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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, Company manager, solicitor, professional accountant or other professional adviser.

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

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恒投證券 HENGTOU SECURITIES

(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English))

(the “Company”)
(Stock Code: 01476)

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2016,
REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2016,
ANNUAL REPORT FOR THE YEAR 2016,
PROFIT DISTRIBUTION PLAN FOR THE YEAR 2016,
FINAL ACCOUNTS REPORT FOR THE YEAR 2016,
RE-APPOINTMENT OF DOMESTIC AUDITORS FOR THE YEAR 2017,
RE-APPOINTMENT OF INTERNATIONAL AUDITORS FOR THE YEAR 2017,
PROPOSED APPOINTMENT OF A NON-EXECUTIVE DIRECTOR,
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION,
PROPOSED ISSUE OF SUBORDINATED CORPORATE BONDS,
WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2016
AND
NOTICE OF AGM**

A notice convening the AGM to be held at the meeting room of Grand Mercure Beijing Central, 6 Xuan Wu Men Nei Avenue, Xi Cheng District, Beijing, the PRC at 9:00 a.m. on Friday, 16 June 2017 is set out on pages 7 to 10 of this circular. A form of proxy for use at the AGM is also enclosed with this circular. If you intend to attend the AGM by proxy, you are required to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the H Shares registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares), or to the Company's head office in the PRC at 11/F, China Life Centre, No. 17 Finance Street, Xicheng District, Beijing, the PRC (for the holders of Domestic Shares) as soon as possible but in any event by not later than 24 hours before the time appointed for holding of the AGM (i.e. before 9:00 a.m. on Thursday, 15 June 2017) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

28 April 2017

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DEFINITIONS

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

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| “AGM” | the annual general meeting of the Company for the year 2016 to be held at the meeting room of Grand Mercure Beijing Central, 6 Xuan Wu Men Nei Avenue, Xi Cheng District, Beijing, the PRC at 9:00 a.m. on Friday, 16 June 2017 |
| “Articles of Association” | the articles of association of the Company as amended from time to time |
| “Board” | the board of Directors of the Company |
| “Board of Supervisors” | the board of Supervisors of the Company |
| “Company” | a joint stock company incorporated in the People’s Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English) |
| “Director(s)” | the director(s) of the Company |
| “Domestic Share(s)” | ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi |
| “H Share(s)” | ordinary share(s) issued by the Company with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hengtai Capital” | Hengtai Capital Investment Co., Ltd. (恒泰資本投資有限責任公司) |
| “Hengtai Changcai” | Hengtai Changcai Securities Co., Ltd. (恒泰長財證券有限責任公司) |
| “Hengtai Futures” | Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司) |
| “Hengtai Pioneer” | HengTai Pioneer Investment Co., Ltd. (恒泰先鋒投資有限責任公司) |
| “Independent Director(s)” | the independent non-executive director(s) of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

DEFINITIONS

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|------------------|--|
| “New China Fund” | New China Fund Management Co., Ltd. (新華基金管理股份有限公司) |
| “PRC” | the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | the Domestic Share(s) and the H Share(s) |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supervisor(s)” | the supervisor(s) of the Company |

恒投證券
HENGTOU SECURITIES

(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English))

(the “Company”)

(Stock Code: 01476)

Executive Directors:

Pang Jiemin
Wu Yigang

Non-executive Directors:

Zhang Tao
Chen Guanglei
Sun Chao

Independent non-executive Directors:

Peng Diyun
Zhou Jianjun
Lam Sek Kong

Registered address:

14–18/F, Everbright Bank Building,
Oriental Junzuo Block D,
Chile Chuan Avenue,
Saihan District, Hohhot,
Inner Mongolia Autonomous Region,
the PRC

Head office:

11/F, China Life Centre,
No. 17 Finance Steet, Xicheng District,
Beijing, the PRC

Place of business in Hong Kong:

18/F, Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong

28 April 2017

To the Shareholders,

Dear Sir/Madam,

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2016,
REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2016,
ANNUAL REPORT FOR THE YEAR 2016,
PROFIT DISTRIBUTION PLAN FOR THE YEAR 2016,
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RE-APPOINTMENT OF DOMESTIC AUDITORS FOR THE YEAR 2017,
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PROPOSED APPOINTMENT OF A NON-EXECUTIVE DIRECTOR,
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION,
PROPOSED ISSUE OF SUBORDINATED CORPORATE BONDS,
WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2016
AND
NOTICE OF AGM**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to give you the notice of the AGM and provide you with relevant information to enable you to make informed decision on whether to vote for or against the resolutions to be proposed at the AGM for the following matters:

ORDINARY RESOLUTIONS

(1) REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2016

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Board of Directors for the year 2016, the text of which is set out in Appendix I to this circular.

(2) REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2016

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Board of Supervisors for the year 2016, the text of which is set out in Appendix II to this circular.

(3) ANNUAL REPORT FOR THE YEAR 2016

An ordinary resolution will be proposed at the AGM to consider and approve the annual report for the year 2016 dispatched to the Shareholders.

(4) PROFIT DISTRIBUTION PLAN FOR THE YEAR 2016

An ordinary resolution will be proposed at the AGM to consider and approve the report of the profit distribution plan for the year 2016, the text of which is as follows:

In accordance with the financial statements as audited by the Company's auditors, the Company's accumulated retained profit as at 31 December 2016 is RMB2,069,636,172.98. According to the provision "Among profits available for distribution, those from fair value change shall not be used for cash distribution" under No. 1 Guidance on Supervision over Annual Reports of Securities Companies 《證券公司年報監管工作指引第一號》 issued by the China Securities Regulatory Commission, after deducting the cumulative after-tax influence of RMB115,931,269.55 of such part, the Company's profit distributable to Shareholders in cash as at 31 December 2016 is RMB1,953,704,903.43.

