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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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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)**

**RE-APPOINTMENT OF DOMESTIC AUDITING FIRM FOR THE YEAR 2017  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,  
THE RULES OF PROCEDURE FOR THE BOARD AND  
THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the Extraordinary General Meeting of the Company to be held at Jing Song Hall, 4/F, Pine City Hotel, No. 777 Zhaojiabang Road, Shanghai, the PRC on Thursday, 1 March 2018 at 1:30 p.m. is set out on pages 7 to 8 of this circular.

The reply slip and the form of proxy for the EGM have been distributed on Monday, 15 January 2018 and have also been published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). If you are not able to attend the EGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM, and deposit it together with the notarised power of attorney or other document of authorization with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM should you so desire.

Shareholders intending to attend the EGM in person or by their proxies should complete and return the reply slip for attending the EGM to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares) on or before Friday, 9 February 2018.

\* *For identification purpose only*

15 January 2018

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## DEFINITIONS

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

“A Share(s)”	domestic shares of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi and are listed for trading on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“Company”	Haitong Securities Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange under the stock code of 6837 and the A Shares of which are listed on the Shanghai Stock Exchange under the stock code of 600837
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Jing Song Hall, 4/F, Pine City Hotel, No. 777 Zhaojiabang Road, Shanghai, the PRC on Thursday, 1 March 2018 at 1:30 p.m.
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	11 January 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company, including holder(s) of H Shares and holder(s) of A Shares
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

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LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Zhou Jie (*Chairman*)  
Mr. Qu Qiuping (*General Manager*)

*Non-executive Directors:*

Ms. Yu Liping  
Mr. Chen Bin  
Mr. Xu Jianguo  
Mr. Wu Yuezhou  
Ms. Zhang Xinmei  
Mr. Shen Tiedong

*Independent Non-executive Directors:*

Mr. Liu Cheeming  
Mr. Xiao Suining  
Dr. Lam Lee G.  
Mr. Zhang Ming  
Mr. Feng Lun

*Registered office:*

Haitong Securities Building  
No. 689 Guangdong Road  
Shanghai  
PRC

*Principal place of business  
in Hong Kong:*

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

15 January 2018

*To the Shareholders*

Dear Sir or Madam,

**INTRODUCTION**

The purpose of this circular is to provide you with the notice of the EGM (set out on pages 7 to 8 of this circular) and provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions or abstain from voting at the EGM.

At the EGM, ordinary resolution will be proposed to approve the re-appointment of domestic auditing firm for the year 2017. Special resolution will be proposed to approve the proposed amendments to the Articles of Association, the Rules of Procedure for the Board and the Rules of Procedure for the Supervisory Committee.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### ORDINARY RESOLUTION:

#### **Re-appointment of Domestic Auditing Firm for the Year 2017**

References are made to the poll results announcement of annual general meeting of the Company dated 6 June 2017, and the announcements dated 23 June 2017 and 29 August 2017 in relation to, among other things, the renewal of engagement of domestic auditing firms, respectively.

As previously disclosed, the Company convened the 2016 annual general meeting on 6 June 2017 and a resolution regarding the renewal of engagement of auditing firms of the Company for the year 2017 was considered and approved at this meeting. In respect of the domestic auditing matters, the Company proposed that BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) (“**BDO**”) be re-appointed as the external auditor of the Company in 2017 for a period of one year, who will be responsible for provision of relevant domestic auditing services in accordance with China Enterprise Accounting Standards. On 15 June 2017, BDO received the “Notice Requiring BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) to Suspend Acceptance of New Securities Business and to Make Rectification within the Prescribed Period” (Cai Kuai Bian [2017] No. 24) jointly issued by the Ministry of Finance of the People’s Republic of China (“**MOF**”) and the CSRC, and was ordered to temporarily suspend acceptance of new securities business since 23 May 2017. On 10 August 2017, BDO received the “Notice in Relation to the Examination on Rectification of BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) and the Decision” (Cai Kuai Bian [2017] No. 38) issued by the MOF and the CSRC, and is permitted to resume new securities business since 10 August 2017.

Given that BDO has resumed new securities business, the Board has considered and approved to re-appoint BDO as the domestic external auditor of the Company in 2017 for a period of one year on 29 August 2017, who will be responsible for provision of relevant domestic auditing services in accordance with China Enterprise Accounting Standards. The auditing fees of 2017 (including internal control) is RMB3.30 million, of which RMB2.90 million is for financial and special regulatory reporting auditing and RMB400,000 is for internal control auditing.

The aforesaid resolution was considered and approved by the Board on 29 August 2017 and is hereby proposed at the EGM for consideration and approval by way of an ordinary resolution.

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## LETTER FROM THE BOARD

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### **SPECIAL RESOLUTION:**

#### **Proposed Amendments to the Articles of Association, the Rules of Procedure for the Board and the Rules of Procedure for the Supervisory Committee**

Reference is made to the announcement of the Company dated 29 August 2017 in relation to, among other things, proposed amendments to the Articles of Association, the Rules of Procedure for the Board and the Rules of Procedure for the Supervisory Committee. It is proposed at the EGM for Shareholders' consideration and approval by way of a special resolution to amend relevant articles in the Articles of Association, and to amend the corresponding articles of the Rules of Procedure for the Board of the Company and the Rules of Procedure for the Supervisory Committee of the Company, details of which are set out in Annex I, Annex II and Annex III of this circular.

Such amendments to the Articles of Association, the Rules of Procedure for the Board and the Rules of Procedure for the Supervisory Committee will come into effect after being considered and approved at the general meeting of the Company and such amendments to the Articles of Associations are subject to the approval from securities regulatory authorities. 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 aforesaid resolution was considered and approved by the Board and the Supervisory Committee on 29 August 2017 and is hereby proposed at the EGM for consideration and approval by way of a special resolution.

### **EXTRAORDINARY GENERAL MEETING**

The EGM of the Company will be held at Jing Song Hall, 4/F, Pine City Hotel, No. 777 Zhaojiabang Road, Shanghai, the PRC on Thursday, 1 March 2018 at 1:30 p.m. The notice of the EGM is set out on pages 7 to 8 of this circular.

The register of members of H Shares of the Company will be closed from Tuesday, 30 January 2018 to Thursday, 1 March 2018 (both days inclusive), during which time no share transfers of H Shares will be effected. Purchasers of H Shares who have submitted their instruments of share transfer to the H Share Registrar of the Company and registered as Shareholders on the H Share register of members of the Company before 4:30 p.m. on Monday, 29 January 2018 are entitled to attend and vote in respect of all resolutions to be proposed at the EGM. In order to attend the EGM, holders of H Share should ensure that all transfer documents, accompanied by the relevant H Share certificates, are lodged with the Company's H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Monday, 29 January 2018.

Reply slip and the proxy form for the EGM have been distributed on Monday, 15 January 2018 and have also been published on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Shareholders intending to attend the EGM in person or by their proxies should complete and return the reply slip for attending the EGM to the Company's H Share Registrar (for holders of H Shares) on or before Friday, 9 February 2018.

