
NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING



(GDR under the symbol: "HTSC")

NOTICE OF THE FIRST EGM OF 2021

NOTICE IS HEREBY GIVEN that the EGM of the Company will be held at Conference room, Renaissance Nanjing Olympic Centre Hotel, 139 Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC on Monday, February 8, 2021 at 2:00 p.m., to consider the following issues:

ORDINARY RESOLUTION

1. To consider and approve the resolution on the election of Mr. Ke Xiang as a non-executive Director of the fifth session of the Board

SPECIAL RESOLUTIONS

2. To consider and approve the resolution on the general mandate to issue onshore and offshore debt financing instruments of the Company
3. To consider and approve the resolution on amendments to the Rules of Procedure for General Meeting of Huatai Securities Co., Ltd.
4. To consider and approve the resolution on the Restricted Share Incentive Scheme of A Shares (Draft) and its Summary
5. To consider and approve the resolution on the Administrative Measures for the Restricted Share Incentive Scheme of A Shares
6. To consider and approve the resolution on the Administrative Measures for the Implementation and Appraisal of the Restricted Share Incentive Scheme of A Shares
7. To consider and approve the resolution on the Grant of Authorization by the General Meeting to the Board to Handle Matters in Relation to the Restricted Share Incentive Scheme of A Shares

Huatai Securities Co., Ltd.
January 7, 2021

DEFINITIONS

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

“A Share(s)”	domestic Shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB and are listed and traded on the Shanghai Stock Exchange
“Administrative Measures for the Share Incentives”	the Administrative Measures for the Share Incentives of Listed Companies (CSRC Order No. 148)
“Announcement 35”	the Opinion on Supporting Share Repurchase of Listed Companies (CSRC Announcement [2018] No. 35)
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“Board”	the board of directors of the Company
“CEO”	the chief executive officer of the Company
“Company”	a joint stock company incorporated in the PRC with limited liability under the corporate name 华泰证券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 华泰证券有限责任公司 (Huatai Securities Limited Liability Company) on December 7, 2007, carrying on business in Hong Kong as “HTSC”, and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance under the Chinese approved name of “華泰六八八六股份有限公司” and English name of “Huatai Securities Co., Ltd.”; the H Shares of which have been listed on the main board of the Hong Kong Stock Exchange since June 1, 2015 (Stock Code: 6886); the A Shares of which have been listed on the Shanghai Stock Exchange since February 26, 2010 (Stock Code: 601688); the global depository receipts of which have been listed on the London Stock Exchange plc since June 2019 (Symbol: HTSC), unless the context otherwise requires, including its predecessor
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Document 171”	the Notice on Issues Concerning Regulating the Implementation of the Share Incentive System by the State-owned Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171)
“Document 175”	the Trial Measures for the Implementation of Share Incentives by State-owned Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175)
“EGM”	the 2021 first extraordinary general meeting to be held by the Company at Conference room, Renaissance Nanjing Olympic Centre Hotel, 139 Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC on Monday, February 8, 2021 at 2:00 p.m.
“Grant Date”	the date on which the Company grants the Restricted Shares to the Incentive Participants and the Grant Date must be a trading day
“Grant Price”	the price at which an A Share is granted to the Incentive Participants
“Group”	the Company and its subsidiaries, and their respective predecessors
“H Share(s)”	foreign Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and are listed on the Hong Kong Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holder(s) of A Share(s)”	holder(s) of A Shares
“Holder(s) of H Share(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Implementation Rules for Share Repurchase”	the Implementation Rules of the Shanghai Stock Exchange for Share Repurchase by Listed Companies
“Incentive Participant(s)”	the person(s) to whom the Restricted Shares are to be granted under the Incentive Scheme
“Incentive Scheme”	the restricted share incentive scheme of A Shares of the Company
“Latest Practicable Date”	January 4, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“PBOC”	the People’s Bank of China
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Rules of Procedure for General Meeting”	the Rules of Procedure for General Meeting of Huatai Securities Co., Ltd., as amended, supplemented or otherwise modified from time to time
“Restricted Shares”	a certain number of shares granted by the Company to the Incentive Participants on such conditions, and at such prices, as specified under the Incentive Scheme. Such shares are subject a certain Lock-up Period and such lock-up restrictions can be lifted only when the conditions for lifting such restrictions under the Incentive Scheme have been satisfied
“Securities Law”	the Securities Law of the People’s Republic of China
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company, comprising A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Shares

DEFINITIONS

“Supervisor(s)”	supervisors of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent.