In view of long-term development of the Company and as considered and approved by the six meeting of the third session of the Board convened on 24 March 2017, the Board resolved that no profit distribution will be made for the year ended 31 December 2016.

LETTER FROM THE BOARD

(5) FINAL ACCOUNTS REPORT FOR THE YEAR 2016

An ordinary resolution will be proposed at the AGM to consider and approve the final accounts report for the year 2016, which was prepared in accordance with the China Accounting Standards for Business Enterprises. The text of the final accounts report is set out in the Appendix III to this circular.

(6) RE-APPOINTMENT OF DOMESTIC AUDITORS FOR THE YEAR 2017

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of Ruihua Certified Public Accountants LLP (瑞華會計師事務所 (特殊普通合夥)) as the domestic auditor of the Company for 2017, to provide relevant audit services in accordance with the China Accounting Standards for Business Enterprises, as well as other professional services in accordance with regulatory requirements and needs arising from the Company's actual business development.

(7) RE-APPOINTMENT OF INTERNATIONAL AUDITORS FOR THE YEAR 2017

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of RSM Hong Kong (中瑞岳華 (香港) 會計師事務所) as the international auditor of the Company for 2017, to provide relevant audit and review services in accordance with the International Financial Reporting Standards, as well as other professional services in accordance with regulatory requirements and needs arising from the Company's actual business development.

(8) PROPOSED APPOINTMENT OF A NON-EXECUTIVE DIRECTOR

Reference is made to the Company's announcement dated 24 April 2017. An ordinary resolution will be proposed at the AGM to consider and approve the appointment of Ms. Gao Liang as a non-executive Director to fill the vacancy arising from resignation of Mr. Ju Jin as non-executive Director on 25 April 2016.

Biographical details of Ms. Gao Liang are set out below:

Ms. Gao Liang (高靚) (“**Ms. Gao**”), aged 46, is the chairman of Finance Street Holdings Co., Ltd. (金融街控股股份有限公司) since January 2017. Ms. Gao served as a teacher of The Third People's Police School of Beijing (北京市第三人民警察學校) from July 1993 to July 1994. Ms. Gao successively served as an employee, the manager and the assistant to general manager of Beijing Finance Street Property Management Company (北京金融街物業管理公司) from July 1994 to December 1995, and the deputy general manager of Jinxiao Real Estate Advisory Company (金曉房地產顧問公司) from January 1996 to March 1998. Ms. Gao served as the manager of Finance Street Construction & Development Company (金融街建設開發公司) from March 1998 to October 1999, the deputy general manager and deputy managing director of Finance Street Holdings Co., Ltd.

LETTER FROM THE BOARD

(金融街控股股份有限公司) from October 1999 to June 2011. Ms. Gao serves as the deputy general manager of Beijing Finance Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司) from July 2011 to July 2014, and has been a director of the company since December 2013. Furthermore, Ms. Gao served as the chairman and general manager of Beijing Finance Street Investment and Management Co., Ltd (北京金融街投資管理有限公司) from December 2011 to July 2014 and the deputy managing director of Beijing Finance Street Capital Management Centre (北京金融街資本運營中心) from March 2012 to July 2014. Ms. Gao is a director of Finance Street Holdings Co., Ltd. (金融街控股股份有限公司) since April 2013, and served as the general manager of Finance Street Holdings Co., Ltd. (金融街控股股份有限公司) from August 2014 to January 2017.

Ms. Gao obtained the bachelor's degree in laws of China University of Political Science and Law in July 1993, graduated from the Graduate School of Chinese Academy of Social Science in July 1998, majored in business management, and obtained an executive master of business administration degree from The Hong Kong University of Science and Technology in November 2007.

Saved as disclosed above, Ms. Gao did not hold any other positions in the Company or any of its subsidiaries, or hold any directorships in any other listed companies in the last three years. Ms. Gao does not have any relationship with any Director, senior management or substantial Shareholders of the Company, nor does she have or is deemed to have any interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

The appointment of Ms. Gao as the non-executive Director will become effective upon the relevant approval by the Shareholders at the AGM and the relevant governmental authorities of the PRC (whichever is later). The Company will also enter into a service contract with Ms. Gao. The term of office will commence from the date of the AGM or the date of approval of the relevant governmental authorities of the PRC (whichever is later) and shall end at the expiry of the term of the third session of the Board.

Save as disclosed above, the Board is not aware of any other matters in relation to the appointment of Ms. Gao that need to be brought to the attention of the Shareholders or any information that need to be disclosed pursuant to the requirement of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

SPECIAL RESOLUTIONS

(9) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

Reference is made to the Company's announcement dated 24 April 2017.

The Board resolved to amend relevant articles of Articles of Association as a result of the change of contact numbers of the Company and in accordance with the requirements from relevant authorities, details of which are set out in Appendix IV to this circular.

Such amendments to Articles of Association will come into effect upon consideration and approval at the AGM.

LETTER FROM THE BOARD

(10) PROPOSED ISSUE OF SUBORDINATED CORPORATE BONDS

Reference is made to the Company's announcement dated 24 April 2017.

In order to further diversify the Company's financing sources, optimize its capital structure and promote further development of its businesses, the Board has proposed to issue the subordinated corporate bonds, with the detailed plan as follows:

- (i) Size of issue: in light of the expiry of bonds and demands for increase in bonds, the issue size of the subordinated corporate bonds shall not exceed RMB5 billion (inclusive) and the subordinated corporate bonds will be issued in tranches depending on business needs.
- (ii) Maturity: the subordinated corporate bonds to be issued are long-term and short-term subordinated bonds with the maturity not exceeding 5 years (inclusive) and may have single or multiple maturity periods, which will be determined in accordance with the Company's business needs.
- (iii) Way of issue: private placement to not more than 200 qualified investors for each tranche.
- (iv) Coupon rate: the annual coupon rate, way of interest accrual and design of options shall be determined with reference to regulatory provisions and market conditions.
- (v) Use of proceeds: the proceeds from the issue of subordinated corporate bonds will be mainly used to replenish the Company's working capital, optimize the asset-liability structure, improve liquidity and satisfy regulatory requirements on long-term stable funds.
- (vi) Validity period of the resolution: the resolution retarding the issue of subordinated corporate bonds shall be valid for 36 months from the date of consideration and approval of the resolution at the general meeting.
- (vii) Authorisation in relation to the issue: to facilitate the completion of the issue of subordinated corporate bonds, the Board proposes at the AGM to authorise the Board to handle matters in relation to the issue of the subordinated corporate bonds at its sole discretion by adhering to the framework and principle considered and approved at the AGM in accordance with the Company Law of the PRC, the Securities Law of the PRC, the Provisions on the Administration of Subordinated Bonds of Securities Companies (證券公司次級債管理規定) and other laws and regulations as well as the relevant provisions of the Articles of Association and the market conditions at the time of issue of the subordinated corporate bonds and in the best interest of the Shareholders, and to supervise the issue, repayment and use of subordinated corporate bonds. Upon obtaining the authorisation at the AGM, the Board is authorized to delegate the aforementioned authorisation to the management of the Company.

LETTER FROM THE BOARD

TO RECEIVE THE RELEVANT REPORT

(11) WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2016

The work report of Independent Directors for the year 2016 of the Company will be submitted to the AGM for Shareholders' review but no Shareholders' approval is required. Details of the report are set out in Appendix V of this circular for Shareholders' information.

THE AGM

The AGM will be held at 9:00 am on Friday, 16 June 2017, to consider and, if thought fit, to pass resolutions in respect of the matters set out in the notice of the AGM. A form of proxy and a reply slip will be dispatched to the Shareholders in accordance with the Listing Rules on Friday, 28 April 2017.

Whether or not you intend to attend and/or vote at the AGM, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon. If you intend to attend the AGM, you are required to complete and return the reply slip to the H Share Registrar on or before Friday, 26 May 2017.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjourned meeting, should you so wish and completion and return of the reply slip do not affect the right of a Shareholder to attend and vote at such meeting.

VOTING BY POLL

According to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Results of the poll voting will be published on the Company's website at www.cnht.com.cn and the website of the Stock Exchange at www.hkexnews.hk after the AGM.

RECOMMENDATION

The Board considers that all resolutions to be proposed at the AGM are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,
By order of the Board
Pang Jiemin
Chairman

NOTICE OF ANNUAL GENERAL MEETING

恒投證券 HENGTOU SECURITIES

(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English))

(the “Company”)

(Stock code: 01476)

NOTICE OF 2016 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of the Company for the year 2016 will be held at the meeting room of Grand Mercure Beijing Central, 6 Xuan Wu Men Nei Avenue, Xi Cheng District, Beijing, the PRC at 9:00 a.m. on Friday, 16 June 2017 to consider and, if thought fit, to pass, with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. To receive, consider and approve the report of the board (the “Board”) of directors (the “Directors”) of the Company for the year ended 31 December 2016;
2. To receive, consider and approve the report of the board of supervisors of the Company for the year ended 31 December 2016;
3. To receive, consider and approve the annual report of the Company for year ended 31 December 2016;
4. To consider and approve the Company’s profit distribution plan for the year ended 31 December 2016, namely no profit distribution of the Company for the year ended 31 December 2016;
5. To receive, consider and approve the Company’s final accounts report for the year ended 31 December 2016;
6. To consider and approve the re-appointment of Ruihua Certified Public Accountants LLP (瑞華會計師事務所 (特殊普通合夥)) as the Company’s domestic external auditor for the year 2017 for a term until the conclusion of the annual general meeting of the Company to be held in 2018 and to authorise the Board to determine its remuneration;
7. To consider and approve the re-appointment of RSM Hong Kong (中瑞岳華 (香港) 會計師事務所) as the Company’s international external auditor for the year 2017 for a term until the conclusion of the annual general meeting of the Company to be held in 2018 and to authorise the Board to determine its remuneration; and

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and approve the appointment of Ms. Gao Liang as non-executive Director of the third session of the Board of the Company for a term commencing from the date of approval at the AGM or the date of approval from the relevant governmental authorities of the PRC (whichever is later) until the expiry of the term of the third session of the Board of the Company; and to authorize the Board to determine her remuneration and determine the terms of the service contract.

SPECIAL RESOLUTIONS

9. To consider and approve the proposed amendments to Articles of Association of the Company;
10. To consider and approve the proposed issue of subordinated corporate bonds.

TO RECEIVE THE RELEVANT REPORT

11. The work report of Independent Directors for the year 2016.

By order of the Board

Pang Jiemin

Chairman

Beijing, the PRC, 28 April 2017

Notes:

1. Details of the above resolutions are set out in the circular of the Company dated 28 April 2017.
2. Pursuant to the requirements of the Rules of General Meeting of Listed Companies issued by the China Securities Regulatory Commission, Independent Directors shall present a duty performance report at an annual general meeting. Such report will be presented at the AGM, but no Shareholder's approval is required. The 2016 work report of the Independent Directors is made available to the Shareholders in the Appendix V to the aforesaid circular.
3. In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 17 May 2017 to Friday, 16 June 2017 (both days inclusive) during which period no transfer of shares will be effected. Shareholders of the Company whose names appear on the register of members on Friday, 9 June 2017 shall be entitled to attend the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's head office in the PRC at 11/F, China Life Centre, No. 17 Finance Street, Xicheng District, Beijing, the PRC (for holders of domestic shares), or the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) no later than 4:30 p.m. on Tuesday, 16 May 2017 for registration.
4. Shareholders who are entitled to attend and vote at the AGM 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.

NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, 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.
6. In order to be valid, the proxy form must be deposited, for the holders of H Shares, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, or for the holders of Domestic Shares, to the Company's head office in the PRC, not less than 24 hours before the time for holding the AGM (i.e. before 9:00 a.m. on Thursday, 15 June 2017). If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the AGM or any adjourned meetings should you so wish.
7. Shareholders shall produce their identity documents and supporting documents in respect of shares held when attending the AGM. If corporate Shareholders appoints authorised representative to attend the AGM, the authorised representative shall produce his/her identity documents and a notarially certified copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the AGM.
8. Shareholders who intend to attend the AGM should complete and return the reply slip in writing by hand or by post to the Company's H shares registrar (for holders of H Shares) or the head office of the Company in the PRC (for holders of Domestic Shares) before Friday, 26 May 2017.
9. The AGM is expected to be held for less than half a day. Shareholders who intend to attend the AGM shall arrange and bear their own transportation and accommodation expenses.
10. The name and address of the Company's H shares registrar is as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong
Tel: +852 2862 8555
Fax: +852 2865 0990
11. The address of head office of the Company in the PRC is as follows:

11/F, China Life Centre,
No. 17 Finance Street,
Xicheng District, Beijing,
the PRC
Contact person: Wang Hui
Tel: +86 10 8327 0996
Fax: +86 10 8327 0998
12. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the AGM, 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 AGM or any adjourned meeting thereof (as the case may be), 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.

NOTICE OF ANNUAL GENERAL MEETING

13. Pursuant to rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the chairman of the general meeting will also demand that all the resolutions proposed at the general meeting will be voted on by way of poll in registered form pursuant to Article 118 of the Articles of Association of the Company.

As at the date of this notice, the Board of the Company comprises Mr. Pang Jiemin and Mr. Wu Yigang as executive Directors; Mr. Zhang Tao, Mr. Chen Guanglei and Mr. Sun Chao as non-executive Directors; Mr. Peng Diyun, Ms. Zhou Jianjun and Dr. Lam Sek Kong as independent non-executive Directors.

Report of the Board of Directors of the Company for the Year 2016

I. MEETINGS OF THE BOARD OF DIRECTORS FOR THE YEAR 2016

During the year 2016, the Board convened 17 meetings in total. For details, please refer to “III. Board of Directors and Performance of Duties” under Section 10 “Corporate Governance Report” of the annual report of the Company for the year 2016 dispatched to the Shareholders.

II. OPERATION OF THE COMPANY FOR THE YEAR 2016

Please refer to Section 6 “Report of the Board of Directors” of the annual report of the Company for the year 2016 dispatched to the Shareholders.

III. MAIN WORK OF THE BOARD OF DIRECTORS FOR THE YEAR 2017

1. Continuing Promoting Implementation of the Company’s Strategy, Speeding up Transformation and Upgrading of the Company

The Board places immense importance on future development and reform of the security industry and will continue to promote transformation and upgrading in its various businesses. It will put in tremendous efforts in fostering transformation from provision of single service to a comprehensive financial platform involving all businesses and security branches, strengthen synergies among all business segments, and continue to enhance its capability for providing customer services. Facing with future challenges in the market, based upon intensified compliance control and risk prevention, the Board will keep pressing ahead thorough innovation and transformation among various businesses, to strengthen characteristic and differentiated business merits, so as to expand business scale and market influence.

2. Continuing Improving Information Disclosure Standard, Optimizing Investors Relationship Management System

The Board will further earnestly strengthen information disclosure, endeavor to enhance information disclosure quality, intensify transparency of the Company in accordance with overseas and domestic regulatory requirements, to ensure that information available for all shareholders is true, accurate and complete. The Board will be also committed to optimization of investor relationship system, constantly explore and implement diversified information communication channels and means, so as to build and perfect communication platform for investors.

3. Further Optimizing Risk Management and Internal Control

The Board will attach great attention to implementation of risk management and internal control systems. It will endeavor to advance actual and effective implementation of risk management and internal control systems in the Company, and to optimize internal governance structure of the Company, and to enhance awareness for risk prevention, ensuring the compliance operation of the Company.

4. Strengthening Fulfilment of Social Responsibility and Incorporating it into Corporate Culture

The creation and development of corporate culture act as the real core competitiveness for the Company. The Company upholds the corporate culture of “Innovation, Practice, Integrity, Cooperation” in the long run with constant advance of development of corporate culture, with a view to further enhance awareness of corporate culture and cohesive affinity among employees, and ensure smooth implementation of general strategy and various businesses. As a responsible company, the Board would further strengthen fulfillment of social responsibility and incorporate it into the corporate culture. According to the characteristics and development stages of the Company, taking into account strategic analysis and design, the social responsibility would be consolidated to form unique values and operation method so as to be driving force for sustainable and healthy development of the Company.

Report of the Board of Supervisors of the Company for the Year 2016

I. MEETINGS OF THE BOARD OF SUPERVISORS FOR THE YEAR 2016

During the year 2016, the Board of Supervisors convened 5 meetings in total. For details, please refer to “VII. Board of Supervisors and Performance of Duties” under Section 10 “Corporate Governance Report” of the annual report of the Company for the year 2016 dispatched to the Shareholders.

II. PERFORMANCE OF DUTIES OF THE BOARD OF SUPERVISORS FOR THE YEAR 2016

During the year 2016, the Board of Supervisors oversaw and inspected the legal compliance, major decision-making process and substantial operating activities of the Company as well as its financial position, and, on such basis, presented the following opinions:

1. Legal compliance of the Company

The Company operated in strict compliance with the relevant national laws and regulations such as the Company Law of the PRC and the Securities Law of the PRC as well as the provisions under the Articles of Association, and the decision-making procedures were in conformity with the law, which allowed the Company to optimise its internal management and internal control system in an on-going manner. The Directors and senior management of the Company maintained their integrity and showed professional dedication towards their duties while remaining diligent in serving their functions. None of the Directors or senior management of the Company committed any acts in violation with the law, regulations or the Articles of Association or to the prejudice of the interests of the Company in performing their duties.