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## LETTER FROM THE BOARD

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To be valid, for holders of H Shares, the form of proxy and notarised power of attorney or other document of authorisation must be delivered to the Company's H Share Registrar not less than 24 hours before the time appointed for the EGM (i.e. 1:30 p.m. on Wednesday, 28 February 2018) or not less than 24 hours before the time appointed for voting by poll. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person if you so wish.

### **HONG KONG LISTING RULES REQUIREMENT**

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

To the best knowledge of the Directors, as of the Latest Practicable Date, no Shareholder has a material interest in any of the above resolutions and therefore no Shareholder is required to abstain from voting in respect of the above resolutions at the EGM.

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### **RECOMMENDATION**

The Board believes that all the resolutions mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM as set out in the notice of the EGM set out in this circular.

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



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of Haitong Securities Co., Ltd. (the “**Company**”) will be held at Jing Song Hall, 4/F, Pine City Hotel, No. 777 Zhaojiabang Road, Shanghai, the PRC on Thursday, 1 March 2018 at 1:30 p.m., for the following purposes:

#### ORDINARY RESOLUTION

1. To consider and approve the re-appointment of domestic auditing firm for the year 2017.

#### SPECIAL RESOLUTION

1. To consider and approve the proposed amendments to the Articles of Association of the Company, the Rules of Procedure for the Board and the Rules of Procedure for the Supervisory Committee.

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

Shanghai, the PRC  
15 January 2018

*Notes:*

**1. Eligibility for attending the Extraordinary General Meeting and date of registration of members for H Shares**

The register of members of H Shares of the Company will be closed from Tuesday, 30 January 2018 to Thursday, 1 March 2018 (both days inclusive), during which time no share transfers of H Shares will be effected. Purchasers of shares who have submitted their instruments of share transfer to the H Share Registrar of the Company and registered as shareholders on the H Share register of members of the Company before 4:30 p.m. on Monday, 29 January 2018 are entitled to attend and vote in respect of all resolutions to be proposed at this Extraordinary General Meeting.

In order to attend this Extraordinary General Meeting, holders of H Shares should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Monday, 29 January 2018.

**2. Proxy**

- (1) Each shareholder entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies in writing to attend and vote on his behalf. A proxy need not be a shareholder of the Company.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorised attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign or other document of authorisation must be notarised.

To be valid, for holders of H Shares, the form of proxy and notarised power of attorney or other document of authorisation must be delivered to the Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the Extraordinary General Meeting (i.e. 1:30 p.m. on Wednesday, 28 February 2018) or not less than 24 hours before the time appointed for voting by poll.

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

### 3. Registration procedures for attending the Extraordinary General Meeting

- (1) A shareholder or his proxy should present proof of identity when attending the Extraordinary General Meeting. If a shareholder is a legal person, its legal representative or other person authorised by the board of directors or other governing body of such shareholder may attend the Extraordinary General Meeting by providing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.
- (2) Holders of H Shares of the Company intending to attend the Extraordinary General Meeting in person or by their proxies should complete and return the reply slip for attending the Extraordinary General Meeting to the Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Friday, 9 February 2018.

### 4. Voting by poll

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

### 5. Miscellaneous

- (1) The Extraordinary General Meeting is expected to be held for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
- (2) The address of Computershare Hong Kong Investors Services Limited is:
- Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (3) The registered office of the Company:

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

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

*As at the date of this notice, our executive directors are Mr. ZHOU Jie and Mr. QU Qiuping; our non-executive directors are Ms. YU Liping, Mr. CHEN Bin, Mr. XU Jianguo, Mr. WU Yuezhou, Ms. ZHANG Xinmei and Mr. SHEN Tiedong; and our independent non-executive directors are Mr. LIU Cheeming, Mr. XIAO Suining, Dr. LAM Lee G., Mr. ZHANG Ming and Mr. FENG Lun.*

\* For identification purpose only

# ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

## Comparison Chart of Amendments to the Articles of Association

Original article	To be amended as	Basis
<b>Chapter Five Directors and the Board of Directors</b>		
<p><b>Article 152</b></p> <p>The Board exercises the following powers:</p> <p>(i) to convene shareholders’ general meetings and report its work to the shareholders’ general meeting;</p> <p>(ii) to implement the resolutions of shareholders’ general meetings;</p> <p>(iii) to decide on the Company’s business plans and investment plans;</p> <p>(iv) to formulate the Company’s plans on annual financial budgets and final accounts;</p> <p>(v) to formulate the Company’s profit distribution plans and plans on making up losses;</p> <p>(vi) to formulate the proposal for increase or decrease of the registered capital of the Company, issue and listing of bonds or other securities of the Company;</p>	<p><b>Article 152</b></p> <p>The Board exercises the following powers:</p> <p>(i) to convene shareholders’ general meetings and report its work to the shareholders’ general meeting;</p> <p>(ii) to implement the resolutions of shareholders’ general meetings;</p> <p>(iii) to decide on the Company’s business plans and investment plans;</p> <p>(iv) to formulate the Company’s plans on annual financial budgets and final accounts;</p> <p>(v) to formulate the Company’s profit distribution plans and plans on making up losses;</p> <p>(vi) to formulate the proposal for increase or decrease of the registered capital of the Company, issue and listing of bonds or other securities of the Company;</p>	<p>Article 7 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “The board of directors of a securities and fund institution shall determine the compliance management objectives of the company, assume responsibility for the effectiveness of compliance management, and perform the following compliance management duties:</p> <p>(1) Considering and approving the basic compliance management rules;</p> <p>(2) Considering and approving the annual compliance report;</p> <p>(3) Deciding to dismiss the senior management who assume the primary and leadership responsibility for the occurrence of major compliance risks;</p> <p>(4) Deciding to appoint, dismiss, or assess chief compliance officer, and deciding the remuneration and treatment thereof;</p> <p>(5) Establishing the mechanism for direct communication with chief compliance officer;</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
(vii) to formulate plans for substantial acquisition, repurchase of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;	(vii) to formulate plans for substantial acquisition, repurchase of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;	(6) Evaluating the effectiveness of compliance management, and supervising the resolution of problems existing in compliance management;
(viii) to determine external investments, acquisition and disposal of assets, assets pledge, external guarantees matters and connected transactions of the Company within the authorisation of the shareholders' general meeting;	(viii) to determine external investments, acquisition and disposal of assets, assets pledge, external guarantees matters and connected transactions of the Company within the authorisation of the shareholders' general meeting;	(7) Other compliance management duties as stated in the articles of association of the company."
(ix) to formulate the implementation plan of the long-term incentives program for the management and employees;	(ix) to formulate the implementation plan of the long-term incentives program for the management and employees;	
(x) to determine the establishment of the Company's internal management structure;	(x) to determine the establishment of the Company's internal management structure;	
(xi) to appoint or dismiss general manager, the secretary to the Board, General Compliance Officer and, based on the nomination by the general manager, to appoint or dismiss senior management members including deputy general manager, assistants of general manager and chief financial officer, chief information officer and chief risk officer of the Company and to determine their remunerations, incentives and punishments;	(xi) to appoint or dismiss general manager, the secretary to the Board, General Compliance Officer and, based on the nomination by the general manager, to appoint or dismiss senior management members including deputy general manager, assistants of general manager and chief financial officer, chief information officer and chief risk officer of the Company and to determine their remunerations, incentives and punishments;	
(xii) to formulate the basic management system of the Company; and based on the approved business scopes and the Company's own business managing characteristics to establish a clear and effective internal control mechanism, so as to formulate a comprehensive and practicable internal control system;	(xii) to formulate the basic management system of the Company; and based on the approved business scopes and the Company's own business managing characteristics to establish a clear and effective internal control mechanism, so as to formulate a comprehensive and practicable internal control system;	