INFORMATION ON THE RESOLUTIONS

Ordinary Resolution:

1. Resolution on the election of Mr. Ke Xiang as a non-executive Director of the fifth session of the Board

Reference is made to the announcement of the Company dated December 31, 2020 in relation to, among other things, the Board's proposed election of Mr. Ke Xiang as a non-executive Director of the fifth session of the Board.

According to the relevant requirements of the Rules for Governance of Securities Companies (《證券公司治理準則》) promulgated by the CSRC and the Articles of Association, Shareholders(s) severally or jointly holding no less than 3% of the outstanding voting shares of the Company may recommend candidates for Directors (not being staff representatives) to the Board.

Recently, the Company received the Letter on Change of Candidate for Director of Huatai Securities Co., Ltd. from Govtor Capital Group Co., Ltd., a Shareholder holding no less than 3% of the outstanding voting shares of the Company. According to work requirements, Govtor Capital Group Co., Ltd. has nominated Mr. Ke Xiang as a candidate for non-executive Director of the fifth session of the Board, and Mr. Xu Qing will cease to be a non-executive Director of the fifth session of the Board.

According to the newly amended Securities Law of the People's Republic of China and the CSRC's Announcement on Various Issues in relation to the Cancellation or Adjustment of Certain Administrative Approval Projects of Securities Companies (CSRC Announcement [2020] No. 18) (《關於取消或調整證券公司部分行政審批項目等事項的公告》(證監會公告[2020]18號)) and other relevant regulations, directors of a securities company are no longer required to be qualified by the regulatory authorities before taking office. Therefore, upon passing of the resolution on the election of Mr. Ke Xiang as a candidate for non-executive Director of the fifth session of the Board at the EGM, Mr. Ke Xiang will enter into a service contract with the Company as a replacement for Mr. Xu Qing to perform his duties as a non-executive Director of the fifth session of the Board for a term until the end of the term of the current session of the Board. Pursuant to the Articles of Association, Mr. Ke Xiang shall be eligible for re-election upon the expiry of his term of office.

The biographical details of Mr. Ke Xiang and other information related to his appointment are set out below:

Mr. Ke Xiang, born in June 1974, holds a Doctoral degree in management and is a senior engineer. From August 1996 to October 2002, he successively served as staff member of the infrastructure investment division, staff member and deputy senior staff member of the agriculture division of Jiangsu Provincial Department of Finance. From October 2002 to August 2020, he worked at Jiangsu Communications Holding Company Limited and successively served as assistant to the director of the office, deputy director of the office, deputy director of the operation and safety department, deputy director of the Toll Management

Center of Expressway Network of Jiangsu Province, director of the Information Center and deputy director of the office, director of the development strategy and policy regulation research office, deputy director of the investment and development department, director of the strategic research office, deputy director of the corporate management and legal affairs department, and director of the strategic planning department. Since August 2020, he has been deputy general manager, member of the party committee and general counsel of Govtor Capital Group Co., Ltd. Currently, Mr. Ke Xiang is also a director of Jiangsu Sutong Bridge Co., Ltd.* (江蘇蘇通大橋有限責任公司), a director of Suzhou Jinling Nanlin Hotel Co., Ltd.* (蘇州金陵南林飯店有限責任公司), a supervisor of Jiangsu Expressway Network Operation and Management Co., Ltd.* (江蘇高速公路聯網營運管理有限公司) and a supervisor of Jiangsu Yanjiang Expressway Co., Ltd.* (江蘇沿江高速公路有限公司). Govtor Capital Group Co., Ltd., with which Mr. Ke Xiang is employed, is wholly-owned by the State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government, the de facto controller of the Company.