2. Inspection on Financial position of the Company

The Board of Supervisors reviewed the financial system and financial position of the Company in a comprehensive and thorough manner and was of the opinion that the financial report for the year 2016 presented a true and fair view of the financial position and operating results of the Company. The audit report with an unqualified audit opinion issued and the assessment on the relevant matters conducted by the accounting firm were objective and fair.

3. Supervision over Connected Transactions of the Company

The Board of Supervisors conducted inspection on connected transactions of the Company in 2016 and was of the opinion that the decision-making process for connected transactions of the Company was in line with requirements under relevant laws, regulations and the Articles of Association.

4. Usage of Proceeds of the Company

The Board of Supervisors was of the opinion that usage of proceeds of the Company in 2016 was in line with the announced usage and in accordance with relevant regulations.

5. Opinion on Internal control of the Company

Upon deliberation of the self-assessment report of internal control of the Company, the Board of Supervisors was of the view that a relatively comprehensive internal control system had been developed and underwent effective implementation, and the self-assessment report of the Company reflected the establishment and implementation of the internal control system of the Company in a truthful and objective manner.

III. MAIN WORK OF THE BOARD OF SUPERVISORS FOR THE YEAR 2017

In 2017, in accordance with relevant requirements under laws, regulations, rules stipulated by regulatory institutions and the Articles of Association, the Board of Supervisors will timely respond to external environmental changes, new regulatory requirements. By centering on work priority of the Company, the Board of Supervisors will strengthen supervision over performance of duties of the Directors and senior management, perfect its own development, ensure standardized operation of corporate governance, promote sustainable and healthy development of the Company, safeguard interests of various parties including the Company, shareholders and employees.

Final Accounts Report of the Company for the Year 2016

Based on the audit and verification of the financial statements of 2016, Ruihua Certified Public Accountants LLP (瑞華會計師事務所(特殊普通合夥)) considered that the financial statements of the Company, prepared in accordance with the China Accounting Standards for Business Enterprises, presented fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its operating results and cash flows for the year then ended, and issued an audit report with standard unqualified opinions to the Company.

I. OVERALL OPERATION

In 2016, the Company completed consolidated operating revenue of RMB2,667,731,400, representing a year-on-year decrease of 42%; and achieved a net profit of RMB522,152,200, representing a year-on-year decrease of 69%.

The Company achieved a net profit of RMB233,865,000; Hengtai Changcai achieved a net profit of RMB56,518,000; Hengtai Futures achieved a net profit of RMB13,060,000; Hengtai Pioneer achieved a net profit of RMB27,919,700; Hengtai Capital achieved a net profit of RMB66,345,700. New China Fund achieved a net profit of RMB132,708,700. Consolidated asset management products recorded a net profit of RMB13,640,700.

II. ASSET AND LIABILITY STRUCTURE AND CASH FLOW

1. Asset and liability structure

As of the end of 2016, the consolidated total assets and total liabilities of the Company amounted to RMB37,148,596,900 and RMB27,212,390,900, representing year-on-year decrease of 5% and 8%, respectively, and the net assets of the Company amounted to RMB9,936,206,000 representing year-on-year increase of 2%.. The gearing ratio was 60%, representing a decrease of 1 percentage point as compared to the corresponding period in the last year.

Major assets: Monetary contributions (inclusive of clearing settlement funds) amounted to 16,264,064,200, representing 44% of the total assets; tradable financial assets amounted to RMB8,322,935,100, representing 22% of the total assets; available-for-sale financial assets amounted to RMB3,764,961,900, representing 10% of the total assets; provision of funds amounted to RMB5,145,143,100, representing 14% of the total assets, and financial assets held under resale agreements amounted to RMB1,530,232,500, representing 4% of the total assets.

Major liabilities: Securities brokerage amounted to RMB12,201,337,400, representing 45% of the total liabilities; collection of funds arising from selling of repurchased business amounted to RMB5,593,185,500, representing 21% of the total liabilities; and issuance of corporate bonds, income right certificate and subordinated bonds amounted to RMB6,172,624,400 in aggregate, representing 23% of the total liabilities. While enhancing the efficiency of usage of our own funds, the Company made use of several ways for financing, including selling and repurchase, margin and securities refinancing and transfer of income right of margin financing and securities lending business, and carried out financing through debt instruments such as issuance of corporate bonds, income right certificate and subordinated bonds to replenish the Company's cash flow in a timely manner, and improve the liquidity of funds.

2. Operating funds

Cash flow of the Company in 2016 is as follows:

Table – 1: Table of cash flow for operating funds

Unit: RMB0'000

| | | Actual amount for the year | Actual amount for previous year | Changes |
|------|---|-------------------------------|---------------------------------------|---------|
| I. | Net cash flow generated from operating activities | -191,796.90 ^{Note 1} | 327,064.49 | -159% |
| | Cash inflow generated from operating activities | 719,222.81 | 1,544,072.28 | -53% |
| | Cash outflow generated from operating activities | 911,019.71 | 1,217,007.79 | -25% |
| II. | Net cash flow generated from investment activities | -15,739.68 ^{Note 2} | -1,203.04 | -1,208% |
| III. | Net cash flow generated from financing activities | 65,221.22 ^{Note 3} | 464,654.13 | -86% |
| IV. | Impact on cash arising from changes in exchange rates | -11.81 | 3,249.62 | -100% |
| V. | Net increase in cash and cash equivalents | -142,327.16 | 793,765.20 | -117% |
| | Add: Cash at the beginning of the period and balance of cash and cash equivalents | 1,718,614.78 | 924,849.58 | 86% |
| VI. | Cash at the end of the period and balance of cash and cash equivalents | 1,576,287.62 | 1,718,614.78 | -8% |

Note 1: The net cash outflow generated from operating activities of the Company in 2016 amounted to RMB1,917,969,000, among which:

- (1) The cash inflow generated from operating activities was mainly due to: disposal of tradable financial assets amounting to RMB1,813,703,300, collection of cash from fees, interest and commission income amounting to RMB3,300,733,200, margin financing and securities lending returned amounting to RMB1,077,864,200, net increase of proceeds from placement amounting to RMB335,000,000 and other cash received in relation to operating activities amounting to RMB645,228,800.
- (2) Cash outflow generated from operating activities was mainly due to: net decrease of securities brokerage amounting to RMB1,790,736,100, net decrease of disposal of available-for-sale financial assets amounting to RMB977,208,100, net decrease of repurchased business amounting to RMB1,139,727,500, net decrease of business under resale agreements amounting to RMB1,250,253,000, cash paid for staff salaries amounting to RMB1,389,437,000 and other cash in relation to operating activities amounting to RMB1,590,432,400.