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p>(xiii) to formulate proposals for amendment to the Articles of Association;</p> <p>(xiv) to manage information disclosure of the Company;</p> <p>(xv) to propose at shareholders' general meetings for the appointment or change of accountants' firm conducting auditing for the Company;</p> <p>(xvi) to hear the work report and inspect the work of the general manager;</p> <p>(xvii) to consider and approve the fundamental system of compliance management and the compliance reports; responsible for monitoring the implementation of compliance policies;</p> <p>(xviii) to undertake the ultimate responsibility of comprehensive risk management;</p> <p>(xix) to exercise any other powers specified in relevant laws, administrative regulations, departmental rules and conferred by the Articles of Association.</p> <p>The Board resolutions related to the increase or decrease of registered capital, bonds issue, merger, spin-off, dissolution and amendment to the Articles of Association, shall be passed by more than two-thirds of the Directors.</p>	<p>(xiii) to formulate proposals for amendment to the Articles of Association;</p> <p>(xiv) to manage information disclosure of the Company;</p> <p>(xv) to propose at shareholders' general meetings for the appointment or change of accountants' firm conducting auditing for the Company;</p> <p>(xvi) to hear the work report and inspect the work of the general manager;</p> <p>(xvii) <u>to determine the compliance management objectives of the Company, and assume responsibility for the effectiveness of compliance management including but not limited to, to consider and approve the fundamental system of compliance management and the annual compliance reports, to evaluate the effectiveness of compliance management, and to supervise the resolution of problems existing in compliance management;</u></p> <p>(xviii) to undertake the ultimate responsibility of comprehensive risk management;</p> <p>(xix) to exercise any other powers specified in relevant laws, administrative regulations, departmental rules and conferred by the Articles of Association.</p> <p>The Board resolutions related to the increase or decrease of registered capital, bonds issue, merger, spin-off, dissolution and amendment to the Articles of Association, shall be passed by more than two-thirds of the Directors.</p>	

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p><b>Article 156</b></p> <p>The Board shall determine the matters of external investment, acquisition and sale of assets, asset pledge, external guarantee, scope of powers for connected transactions, establish stringent examination and decision making procedures, organize relevant specialists or professional personnel to assess and examine any material investment projects, and report such investment projects to the shareholders' general meeting for approval.</p> <p>The Board shall be entitled to determine the following matters:</p> <p>(i) the disposal of assets not within the approval authority of the shareholders' general meeting stipulated by Article 64 of the Articles of Association;</p> <p>(ii) the guarantee not within the approval authority of the shareholders' general meeting stipulated by Article 65 of the Articles of Association;</p> <p>(iii) to approve an application of funds for external investment, the value of which does not exceed 10% of the latest audited net assets of the Company;</p> <p>(iv) the connected transactions which shall be resolved by the Board according to the disclosure requirements of the local listing rules at the place where the Company is listed.</p> <p>The Board of Directors shall discharge the obligations in respect of compliance management in accordance with the laws, regulations and provisions of the Article and shall be responsible for the effectiveness of the compliance management of the Company.</p>	<p><b>Article 156</b></p> <p>The Board shall determine the matters of external investment, acquisition and sale of assets, asset pledge, external guarantee, scope of powers for connected transactions, establish stringent examination and decision making procedures, organize relevant specialists or professional personnel to assess and examine any material investment projects, and report such investment projects to the shareholders' general meeting for approval.</p> <p>The Board shall be entitled to determine the following matters:</p> <p>(i) the disposal of assets not within the approval authority of the shareholders' general meeting stipulated by Article 64 of the Articles of Association;</p> <p>(ii) the guarantee not within the approval authority of the shareholders' general meeting stipulated by Article 65 of the Articles of Association;</p> <p>(iii) to approve an application of funds for external investment, the value of which does not exceed 10% of the latest audited net assets of the Company;</p> <p>(iv) the connected transactions which shall be resolved by the Board according to the disclosure requirements of the local listing rules at the place where the Company is listed.</p>	<p>The compliance management duties of the Board have been incorporated into Article 152.</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p><b>Article 176</b></p> <p>The Company shall have one chief compliance officer who shall be employed or dismissed by the Board and shall report to the Board.</p> <p>The chief compliance officer who is the person in charge of the compliance of the Company shall examine, supervise and inspect the compliance concerning the operation, management and practice conduct of the Company and its personnel.</p>	<p><b>Article 176</b></p> <p>The Company shall have one chief compliance officer who shall be employed, dismissed and appraised by the Board and shall report to the Board.</p> <p>The chief compliance officer who is the person in charge of the compliance of the Company shall examine, supervise and inspect the compliance concerning the operation, management and practice conduct of the Company and its personnel.</p>	<p>Article 7 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “(4) Deciding to appoint, dismiss, or assess chief compliance officer, and deciding the remuneration and treatment thereof.”</p>
<p><b>Article 177</b></p> <p>The chief compliance officer shall be subject to the following conditions on the job:</p> <p>(i) He has obtained the qualifications of being a senior management member of the securities company;</p> <p>(ii) He is familiar with the securities business, masters the securities laws, regulations and standards, and possesses the expertise and skills required for the compliance management;</p> <p>(iii) He has more than five years of experience in securities. He has passed the relevant professional examination or has more than eight years of experience in laws, or more than eight years of experience in professional regulatory work with the securities regulatory bodies.</p> <p>The professional examination mentioned in Item (iii) in the preceding paragraph refers to the competence examination for compliance management personnel of securities companies of Securities Association of China, the national judicial examination or the lawyer qualification examination.</p>	<p><b>Article 177</b></p> <p><u>The chief compliance officer shall be proficient in relevant laws, regulations and standards. He shall be an honest and credible person, who is familiar with the security and fund businesses, and possess the expertise and skills required for the compliance management. In addition, such person shall meet with the following criteria:</u></p> <p>(i) <u>He has more than ten years of experience in securities and funds, and has passed the competence examination for compliance management personnel organized by Securities Association of China or Asset Management Association of China; or he has more than five years of experience in securities and funds, and has passed the legal professional qualification examination; or he has worked in security regulatory authorities or self-discipline organization in security or fund industry for more than five years;</u></p> <p>(ii) <u>Financial regulatory authorities has not imposed any administrative penalty or implemented any material administrative measure on such person over the past three years;</u></p> <p>(iii) <u>Other conditions set by the CSRC.</u></p>	<p>Article 18 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “The chief compliance officer shall be proficient in relevant laws, regulations and standards. He shall be an honest and credible person, who is familiar with the security and fund businesses, and possess the expertise and skills required for the compliance management. In addition, such person shall meet with the following criteria:</p> <p>(1) He has more than ten years of experience in securities and funds, and has passed the competence examination for compliance management personnel organized by Securities Association of China or Asset Management Association of China; or he has more than five years of experience in securities and funds, and has passed the legal professional qualification examination; or he/she has worked in security regulatory authorities or self-discipline organization in security or fund industry for more than five years;</p> <p>(2) Financial regulatory authorities has not imposed any administrative penalty or implemented any material administrative measure on such person over the past three years;</p> <p>(3) Other conditions set by the CSRC.”</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p><b>Article 178</b></p> <p>In the course of employing a chief compliance officer, the Company shall submit the curriculum vitae and relevant materials of evidence to the local Bureau of the CSRC at the place of the Company for approval before the chief compliance officer is effectively employed.</p> <p>The Company shall dismiss the chief compliance officer with proper reasons and shall submit the written report on the facts and reasons for the dismissal to the local Bureau of the CSRC at the place of the Company, within three working days from the specified date.</p>	<p><b>Article 178</b></p> <p>In the course of employing a chief compliance officer, the Company shall submit the curriculum vitae and relevant materials of evidence to the local Bureau of the CSRC at the place of the Company for approval before the chief compliance officer is effectively employed.</p> <p><u>Prior to the expiry of term of the chief compliance officer, the Company shall dismiss the chief compliance officer with proper reasons and shall submit the written report on the facts and reasons for the dismissal to the local Bureau of the CSRC at the place of the Company within 10 business days prior to the date of relevant Board meeting.</u></p>	<p>Article 19 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “When appointing a chief compliance officer, a securities and fund institution shall deliver the biography of such person and relevant certificates to relevant agencies of the CSRC. The appointment of the chief compliance officer of the securities company shall be subject to approval from relevant agencies of the CSRC.</p> <p>Prior to the expiry of term of the compliance officer, the securities and fund institutions shall dismiss the chief compliance officer with proper reasons and shall submit the written report on the reasons for the dismissal to relevant agencies of the CSRC within 10 business days prior to the date of relevant Board meeting.</p> <p>The proper reasons as set out under the previous clause shall include the individual application made by the chief compliance officer, or change of chief compliance officer under the order of the CSRC or its agencies, or there is evidence showing that such person is unable to perform normal duties or fails to be diligent and responsible, etc.”</p>