Mr. Ke Xiang will not receive remuneration from the Company during his term of office as a non-executive Director.

As of the Latest Practicable Date, Mr. Ke Xiang has not been subject to any punishment from the CSRC or other relevant authorities or any penalty from stock exchanges in the past three years. Save as disclosed in this circular, Mr. Ke Xiang does not have other relationship with Directors, Supervisors, senior management, substantial Shareholders or controlling Shareholders of the Company; he does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); he does not and did not participate in any matters that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Hong Kong Listing Rules; he did not hold any directorship of any other listed companies or any other position in any member of the Group in the last three years, and there are no other matters that need to be brought to the attention of the Shareholders.

This resolution was considered and approved by the Board on December 31, 2020 and is hereby proposed at the EGM for consideration and approval.

Special Resolutions:

2. Resolution on the general mandate to issue onshore and offshore debt financing instruments of the Company

References are made to the circular of the Company dated May 10, 2019 and the poll results announcement of the annual general meeting for the year 2018 of the Company dated June 26, 2019 respectively, in relation to, inter alia, the Resolution on the General Mandate to Issue Onshore and Offshore Debt Financing Instruments of the Company considered and approved at the 2018 annual general meeting of the Company, which authorized the Company to use various onshore and offshore debt financing instruments other than interbank borrowing and bond repurchase for debt financing, with the total amount of debt financing not exceeding 250% (inclusive) of the net assets of the Company as at the end of the latest period (calculated

* For identification purposes only

based on the balance to be repaid after the issuance and translated based on the central parity rate published by the PBOC at the time of each issuance if issued in foreign currencies). The authorization shall be valid for 36 months from the date of consideration and approval at the general meeting, which will expire on June 25, 2022. Although the general mandate has not expired, taking into account the increasingly diversified types of debt financing instruments available to the Company during the authorization period (including financial bonds, public issuance of short-term corporate bonds, public issuance of subordinated bonds, etc.), coupled with the rapid development of the Company's refinancing business, the existing types of financing instruments and the size of financing shall be adjusted accordingly.

In order to ensure the smooth implementation of relevant financing activities, promptly grasp the market opportunities, satisfy the business development needs of the Company, replenish the working capital of the Company in a timely manner, adjust its debt structure, and improve the efficiency of capital operation of the Company under the premise of controllable risks, it is hereby proposed at the general meeting to authorize the Board and agree with it to further authorize the authorized persons (an authorized team comprising the Chairman, the CEO and the Chief Financial Officer of the Company) to make decisions on the issuance of the onshore and offshore debt financing instruments of the Company. The authorized persons may jointly or severally sign relevant documents according to the importance of the authorized matters.

Details of the resolution on the general mandate to issue onshore and offshore debt financing instruments of the Company are set out in Appendix I to this circular.

This resolution was considered and approved by the Board on December 31, 2020 and is hereby proposed at the EGM for consideration and approval.

3. Resolution on the amendments to the Rules of Procedure for General Meeting of Huatai Securities Co., Ltd.

In order to further improve corporate governance, pursuant to the Securities Law, the Approval of the State Council on the Adjustment to the Provisions Applicable to the Notice Period for Convening General Meetings and Other Matters Applicable to Overseas Listed Companies, the Rules for Governance of Listed Companies, the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant laws, regulations, normative documents and the relevant requirements of the Articles of Association, and taking into account the actual circumstances of the Company, the Company proposes to amend certain provisions of the existing Rules of Procedure for General Meeting.

Details of the proposed amendments to the Rules of Procedure for General Meeting are set out in Appendix II to this circular.