Note 2: Net cash outflow from investment activities for the Company in 2016 amounted to RMB157,396,800, mainly due to cash inflow from purchase of fixed assets and intangible assets amounting to RMB157,918,500.

Note 3: Net cash inflow from financing activities for the Company in 2016 amounted to RMB652,212,200, among which:

- (1) Cash inflow generated from financing activities was mainly from the issuance of corporate bonds and income right certificate amounting to RMB4,340,000,000, absorption of minority shareholders' investment by subsidiaries amounting to RMB11,350,000
- (2) Cash outflow generated from financing activities was mainly from cash paid for repayment of debts amounting to RMB2,795,250,000, dividend distribution and repayment of interests amounting to RMB772,341,600 and cash paid for payment of decrease in holding of state-owned shares in National Council for Social Security Fund amounting to RMB131,546,200.

III. EQUITY INTERESTS OF SHAREHOLDERS

1. Equity interests of owners

As of the end of 2016, the equity interests of owners amounted to RMB9,936,206,000, representing an increase of RMB203,173,700 as compared with RMB9,733,032,300 at the beginning of the year, among which:

Capital reserve: the closing balance amounted to RMB1,665,236,100, representing an increase of RMB4,000,000 as compared with RMB1,661,236,100 at the beginning of the year, due to the receipt of awards of listing expenses from the government of Inner Mongolia Autonomous Region amounting to RMB4,000,000.

Other comprehensive income: the closing balance amounted to RMB87,350,600, representing an increase of RMB33,026,000 as compared with RMB54,324,600 at the beginning of the year, due to the increase in fair value of available-for-sale financial assets.

Surplus reserve, general risk reserve and transaction risk reserve represented an increase of RMB113,996,600 as compared with the total at the beginning of the year.

Undistributed profit: the closing balance amounted to RMB2,208,719,800, representing a decrease of RMB21,730,600 as compared with RMB2,230,450,400 at the beginning of the year, among which:

- (1) Net profit attributable to the shareholders of the company in 2016 increased RMB454,722,800 of undistributed profit during the period.
- (2) Transfer of surplus reserve, general risk reserve and transaction risk reserve decreased RMB113,996,600 of undistributed profit.
- (3) Payment of dividend to shareholders amounting to RMB260,456,700, payment of dividend of perpetual subordinated bonds amounting to RMB102,000,000.

Minority shareholders' equity interests: the closing balance amounted to RMB275,245,300, represented an increase of RMB73,881,700 as compared with RMB201,363,600 at the beginning of the year, mainly due to the consolidation of New China Fund.

2. Net assets income

The net asset income of the Company in 2016 is as follows:

Table – 2: Table of net asset income and changes in income per share

Unit: RMB0'000

| Items | Actual amount for the year | Actual amount for previous year | Changes |
|---|-------------------------------|---------------------------------------|---------|
| Net profit attributable to the parent company | 45,472.28 | 169,883.70 | -73% |
| Net assets | 993,620.60 | 973,303.23 | 2% |
| Weighted average rate of return on net assets (%) | 4.38% | 26.62% | -83% |
| Net assets per Share attributable to ordinary shareholders (RMB/share) | 3.13 | 3.08 | 2% |
| Basic earnings per Share (RMB/share) | 0.14 | 0.72 | -81% |

3. Dividends of shareholders

For the year 2016, the Company distributed dividends for the year 2015 to Shareholders in cash totaled RMB260,456,700, representing RMB0.10 per share.

IV. COMPARISON IN THE INDUSTRY

1. Income and net profit

Unaudited financial statements of securities companies showed that 129 securities companies achieved operating income of RMB327,994 million for the year, representing a year-on-year decrease on 43% (the Company: a year-on-year decrease of 42%), and the 129 securities companies achieved net profit of RMB123,445 million for the year, representing a year-on-year decrease of 50% (the Company: a year-on-year decrease of 69%).

2. The structure of income

From the perspective of the composition of overall income in the security industry, the income of brokerage business represented 32% of the total income, while the income of proprietary trading business accounted for 17% and the income of investment bank business accounted for 21%. The income of asset management business accounted for 9% and net interest income accounted for 12%, while the income of other business accounted for 9%.

The composition of income of the Company: the income of brokerage business represented 36% of the total income, while the income of proprietary trading business accounted for 16% and the income of investment bank business accounted for 16%. The income of asset management business accounted for 7% and net interest income accounted for 5%, while the income of other business (fund management business) accounted for 20%.

3. Asset indicators

As set out in the unaudited financial data as of 31 December 2016, total assets and net assets of the 129 securities companies amounted to RMB5,790 billion and RMB1,640 billion, respectively. Net capital amounted to RMB1,470 billion. Capital balance of customers' transaction and settlement (including securities brokerage for margin transaction) amounted to RMB1,440 billion. Market value of custody of securities amounted to RMB33,770 billion. Total principal amount of entrusted management capital of asset management business amounted to RMB17,820 billion.

Total consolidated assets and net assets of the Company amounted to RMB37.149 billion and RMB9.936 billion, respectively. Net capital amounted to RMB6.866 billion. Capital balance of customers' transaction and settlement (including securities brokerage for margin transaction) amounted to RMB12.201 billion. Market value of custody of securities amounted to RMB133.493 billion. Total amount of entrusted management capital amounted to RMB77.503 billion.