**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p><b>Article 179</b></p> <p>In the event that the chief compliance officer is unable to perform his duties or the post of the chief compliance officer is vacant, the Company shall appoint a senior management member to perform the duties on his behalf, and submit the written report to the local Bureau of the CSRC at the place of the Company, within three working days from the date of appointment.</p> <p>The management member shall not exercise the duties on behalf of the chief compliance officer for more than six months and shall not take charge concurrently of the department with duties in conflict with that of the compliance management.</p> <p>Where the post of the chief compliance officer is vacant, the Company shall employ the chief compliance officer as stipulated in the Articles of Association within six months.</p>	<p><b>Article 179</b></p> <p>In the event that the chief compliance officer is unable to perform his duties or the post of the chief compliance officer is vacant, <u>the chairman or chief operating officer shall perform the duties on his behalf, and submit the written report to the local Bureau of the CSRC at the place of the Company, within three working days from the date of such determination, the term of which shall not exceed six months.</u></p> <p><u>The chief compliance officer shall resign from his position by giving one month prior notice to the Board of the Company, and report to the local bureau of the CSRC. The chief compliance officer shall not cease performing his duties until his resignation has been approved.</u></p> <p>Where the post of the chief compliance officer is vacant, the Company shall employ the chief compliance officer as stipulated in the Articles of Association within six months.</p>	<p>Article 20 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “In the event that the chief compliance officer is unable to perform his duties or the post of the chief compliance officer is vacant, the chairman or chief operating officer of the securities and fund institution shall perform the duties on his behalf, and submit the written report to relevant agencies of the CSRC at the place of the Company, within three working days from the date of determination. The term of which shall not exceed six months.</p> <p>The chief compliance officer shall resign from his position by giving one month prior notice to the board of directors of the company, and report to relevant agencies of the CSRC. The chief compliance officer shall not cease performing his duties until his resignation has been approved.</p> <p>Where the post of the chief compliance officer is vacant, the Company shall employ the chief compliance officer as stipulated in the Article 18 of the Measures within six months.”</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p><b>Article 180</b></p> <p>The chief compliance officer shall perform the following duties according to the laws:</p> <p>(i) to proceed with the compliance examination concerning the internal management system, material decision making, new products and new business schemes of the Company and present the opinion of the compliance examination in writing;</p> <p>(ii) to proceed with the compliance supervision concerning the operation, management and practice conduct of the Company and its personnel, and proceed with regular and irregular inspection according to the requirements of the securities regulatory body and the stipulations of the Company;</p> <p>(iii) to organize and implement the anti-money laundering and information screening wall system of the Company;</p> <p>(iv) to provide compliance consultation and organize compliance training for the senior management members, various departments and branches, and handle the complaints and reports on the conduct of the Company and the personnel of the Company violating the laws and regulations;</p>	<p><b>Article 180</b></p> <p>The chief compliance officer shall perform the following duties according to the laws:</p> <p>(i) <u>to formulate basic rules for compliance management of the Company and other compliance management rules, and supervise various departments, branches and subsidiaries of the Company on the implementation of such rules;</u></p> <p>(ii) to proceed with the compliance examination concerning the internal management system, material decision making, new products and new business schemes of the Company and present the opinion of the compliance examination in writing;</p> <p>(iii) <u>to conduct supervision and inspection on the compliance of operating management and business behaviors of the Company and its staff pursuant to the requirements of the CSRC and its agencies and the rules of the Company;</u></p> <p>(iv) <u>to assist the Board and the senior management members in establishing and implementing the information screening wall system, conflict of interest management and anti-money laundering policy;</u></p>	<p>Under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “Article 11 Securities and fund institutions shall have chief compliance officers. A chief compliance officer is a senior executive who is directly responsible to the board of directors, and shall examine, supervise and inspect the compliance of the operation management and practicing behavior of the company and its staff members.</p> <p>A chief compliance officer may not concurrently hold a post that conflicts with the compliance management duties nor take charge of managing a department that conflicts with the compliance management duties.</p> <p>The bylaws of a securities and fund institution shall specify the duties of the chief compliance officer, and the conditions and procedures for his appointment and dismissal, among others.</p> <p>Article 12 The chief compliance officer of a securities and fund institution shall organize the drafting of the basic compliance management rules and other compliance management rules, and urge and guide the implementation of such rules by all subordinate entities.</p> <p>The basic compliance management rules shall specify the objectives and basic principles of compliance management, the setup of institutions and the duties thereof, as well as the reporting, handling and accountability of violations of laws and regulations and hidden compliance risks, among others.</p> <p>Where any law, regulation or norm changes, the chief compliance officer shall inform the board of directors or senior management of the company of the change, and supervise the relevant department to evaluate the impact of the change on the company’s compliance management and to modify and improve the relevant rules and business processes.</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p>(v) to report promptly to both the Board and the local Bureau of the CSRC at the place of the Company upon discovery of the conduct of the Company violating the laws and regulations or of hidden risks of compliance; in the case of involving violation of the normative and self-discipline rules of the industry, to report to the relevant self-discipline organization as well;</p> <p>to present opinion promptly to the relevant body or department of the Company to stop and handle the conduct violating the laws and regulations and the hidden risks of compliance; and to supervise the adjustment and rectification;</p> <p>(vi) to propose promptly to the Board or the senior management members of the Company in case of changes of laws, regulations and standards, and supervise the relevant department of the Company; assess such effects to the compliance management of the Company; and amend and optimize the relevant management system and business flow;</p> <p>(vii) to keep in touch with securities regulatory bodies and relevant self-discipline organizations; and take the initiative to comply with the work of securities regulatory bodies and relevant self-discipline organizations;</p>	<p>(v) to provide compliance consultation and organize compliance training for the senior management members, <u>various departments, branches and subsidiaries, and guide and supervise the Company and relevant departments to deal with the complaints and reports</u> on the conduct of the Company and the personnel of the Company violating the laws and regulations;</p> <p>(vi) to report promptly to both the Board and <u>chief operating officer</u> upon discovery of the conduct of the Company violating the laws and regulations or of hidden risks of compliance <u>pursuant to the Articles of Association, propose opinion to handle such conduct and hidden risks and supervise the rectification; supervise the Company to report to the local bureau of the CSRC at the place of the Company; directly report to the local Bureau of the CSRC at the place of the Company in case of failure of prompt reporting by the Company;</u> in the case of involving violation of the normative and self-discipline rules of the industry, to report to the relevant self-discipline organization as well;</p> <p>(vii) to propose promptly to the Board or the senior management members of the Company in case of changes of laws, regulations and standards, and <u>supervise the relevant department of the Company; assess such effects to the compliance management of the Company; and amend and optimize the relevant rules and business flow;</u></p>	<p>Article 13 The chief compliance officer of a securities and fund institution shall make compliance examination on the internal rules and regulations, major decisions, and new products and new business schemes, among others, of the securities and fund institution, and issue written compliance examination opinions.</p> <p>In the event that compliance review on application documents or report submitted by a securities and fund institution is required by the CSRC and its agencies or self-discipline organization, the chief compliance officer shall conduct review, and sign for the review opinion of such application documents or reports. Other relevant personnel, such as senior management members, shall be responsible for the truthfulness, accuracy and completeness of the basic facts and business data set out in application documents or reports.</p> <p>In the event that a securities and fund institution does not accept the compliance review opinion of the chief compliance officer, relevant matters shall be submitted to the board of directors for decision-making.</p> <p>Article 14 The chief compliance officer shall conduct supervision and inspection on the compliance of operating management and business behaviors of a securities and fund institution and its staff pursuant to the requirements of the CSRC and its agencies and the rules of the company.