The proposed amendments to the Rules of Procedure for General Meeting are subject to the approval of the Shareholders at the general meeting. The amended Rules of Procedure for General Meeting shall become effective from the date of approval by the general meeting. Prior to that, the existing Rules of Procedure for General Meeting shall remain effective.

This resolution was considered and approved by the Board on December 31, 2020 and is hereby proposed at the EGM for consideration and approval.

4. *Resolution on the Restricted Share Incentive Scheme of A Shares (Draft) and its Summary*

Reference is made to the announcement dated December 31, 2020 of the Company in relation to, among others, the proposed adoption of the restricted share incentive scheme of A Shares.

In order to deepen the mixed ownership reform of state-owned enterprises, stimulate the vitality of the Company, strengthen the matching of employees' income and risks, and establish and improve the long-term incentive and restraint mechanism of the Company, the Company has formulated the Restricted Share Incentive Scheme of A Shares (Draft) and its Summary in accordance with the Company Law, the Securities Law, the Opinions of the State Council on Further Improving the Quality of Listed Companies, the Document 175, the Document 171, the Announcement 35, the Administrative Measures for the Share Incentives and other relevant laws, regulations, normative documents and the Articles of Association, and proposed to grant the Restricted Shares to the Incentive Participants.

The Incentive Scheme does not constitute a share option scheme under Chapter 17 of the Hong Kong Listing Rules.

Under the Incentive Scheme, the Restricted Shares will be granted to Mr. Zhou Yi. Mr. Zhou Yi is the CEO, director of the Executive Committee and executive Director of the Company and is a connected person of the Company in accordance with the Hong Kong Listing Rules. The Restricted Shares granted to Mr. Zhou Yi under the Incentive Scheme will form part of his remunerations under his Directors' service contract and thus can be fully exempted from the reporting, announcement and independent shareholders' approval requirements in relation to connected transactions under Rules 14A.73(6) and 14A.95 of the Hong Kong Listing Rules. Mr. Zhou Yi has abstained from voting on the resolutions in relation to the Incentive Scheme at the meeting of the Board.

Please refer to the announcement of the Company dated December 31, 2020 for the summary of the Incentive Scheme. Details of the Incentive Scheme (Draft) are set out in Appendix III to this circular.

This resolution was considered and approved by the Board on December 31, 2020 and is hereby proposed at the EGM for consideration and approval.

5. *Resolution on the Administrative Measures for the Restricted Share Incentive Scheme of A Shares*

In order to implement the Incentive Scheme, the Company has formulated the Administrative Measures for the Restricted Share Incentive Scheme of A Shares in accordance with the Company Law, the Securities Law, the Opinions of the State Council on Further Improving the Quality of Listed Companies, the Document 175, the Document 171, the

Announcement 35, the Administrative Measures for the Share Incentives and other relevant laws, regulations, normative documents and the Articles of Association to specify the management body of the Incentive Scheme and its responsibilities, the implementation procedures and the handling of special circumstances, etc.

Details of the Administrative Measures for the Restricted Share Incentive Scheme of A Shares are set out in Appendix IV to this circular.

This resolution was considered and approved by the Board on December 31, 2020 and is hereby proposed at the EGM for consideration and approval.

6. Resolution on the Administrative Measures for the Implementation and Appraisal of the Restricted Share Incentive Scheme of A Shares

In order to ensure the smooth implementation of the Incentive Scheme, the Company has formulated the Administrative Measures for the Implementation and Appraisal of the Restricted Share Incentive Scheme of A Shares in accordance with the Company Law, the Securities Law, the Opinions of the State Council on Further Improving the Quality of Listed Companies, the Document 175, Document 171, Announcement 35, the Administrative Measures for the Share Incentives and other relevant laws, regulations and normative documents to ensure that the grant and unlocking of the Restricted Shares of the Incentive Participants are regulated and safeguard the fairness and effectiveness of the Incentive Scheme.