Table – 3: Table of gearing ratio

Unit: RMB'00 million

| Items | Average in the industry | Actual amount of the Company | Comparison |
|------------------------------------|--------------------------------|-------------------------------------|--|
| Total assets | 448.84 | 371.49 | Moderately lower |
| Total liabilities | 321.71 | 272.12 | Moderately lower |
| Net assets | 127.13 | 99.36 | Moderately lower |
| Gearing ratio (%) | 62.30% | 60.17% | Lower than the average in the industry |
| Rate of return on total assets (%) | 2.13% | 1.41% | Lower than the average in the industry |

Note: As a number of securities companies have not disclosed annual reports, the industrial data mentioned above is calculated and analysed in accordance with part of the data disclosed by the Securities Association of China. The data is not directly disclosed by the official and is only for reference.

The English version of proposed amendments to the Articles of Association is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Details of proposed amendments to Articles of Association of the Company are set out below:

Article 2

Original Article 2:

The Company is a joint stock limited company established in accordance with the Company Law, the Securities Law and other relevant provisions.

Being legally transformed from Hengtai Securities Company Limited (恒泰證券有限責任公司), the Company was established and approved under “Zheng Jian Ji Zi [2008] No. 1148” (證監機字[2008]1148號) by China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), with the original shareholders of Hengtai Securities Company Limited holding establishment meeting on 21 October, 2008. The Company received its business license from the Inner Mongolia Administration for Industry and Commerce (內蒙古自治區工商行政管理局), with its registration number being 150000000001019.

As approved by the CSRC with “Zheng Jian Xu Ke [2015] No. 2089”(證監許可[2015]2089號) approval on September 9, 2015, the Company issued 392,040,000 shares overseas listed foreign shares (H Shares), and such shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on October 15, 2015.

The Company issued additional 53,460,000 overseas listed foreign shares (H Shares), and Beijing Finance Street Xihuan Properties Co., Ltd., Beijing Finance Street Investment (Group) Co., Ltd., Beijing Huarong Infrastructure Investment Co., Ltd., Hua Chen Trust Limited Corporation and Harbin Xingye Industrial Property Brokerage Co., Ltd., which are the shareholders of the Company, made the sale of additional 5,346,000 overseas listed foreign shares (H Shares) in aggregate, and the abovementioned 58,806,000 overseas listed foreign shares (H Shares) became listed on the Hong Kong Stock Exchange on 11 November 11, 2015.

Amended Article 2:

The Company is a joint stock limited company established in accordance with the Company Law, the Securities Law and other relevant provisions.

Being legally transformed from Hengtai Securities Company Limited (恒泰證券有限責任公司), the Company was established **by way of promotion** and approved under “Zheng Jian Ji Zi [2008] No. 1148”(證監機字[2008]1148號) by China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), with the original shareholders of Hengtai Securities Company Limited holding establishment meeting on 21 October, 2008. The Company received its business license from the Inner Mongolia Administration for Industry and Commerce (內蒙古自治區工商行政管理局), **with its uniform social credit code being 91150000701463155D.**

As approved by the CSRC with “Zheng Jian Xu Ke [2015] No. 2089”(證監許可[2015]2089號) approval on September 9, 2015, the Company issued 392,040,000 shares overseas listed foreign shares (H Shares), and such shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on October 15, 2015.

The Company issued additional 53,460,000 overseas listed foreign shares (H Shares), and Beijing Finance Street Xihuan Properties Co., Ltd., Beijing Finance Street Investment (Group) Co., Ltd., Beijing Huarong Infrastructure Investment Co., Ltd., Hua Chen Trust Limited Corporation and Harbin Xingye Industrial Property Brokerage Co., Ltd., which are the shareholders of the Company, made the sale of additional 5,346,000 overseas listed foreign shares (H Shares) in aggregate, and the abovementioned 58,806,000 overseas listed foreign shares (H Shares) became listed on the Hong Kong Stock Exchange on 11 November 11, 2015.

Article 3

Original Article 3:

The registered name of the Company: the Chinese corporate name: 恒泰證券股份有限公司;
The English name of the Company: HENGTAI SECURITIES CO.,LTD
The address of the Company: 14-18/F, Everbright Bank Building, Oriental Junzuo Block D,
Chile Chuan Avenue, Saihan District, Hohhot, InnerMongolia
Autonomous Region;
Postal code: 010098;
Telephone: 0471-4962367; 010-56673839;
Fax number: 010-56673999.

Amended Article 3

The registered name of the Company: the Chinese corporate name: 恒泰證券股份有限公司;
The English name of the Company: HENGTAI SECURITIES CO.,LTD
The address of the Company: 14-18/F, Everbright Bank Building, Oriental Junzuo Block D,
Chile Chuan Avenue, Saihan District, Hohhot, InnerMongolia
Autonomous Region;
Postal code: 010098;
Telephone: 0471-4962367; **010-83270996**;
Fax number: **010-83270998**.

Article 18

Original Article 18:

With the approval of competent approval authority, the Company was approved to issue a total of 1,147,247,412 ordinary shares upon its establishment. The Company issued 1,147,247,412 ordinary shares to its promoters upon its establishment, representing 100% of the then total issued ordinary shares of the Company.