</p> <p>The chief compliance officer shall assist the board of directors and the senior management members in establishing and implementing the information screening wall system, conflict of interest management and anti-money laundering policy, as well as provide compliance consultation and organize compliance training for the senior management members, various departments, branches and subsidiaries, and guide and supervise the Company and relevant departments in handling the complaints and reports on the conduct of the Company and the personnel of the Company violating the laws and regulations pursuant to the rules of the company.</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p>(viii) other duties granted by laws, regulations, departmental rules, normative stipulations and the Board.</p>	<p>(viii) to keep in touch with securities regulatory bodies and relevant self-discipline organizations; and take the initiative to comply with the work of securities regulatory bodies and relevant self-discipline organizations;</p> <p>(ix) other compliance management duties granted by laws, regulations, departmental rules, normative stipulations and the Board.</p> <p><u>In the event that the Company does not accept the compliance review opinion of the chief compliance officer, relevant matters shall be submitted to the Board for decision-making.</u></p>	<p>Article 15 The chief compliance officer shall report to the board of directors and the chief operating officer on the compliance issue about operating management of the securities and fund institution and the progress of compliance management works pursuant to the rules of the Company.</p> <p>The chief compliance officer shall report promptly to both the board of directors and chief operating officer upon discovery of the conduct of the securities and fund institution violating the laws and regulations or of hidden risks of compliance pursuant to the articles of association of the company, as well as present opinion to stop and handle such conduct and hidden risks of compliance, and supervise the adjustment and rectification. At the same time, the chief compliance officer shall supervise the company in promptly reporting to relevant agencies of the CSRC; directly report to relevant agencies of the CSRC in case of failure of prompt reporting by the company; in the case of involving violation of the normative and self-discipline rules of the industry, to report to the relevant self-discipline organization as well.</p> <p>Article 16 The chief compliance officer shall promptly handle matters subject to investigation as required by the CSRC, its agencies and self-discipline organization, cooperate with the CSRC, its agencies and self-discipline organization in the inspection and investigation of the securities and fund institution, as well as supervise and evaluate the implementation of regulatory opinions and regulatory requirements.”</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p><b>Article 181</b></p> <p>The Company shall submit regularly the interim and annual compliance report to the local Bureau of the CSRC at the place of the Company. The compliance report shall be examined and adopted by the Board of the Company.</p> <p>The Board and the senior management members of the Company shall sign the confirmation of opinion on the compliance report and ensure the truth, accuracy and completeness of the contents of the report. Those with objection to the contents of the report shall indicate their opinion and reasons.</p>	<p><b>Article 181</b></p> <p>The Company shall submit the annual compliance report to the local Bureau of the CSRC at the place of the Company <u>when submitting the annual report.</u></p> <p>The Board and the senior management members of the Company shall sign the confirmation of opinion on the compliance report and ensure the truth, accuracy and completeness of the contents of the report. Those with objection to the contents of the report shall indicate their opinion and reasons.</p>	<p>Article 30 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “Securities and fund institutions shall submit the annual compliance report to relevant agencies of the CSRC when submitting the annual report. The annual compliance report shall include the following information:</p> <ol style="list-style-type: none"> <li>(1) Basic information about compliance management of the securities and fund institution and its subsidiaries at different levels;</li> <li>(2) Duty performance of the chief compliance officer;</li> <li>(3) Discovery of the conduct of the securities and fund institution violating the laws and regulations or of hidden risks of compliance, as well as relevant rectification;</li> <li>(4) Evaluation on the effectiveness of compliance management and relevant rectification;</li> <li>(5) Other information to be reported as required by the CSRC or its agencies, or information which is necessary from the point of view of the securities and fund institution.</li> </ol> <p>Directors and senior management members of securities and fund institutions shall sign the confirmation of opinion on the annual compliance report and ensure the truthfulness, accuracy and completeness of the contents of the report. Those with objection to the contents of the report shall indicate their opinions and reasons.”</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<b>Chapter Six General Manager and Other Senior Management Members</b>		
<p><b>Article 191</b></p> <p>In the execution of the Company’s duties, the senior management members shall abide by the laws, regulations, rules, regulatory documents and the Articles of Association, and perform the obligations faithfully and diligently.</p> <p>If a senior management member violates any laws, administrative rules, departmental rules and regulations and the provisions stipulated in the Articles of Association in the course of performing his duties of the Company and subsequently causes losses to the Company, he shall be liable for compensation.</p> <p>The senior management members shall abide by laws, administrative rules and the provisions stipulated in the Articles of Association when performing his duties related to compliance management and undertake the effectiveness of the Company’s compliance management.</p>	<p><b>Article 191</b></p> <p>In the execution of the Company’s duties, the senior management members shall abide by the laws, regulations, rules, regulatory documents and the Articles of Association, and perform the obligations faithfully and diligently.</p> <p>If a senior management member violates any laws, administrative rules, departmental rules and regulations and the provisions stipulated in the Articles of Association in the course of performing his duties of the Company and subsequently causes losses to the Company, he shall be liable for compensation.</p> <p>The senior management members shall abide by laws, administrative rules and the provisions stipulated in the Articles of Association, <u>and take charge of implementing the compliance management objectives, assume the responsibility for compliance operation, and perform the following compliance management duties:</u></p> <p>(i) <u>to establish and improve the organizational structure of compliance management, follow compliance management procedures, employ adequate and appropriate compliance managers, and provide sufficient human resources, material resources, financial resources and technical support and guarantee for their performance of duties;</u></p> <p>(ii) <u>to report and make rectifications of the violations of relevant laws and regulations, and implement the accountability;</u></p> <p>(iii) <u>other compliance management duties as stated in the Articles of Association or determined by the Board.</u></p>	<p>Article 9 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “The senior management of a securities and fund institution shall take charge of implementing the compliance management objectives, assume the responsibility for compliance operation, and perform the following compliance management duties:</p> <p>(1) Establishing and improving the organizational structure of compliance management, following compliance management procedures, employing adequate and appropriate compliance managers, and providing sufficient human resources, material resources, financial resources and technical support and guarantee for their performance of duties;</p> <p>(2) Reporting and making rectifications of the violations of laws and regulations found, and implementing the accountability;</p> <p>(3) Other compliance management duties as stated in the bylaws of the company or determined by the board of directors.”</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<b>Chapter Seven The Supervisory Committee</b>		
<p><b>Article 201</b></p> <p>The Supervisory Committee shall be accountable to the shareholders’ general meeting and shall perform the following duties:</p> <p>(i) to review the Company’s periodical reports prepared by the Board and to express its comments in writing;</p> <p>(ii) to inspect the Company’s financial position;</p> <p>(iii) to supervise the establishment and implement of internal control by the Board;</p> <p>(iv) to conduct supervision on comprehensive risk management of the Company and monitor the diligent performance of the Board and senior management in risk management and recommend their rectification;</p> <p>(v) to supervise the behaviors of the Directors and senior management members in performing their duties, and to advise on dismissal of any Directors and senior management members who are in breach of laws, administrative regulations, the Articles of Association or resolutions of the shareholders’ general meetings;</p>	<p><b>Article 201</b></p> <p>The Supervisory Committee shall be accountable to the shareholders’ general meeting and shall perform the following duties:</p> <p>(i) to review the Company’s periodical reports prepared by the Board and to express its comments in writing;</p> <p>(ii) to inspect the Company’s financial position;</p> <p>(iii) to supervise the establishment and implement of internal control by the Board;</p> <p>(iv) to conduct supervision on comprehensive risk management of the Company and monitor the diligent performance of the Board and senior management in risk management and recommend their rectification;</p> <p>(v) <u>to supervise the performance of compliance management duties performed by directors and senior management;</u></p>	<p>Article 8 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “The board of supervisors or a supervisor of a securities and fund institution shall perform the following compliance management duties:</p> <p>(1) Supervising the performance of compliance management duties by directors and senior management;</p> <p>(2) Proposing the dismissal of the directors and senior management who assume the primary or leadership responsibility for the occurrence of major compliance risks;</p> <p>(3) Other compliance management duties as stated in the articles of association of the company.”</p>

