.</u></p>	Article 25 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)
New article	<p><u>Article 68 The shareholders shall not pledge their equity in the Company during the equity lock-up period. Upon the expiry of the lock-up period, the proportion of the Company's equity interest held by the shareholders that is pledged shall not exceed 50% of the proportion of the Company's equity interest held by the shareholders.</u></p> <p><u>Shareholders who have pledged the equity interest in the Company shall not prejudice the interests of other shareholders and the Company, maliciously circumvent the requirements of the equity lockup period, or agree that the pledgee or other third parties shall exercise the voting rights and other shareholders' rights, nor shall they transfer the control over the equity interest of the Company in a disguised form.</u></p>	Article 26 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)
New article	<p><u>Article 69 The board office of the Company shall, as the office handling the affairs of the administration of equity ownership of the Company, organize and implement the work concerning to the affairs of administration of equity ownership. The Chairman of the Board of Directors of the Company shall be the first responsible person for the affairs of administration of equity ownership in the Company. The board secretary of the Company who assists in the work of Chairman of the Board of Directors shall be the direct responsible person for the affairs of administration of equity ownership in the Company.</u></p>	Article 17 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)

New article	<p><u>Article 70 In the event of any illegal or improper conduct related to equity ownership management affairs in the violation of laws, administrative regulations and regulatory requirements, shareholders, companies, responsible person for the affairs of administration of equity ownership and related personnel shall undertake the corresponding responsibilities in accordance with the provisions of the Securities Law, the Securities Companies Supervision and Administration Regulations and relevant laws and regulations and regulatory documents.</u></p>	Article 28(iv) of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)
New article	<p><u>Article 71 The Company shall strengthen the examination on the qualifications of shareholders, conduct verification on the information of the shareholders and its controlling shareholders, actual controllers, related parties, persons acting in concert, ultimate beneficial owners and closely monitor changes therein. The Company shall make judgements on its impact on the Company's operations and management, report or disclose relevant information timely, accurately and completely in accordance with the law, and perform the report and approval procedures when necessary.</u></p>	Article 27 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)
New article	<p><u>Article 72 The Company shall, in accordance with the principle of penetration, manage the shareholders and its controlling shareholders, actual controllers, related parties, persons acting in concert and ultimate beneficial owners as they were its related parties. The Company shall accurately identify related parties, strictly implement the approval system and the information disclosure system with regard to related party transactions, to avoid any harm to the lawful rights and interests of the Company and its customers, and to promptly report the related party transactions to the CSRC and its local branches.</u></p>	Article 29 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)

New article	<p><u>Article 73 The Company's share management and related matters shall be implemented in accordance with the Provisions on the Administration of Equity Ownership of Securities Companies and relevant laws and regulations and regulatory documents; if the Articles of Association are not expressly prescribed or inconsistent with the aforesaid basis, they shall be implemented in accordance with the Provisions on the Administration of Equity Ownership of Securities Companies and relevant laws and regulations and regulatory documents.</u></p>	Chapter one of the Provisions on the Administration of Equity Ownership of Securities Companies
CHAPTER TWELVE MERGER, DIVISION, INCREMENT AND REDUCTION IN REGISTERED CAPITAL, DISSOLUTION AND LIQUIDATION		
New article	<p><u>Article 279 Approval from the CSRC shall be obtained according to the law under the circumstance of the increase in the registered share capital of the Company with a significant change to its shareholding structure, the reduction of its registered share capital, and changes in shareholders and actual controllers holding more than 5% of equity interest in the Company.</u></p> <p><u>If the Company changes the registered share capital or shareholding but does not involve the aforesaid circumstances, it shall file with the branch office of the CSRC of its principal place of business within five business days after the registration with the companies registration authorities. The provisions of this article shall not be applicable to the shareholding changes on the stock exchange.</u></p>	Article 6 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)

<p>New article</p>	<p><u>Article 280 When the Company changes its registered capital or equity, it shall formulate a work plan and selecting criteria for shareholders. The Company and equity transferors shall in advance inform the intended participants of the conditions to become a shareholder of the Company, the procedures required to be performed, the Company's operation status and potential risks, etc.</u></p> <p><u>The Company and equity transferors shall conduct due diligence on the intended participants, and reach agreements on the subsequent measures under the circumstance that the intended participants may not be qualified. No agreements shall be entered into with if the intended participants are found to be unqualified. If the relevant matters need to be approved by the CSRC, it shall be agreed that the agreement shall come into force after approval.</u></p>	<p>Article 18 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)</p>
<p>New article</p>	<p><u>Article 281 In the process of changing its registered capital or shareholding, the Company shall reach prior agreements with relevant principals on the treatment measures regarding the possible breach of requirements or commitments, specifying the accountability mechanism for persons held liable, and cooperate with regulatory authorities in investigations.</u></p> <p><u>The Company shall make arrangements for risk prevention during the period in which its registered share capital or shareholding change, to ensure the usual operations of the Company and protect customers' interests from damages. For matters subject to the approval of the CSRC in accordance with the law, the shareholders of the Company shall continue to exercise their voting rights independently according to the respective proportion of shares held by them prior to such approval, and equity transferors shall not recommend any person associated to equity transferees to act as a director, supervisor and senior management of the Company, and transfer their voting rights in any disguised form.</u></p>	<p>Articles 19 and 20 of the Provisions on the Administration of Equity Ownership of Securities Companies (No.156 Decree of the China Securities Regulatory Commission)</p>