Amended Article 18:

With the approval of competent approval authority, the Company was approved to issue a total of 1,147,247,412 ordinary shares upon its establishment. The Company issued 1,147,247,412 ordinary shares to its promoters upon its establishment, representing 100% of the then total issued ordinary shares of the Company. **Name of promoters, way of capital contribution, time of capital contribution, number of shares subscribed for and shareholding of the Company are as follows:**

| Name of promoters | Way of capital contribution | Time of capital contribution | Number of shares subscribed for (share) | Shareholding (%) |
|---|------------------------------------|-------------------------------------|--|-------------------------|
| Baotou Huazi Industry Co., Ltd. (包頭華資實業股份有限公司) | Shares converted from net assets | 2008.10.1 | 308,000,000 | 26.85% |
| Inner Mongolia Wuhai Xizhuozishan Tertiary Industry Development Company (內蒙古烏海西卓子山第三產業開發公司) | Shares converted from net assets | 2008.10.1 | 154,000,000 | 13.42% |
| Tibet Dazi Huifa Investment Co., Ltd. (西藏達孜匯發投資有限公司) | Shares converted from net assets | 2008.10.1 | 154,000,000 | 13.42% |
| Beijing Hongzhi Huitong Industrial Co., Ltd. (北京鴻智慧通實業有限公司) | Shares converted from net assets | 2008.10.1 | 154,000,000 | 13.42% |
| Hua Chen Trust Limited Corporation (華宸信託有限責任公司) | Shares converted from net assets | 2008.10.1 | 98,202,037 | 8.56% |
| Shanghai Yili Industrial Development Co., Ltd. (上海宜利實業發展有限公司) | Shares converted from net assets | 2008.10.1 | 56,490,000 | 4.92% |

| Name of promoters | Way of capital contribution | Time of capital contribution | Number of shares subscribed for (share) | Shareholding (%) |
|---|------------------------------------|-------------------------------------|--|-------------------------|
| Weifang Keyu Science and Technology Co., Ltd. (濰坊科虞科技有限公司) | Shares converted from net assets | 2008.10.1 | 56,188,685 | 4.90% |
| Beijing Huacheng Hongtai Industrial Co., Ltd. (北京華誠宏泰實業有限公司) | Shares converted from net assets | 2008.10.1 | 54,555,375 | 4.76% |
| Baotou Shichuang Economic and Technological Development Co., Ltd. (包頭市實創經濟技術開發有限公司) | Shares converted from net assets | 2008.10.1 | 54,061,315 | 4.71% |
| Harbin Xingye Property Broker Co., Ltd. (哈爾濱興業產權經紀有限責任公司) | Shares converted from net assets | 2008.10.1 | 17,500,000 | 1.53% |
| Inner Mongolia Mengjili Economic and Technological Development Corporation Limited (內蒙古蒙吉利經濟技術開發股份有限公司) | Shares converted from net assets | 2008.10.1 | 17,500,000 | 1.53% |
| Inner Mongolia Kaideluntai Investment Co., Ltd. (內蒙古凱德倫泰投資有限公司) | Shares converted from net assets | 2008.10.1 | 17,500,000 | 1.53% |
| Baotou Shenyn Industry Group Corporation Limited (包頭市申銀產業集團有限公司) | Shares converted from net assets | 2008.10.1 | 3,500,000 | 0.31% |
| Inner Mongolia Xiangrong Investment and Management Co., Ltd. (內蒙古祥嶸投資管理有限責任公司) | Shares converted from net assets | 2008.10.1 | 1,750,000 | 0.15% |
| Total | | | 1,147,247,412 | 100.00% |

WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2016

In 2016, the Independent Directors of the Company, in stringent conformity with relevant requirements under the Company Law of the PRC and the Articles of Association, performed their duties independently, actively understood the Company’s operation, attended Board meetings in person, participated in decision-making of major issues, showed professional dedication towards their duties while remaining diligent in serving their functions, safeguarded legitimate interests of the Company and its shareholders, and fully exercised their functions in the capacity of Independent Directors. Work of Independent Directors for the year 2016 is as follows:

I. PERFORMANCE OF DUTIES OF INDEPENDENT DIRECTORS FOR THE YEAR 2016

In 2016, the Company convened 1 general meeting and 17 Board meetings in total. Mr. Peng Diyun, Ms. Zhou Jianjun and Mr. Lam Sek Kong, all being Independent Directors, attended all meetings in person. They not only deliberately reviewed meeting materials before the meetings, but thoroughly issued personal opinions at the meetings. The attendance of the Independent Directors at relevant meetings is as follows:

| Name of Directors | Position | Number of attendance required in the Board meetings | Number of attendance in Board meetings | | | | Voting results | Attendance in general meetings |
|-------------------|------------------------------------|---|--|--------------------------------------|--------------------|--|----------------|--------------------------------|
| | | | Number of meetings attended in person | Number of meetings attended by proxy | Number of absences | Number of Attendance in general meetings | | |
| Peng Diyun | Independent Non-Executive Director | 17 | 17 | 0 | 0 | All in favour | 1 | |
| Zhou Jianjun | Independent Non-Executive Director | 17 | 17 | 0 | 0 | All in favour | 1 | |
| Lam Sek Kong | Independent Non-Executive Director | 17 | 17 | 0 | 0 | All in favour | 1 | |

II. ISSUE OF INDEPENDENT OPINIONS IN PERFORMANCE OF DUTIES AS INDEPENDENT DIRECTORS

In 2016, the Independent Directors actively attended general meetings, Board meetings and expressed their opinions in decision-making on major issues of the Company. In addition, they have expressed their professional opinions and recommendations in the capacity of Independent Directors in the matters relating to the appointment of an accounting firm, engagement of senior management, formulation of profit distribution plan for the year 2015, establishment of security branches, capital injection to Hengtai Capital (a subsidiary), remuneration and appraisal plan for the senior management, which facilitated the scientific decision-making and enhanced effectiveness of corporate governance of the Company.

III. OVERALL ASSESSMENT AND RECOMMENDATION

In 2016, the Independent Directors made full use of their expertise, conducted careful verification on the information provided by the Company, and expressed their professional advice on the decision-making of the Board meetings for major issues considered by the Board, in which the Independent Directors played a positive role in promoting the scientific and objective decision-making of the Board as well as standardising the operation of the Company. In 2017, the Independent Directors will continue to discharge their duties and exercise their functions and powers in a faithful and diligent manner in order to be accountable to the Company and all the Shareholders.