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p>(vi) to enquire on the conduct of Directors and senior management members;</p> <p>(vii) to demand the Directors and senior management members to rectify their errors if they have acted in a harmful manner to the Company's interest;</p> <p>(viii) to propose to convene an extraordinary general meeting, and where the Board fails to perform the duties in relation to convening or presiding over a shareholders' general meeting as required by the Company Law, to convene and preside over the shareholders' general meeting;</p> <p>(ix) to engage an accountant firm qualified for engaging securities related business to conduct the audits on retiring or resigning senior management members;</p> <p>(x) to propose motions in a shareholders' general meeting;</p> <p>(xi) to take legal actions against Directors and senior management members in accordance with Article 152 of the Company Law;</p>	<p><u>(vi)</u> to supervise the behaviors of the Directors and senior management members in performing their duties, and to advise on dismissal of any Directors and senior management members who are in breach of laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meetings, <u>or assume the primary or leadership responsibility for the occurrence of major compliance risks;</u></p> <p><u>(vii)</u> to enquire on the conduct of Directors and senior management members;</p> <p><u>(viii)</u> to demand the Directors and senior management members to rectify their errors if they have acted in a harmful manner to the Company's interest;</p> <p><u>(ix)</u> to propose to convene an extraordinary general meeting, and where the Board fails to perform the duties in relation to convening or presiding over a shareholders' general meeting as required by the Company Law, to convene and preside over the shareholders' general meeting;</p> <p><u>(x)</u> to engage an accountant firm qualified for engaging securities related business to conduct the audits on retiring or resigning senior management members;</p> <p><u>(xi)</u> to propose motions in a shareholders' general meeting;</p>	



**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p>(xii) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, to conduct investigations whenever queries or unusual conditions of operation of the Company arises and if necessary, to engage professional personnel such as certified public accountants, practising auditors and lawyers to assist in the investigations;</p> <p>(xiii) to conduct investigations whenever unusual conditions of operation, financial conditions and compliance of the Company arise and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations. Any reasonable costs arising therefore shall be borne by the Company;</p> <p>(xiv) to exercise other authorities as authorized by the Articles of Association or the shareholders' general meetings.</p>	<p><u>(xii)</u> to take legal actions against Directors and senior management members in accordance with Article 152 of the Company Law;</p> <p><u>(xiii)</u> to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, to conduct investigations whenever queries or unusual conditions of operation of the Company arises and if necessary, to engage professional personnel such as certified public accountants, practising auditors and lawyers to assist in the investigations;</p> <p><u>(xiv)</u> to conduct investigations whenever unusual conditions of operation, financial conditions and compliance of the Company arise and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations. Any reasonable costs arising therefore shall be borne by the Company;</p> <p><u>(xv)</u> to exercise other authorities as authorized by the Articles of Association or the shareholders' general meetings.</p>	

**ANNEX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p><b>Article 202</b></p> <p>The Supervisory Committee may require the Directors, personnel of manager level and other related personnel to attend meetings of the Supervisory Committee to answer any questions raised by the Supervisory Committee.</p> <p>When the Supervisory Committee investigate the conduct of Directors, personnel of manager level of the Company in the performance of their duties, it may understand the situation through the Directors, personnel of manager level and the other involved personnel of the Company, who should provide assistance.</p> <p>The Supervisory Committee shall carry out his/her compliance management duties in accordance with the requirements of the laws, regulations and the Articles of Association, and shall be responsible for the validity of the compliance management of the Company.</p>	<p><b>Article 202</b></p> <p>The Supervisory Committee may require the Directors, personnel of manager level and other related personnel to attend meetings of the Supervisory Committee to answer any questions raised by the Supervisory Committee.</p> <p>When the Supervisory Committee investigate the conduct of Directors, personnel of manager level of the Company in the performance of their duties, it may understand the situation through the Directors, personnel of manager level and the other involved personnel of the Company, who should provide assistance.</p>	<p>The compliance management duties of the Supervisory Committee have been incorporated into Article 201.</p>

## Comparison Chart of Amendments to the Rules of Procedure for the Board

Original article	To be amended as	Basis
<p><b>Article 2</b></p> <p>Duties of the Board</p> <p>The Board exercises the following powers:</p> <p>(i) to convene shareholders' general meetings and report its work to the shareholders' general meeting;</p> <p>(ii) to implement the resolutions of shareholders' general meetings;</p> <p>(iii) to decide on the Company's business plans and investment plans;</p> <p>(iv) to formulate the Company's plans on annual financial budgets and final accounts;</p> <p>(v) to formulate the Company's profit distribution plans and plans on making up losses;</p> <p>(vi) to formulate the proposal for increase or decrease of the registered capital of the Company, issue and listing of bonds or other securities of the Company;</p> <p>(vii) to formulate plans for substantial acquisition, repurchase of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;</p>	<p><b>Article 2</b></p> <p>Duties of the Board</p> <p>The Board exercises the following powers:</p> <p>(i) to convene shareholders' general meetings and report its work to the shareholders' general meeting;</p> <p>(ii) to implement the resolutions of shareholders' general meetings;</p> <p>(iii) to decide on the Company's business plans and investment plans;</p> <p>(iv) to formulate the Company's plans on annual financial budgets and final accounts;</p> <p>(v) to formulate the Company's profit distribution plans and plans on making up losses;</p> <p>(vi) to formulate the proposal for increase or decrease of the registered capital of the Company, issue and listing of bonds or other securities of the Company;</p> <p>(vii) to formulate plans for substantial acquisition, repurchase of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;</p>	<p>Article 7 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, "The board of directors of a securities and fund institution shall determine the compliance management objectives of the company, assume responsibility for the effectiveness of compliance management, and perform the following compliance management duties:</p> <p>(1) Considering and approving the basic compliance management rules;</p> <p>(2) Considering and approving the annual compliance report;</p> <p>(3) Deciding to dismiss the senior executives who assume the primary and leadership responsibility for the occurrence of major compliance risks;</p> <p>(4) Deciding to appoint, dismiss, or assess chief compliance officer, and deciding the remuneration and treatment thereof;</p> <p>(5) Establishing the mechanism for direct communication with chief compliance officer;</p> <p>(6) Evaluating the effectiveness of compliance management, and supervising the resolution of problems existing in compliance management;</p> <p>(7) Other compliance management duties as stated in the bylaws of the company."</p>

Original article	To be amended as	Basis
(viii) to determine external investments, acquisition and disposal of assets, assets pledge, external guarantees matters and connected transactions of the Company within the authorisation of the shareholders' general meeting;	(viii) to determine external investments, acquisition and disposal of assets, assets pledge, external guarantees matters and connected transactions of the Company within the authorisation of the shareholders' general meeting;	
(ix) to formulate the implementation plan of the long-term incentives program for the management and employees;	(ix) to formulate the implementation plan of the long-term incentives program for the management and employees;	
(x) to determine the establishment of the Company's internal management structure;	(x) to determine the establishment of the Company's internal management structure;	
(xi) to appoint or dismiss general manager, the secretary to the Board, General Compliance Officer and, based on the nomination by the general manager, to appoint or dismiss senior management members including deputy general manager, chief financial officer, chief information officer, and chief risk officer of the Company and to determine their remunerations, incentives and punishments;	(xi) to appoint or dismiss general manager, the secretary to the Board, General Compliance Officer and, based on the nomination by the general manager, to appoint or dismiss senior management members including deputy general manager, chief financial officer, chief information officer, and chief risk officer of the Company and to determine their remunerations, incentives and punishments;	
(xii) to formulate the basic management system of the Company; and based on the approved business scopes and the Company's own business managing characteristics to establish a clear and effective internal control mechanism, so as to formulate a comprehensive and practicable internal control system;	(xii) to formulate the basic management system of the Company; and based on the approved business scopes and the Company's own business managing characteristics to establish a clear and effective internal control mechanism, so as to formulate a comprehensive and practicable internal control system;	
(xiii) to formulate proposals for amendment to the Articles of Association;	(xiii) to formulate proposals for amendment to the Articles of Association;	

Original article	To be amended as	Basis
<p>(xiv) to manage information disclosure of the Company;</p> <p>(xv) to propose at the shareholders' general meetings for the appointment or change of accountants' firm conducting auditing for the Company;</p> <p>(xvi) to hear the work report and inspect the work of the general manager;</p> <p>(xvii) to consider and approve the fundamental system of compliance management and the compliance reports; responsible for monitoring the implementation of compliance policies;</p> <p>(xviii) to undertake the ultimate responsibility of comprehensive risk management; and</p> <p>(xix) to exercise any other powers specified in relevant laws, administrative regulations, departmental rules and conferred by the Articles of Association.</p> <p>The Board resolutions related to the increase or decrease of registered capital, bonds issue, merger, spin-off, dissolution and amendment to the Articles of Association, shall be passed by more than two-thirds of the Directors.</p> <p>When the Board is not in session, the Chairman of the Board shall supervise and examine the execution of resolutions of the Board, and listen to the report of the general manager on the execution of the resolutions of the Board.</p>	<p>(xiv) to manage information disclosure of the Company;</p> <p>(xv) to propose at the shareholders' general meetings for the appointment or change of accountants' firm conducting auditing for the Company;</p> <p>(xvi) to hear the work report and inspect the work of the general manager;</p> <p>(xvii) <u>to determine the compliance management objectives of the Company, and assume responsibility for the effectiveness of compliance management, including but not limited to, to consider and approve the fundamental system of compliance management and the annual compliance reports, to evaluate the effectiveness of compliance management, and to supervise the resolution of problems existing in compliance management;</u></p> <p>(xviii) to undertake the ultimate responsibility of comprehensive risk management;</p> <p>(xix) to exercise any other powers specified in relevant laws, administrative regulations, departmental rules and conferred by the Articles of Association.</p> <p>The Board resolutions related to the increase or decrease of registered capital, bonds issue, merger, spin-off, dissolution and amendment to the Articles of Association, shall be passed by more than two-thirds of the Directors.</p> <p>When the Board is not in session, the Chairman of the Board shall supervise and examine the execution of resolutions of the Board, and listen to the report of the general manager on the execution of the resolutions of the Board.</p>	

Original article	To be amended as	Basis
<p><b>Article 3</b></p> <p>The Board shall determine the matters of external investment, acquisition and sale of assets, asset pledge, external guarantee, scope of powers for connected transactions, establish stringent examination and decision making procedures, organize relevant specialists or professional personnel to assess and examine any material investment projects, and report such investment projects to the shareholders' general meeting for approval.</p> <p>The Board shall be entitled to determine the following matters:</p> <p>(i) the disposal of assets not within the approval authority of the shareholders' general meeting stipulated by Article 64 of the Articles of Association;</p> <p>(ii) the guarantee not within the approval authority of the shareholders' general meeting stipulated by Article 65 of the Articles of Association;</p> <p>(iii) to approve an application of funds for external investment, the value of which does not exceed 10% of the latest audited net assets of the Company; and</p> <p>(iv) the connected transactions which shall be resolved by the Board according to the disclosure requirements of the local listing rules at the place where the Company is listed.</p> <p>The Board shall discharge the obligations in respect of compliance management in accordance with the laws, regulations and provisions of the Articles of Association and shall be responsible for the effectiveness of the compliance management of the Company.</p>	<p><b>Article 3</b></p> <p>The Board shall determine the matters of external investment, acquisition and sale of assets, asset pledge, external guarantee, scope of powers for connected transactions, establish stringent examination and decision making procedures, organize relevant specialists or professional personnel to assess and examine any material investment projects, and report such investment projects to the shareholders' general meeting for approval.</p> <p>The Board shall be entitled to determine the following matters:</p> <p>(i) the disposal of assets not within the approval authority of the shareholders' general meeting stipulated by Article 64 of the Articles of Association;</p> <p>(ii) the guarantee not within the approval authority of the shareholders' general meeting stipulated by Article 65 of the Articles of Association;</p> <p>(iii) to approve an application of funds for external investment, the value of which does not exceed 10% of the latest audited net assets of the Company; and</p> <p>(iv) the connected transactions which shall be resolved by the Board according to the disclosure requirements of the local listing rules at the place where the Company is listed.</p>	<p>The compliance management duties of the Board have been incorporated into Article 2.</p>

**Comparison Chart of Amendments to the Rules of Procedure for the  
Supervisory Committee**

Original article	To be amended as	Basis
<p><b>Article 2</b></p> <p>Duties of the Supervisory Committee</p> <p>(i) to review the Company’s periodical reports prepared by the Board of Directors (the “Board”) and to express its comments in writing;</p> <p>(ii) to inspect the Company’s financial position. Chief Financial Officer of the Company shall regularly and truthfully report the analysis on financial statements to the Supervisory Committee;</p> <p>(iii) to supervise the establishment and implementation of internal control by the Board;</p> <p>(iv) to conduct supervision on comprehensive risk management of the Company and monitor the diligent performance of the Board and senior management in risk management and recommend their rectification;</p> <p>(v) to supervise the behaviours of the Directors and senior management members in performing their duties, and to advise on dismissal of any Directors and senior management members who are in breach of laws, administrative regulations, the Articles of Association or resolutions of the shareholders’ general meetings;</p>	<p><b>Article 2</b></p> <p>Duties of the Supervisory Committee</p> <p>(i) to review the Company’s periodical reports prepared by the Board of Directors (the “Board”) and to express its comments in writing;</p> <p>(ii) to inspect the Company’s financial position. Chief Financial Officer of the Company shall regularly and truthfully report the analysis on financial statements to the Supervisory Committee;</p> <p>(iii) to supervise the establishment and implementation of internal control by the Board;</p> <p>(iv) to conduct supervision on comprehensive risk management of the Company and monitor the diligent performance of the Board and senior management in risk management and recommend their rectification;</p> <p>(v) <u>to supervise the performance of compliance management duties performed by directors and senior management;</u></p>	<p>Article 8 under the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, “The board of supervisors or a supervisor of a securities and funds business institution shall perform the following compliance management duties:</p> <p>(1) Supervising the performance of compliance management duties by directors and senior management.</p> <p>(2) Proposing the dismissal of the directors and senior management who assume the primary or leadership responsibility for the occurrence of major compliance risks.</p> <p>(3) Other compliance management duties as stated in the articles of association of the company.”</p>

Original article	To be amended as	Basis
<p>(vi) to enquire on the conduct of Directors and senior management members;</p> <p>.....</p> <p>(xiv) to exercise other authorities as authorized by the Articles of Association or the shareholders' general meetings.</p> <p>The Supervisory Committee may require the Directors, personnel of manager level and other related personnel to attend meetings of the Supervisory Committee to answer any questions raised by the Supervisory Committee.</p> <p>When the Supervisory Committee investigate the conduct of Directors, personnel of manager level of the Company in the performance of their duties, it may understand the situation through the Directors, personnel of manager level and the other involved personnel of the Company, who should provide assistance.</p> <p>The Supervisory Committee shall carry out his/her compliance management duties in accordance with the requirements of the laws, regulations and the Articles of Association, and shall be responsible for the validity of the compliance management of the Company.</p>	<p>(vi) to supervise the behaviours of the Directors and senior management members in performing their duties, and to advise on dismissal of any Directors and senior management members who are in breach of laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meetings, <u>and assume the primary or leadership responsibility for the occurrence of major compliance risks;</u></p> <p>(vii) to enquire on the conduct of Directors and senior management members;</p> <p>.....</p> <p>(xv) to exercise other authorities as authorized by the Articles of Association or the shareholders' general meetings.</p> <p>The Supervisory Committee may require the Directors, personnel of manager level and other related personnel to attend meetings of the Supervisory Committee to answer any questions raised by the Supervisory Committee.</p> <p>When the Supervisory Committee investigate the conduct of Directors, personnel of manager level of the Company in the performance of their duties, it may understand the situation through the Directors, personnel of manager level and the other involved personnel of the Company, who should provide assistance.</p>	