Details of the Administrative Measures for the Implementation and Appraisal of the Restricted Share Incentive Scheme of A Shares are set out in Appendix V to this circular.

This resolution was considered and approved by the Board on December 31, 2020 and is hereby proposed at the EGM for consideration and approval.

7. Resolution on the Grant of Authorization to the Board by the General Meeting to Handle Matters in Relation to the Restricted Share Incentive Scheme of A Shares

In order to ensure the smooth implementation of the Incentive Scheme, the Board proposed to the general meeting to authorize the Board to handle matters in relation to the implementation of the Incentive Scheme.

Details of the proposed grant of authorization to the Board to handle matters in relation to the Incentive Scheme are set out in Appendix VI to this circular.

This resolution was considered and approved by the Board on December 31, 2020 and is hereby proposed at the EGM for consideration and approval.

Dear Shareholders,

On June 26, 2019, the Resolution on the General Mandate to Issue Onshore and Offshore Debt Financing Instruments of the Company was considered and approved at the 2018 annual general meeting of the Company, which authorized the Company to use various onshore and offshore debt financing instruments other than interbank borrowing and bond repurchase for debt financing, with the total amount of debt financing not exceeding 250% (inclusive) of the net assets of the Company as at the end of the latest period (calculated based on the balance to be repaid after the issuance and translated based on the central parity rate published by the PBOC at the time of each issuance if issued in foreign currencies). The authorization shall be valid for 36 months from the date of consideration and approval at the general meeting, which will expire on June 25, 2022. Although the general mandate has not expired, taking into account the increasingly diversified types of debt financing instruments available to the Company during the authorization period (including financial bonds, public issuance of short-term corporate bonds, public issuance of subordinated bonds, etc.), coupled with the rapid development of the Company's refinancing business, the existing types of financing instruments and the size of financing shall be adjusted accordingly.

In order to ensure the smooth implementation of relevant financing activities, promptly grasp the market opportunities, satisfy the business development needs of the Company, replenish the working capital of the Company in a timely manner, adjust its debt structure, and improve the efficiency of capital operation of the Company under the premise of controllable risks, it is hereby proposed at the general meeting to authorize the Board and agree with it to further authorize the authorized persons (an authorized team comprising the Chairman, the CEO and the Chief Financial Officer of the Company) to make decisions on the issuance of onshore and offshore debt financing instruments of the Company. The authorized persons may jointly or severally sign relevant documents according to the importance of the authorized matters. Details are as follows:

I. ISSUER AND METHOD OF ISSUANCE

The onshore and offshore debt financing instruments of the Company will be issued by the Company or its domestic and overseas wholly-owned subsidiaries as the issuer (or the Company or a wholly-owned subsidiary as the original beneficial holder and asset service provider in case of the issuance of asset-backed securities) on a one-off or multiple issuance or multi-tranche issuance basis through public offering in the PRC and overseas or by private placement to professional investors, or by other methods permitted by regulatory authorities.

II. TYPE OF DEBT FINANCING INSTRUMENTS

The types of onshore and offshore debt financing instruments of the Company include, but are not limited to, securities corporate short-term financing bills, financial bonds, corporate bonds, short-term corporate bonds, subordinated bonds, subordinated debts, renewable bonds, exchangeable bonds, beneficiary certificates, asset-backed securities issued in the PRC and

other domestic debt financing instruments as approved, filed or recognized by the regulatory authorities and other relevant authorities in accordance with the relevant regulations; as well as foreign currency or offshore RMB bonds, subordinated bonds, subordinated debts, public offering bonds and private placement bonds, notes (including but not limited to commercial papers and structured notes) withdrawn for issuance under the medium-term notes program, bank loans or syndicated loans issued overseas as well as other overseas debt financing instruments as approved, filed or recognized by the relevant regulatory authorities.

The onshore and offshore debt financing instruments of the Company involved in this resolution do not contain any provision for conversion into shares.

III. ISSUE SIZE OF DEBT FINANCING INSTRUMENTS

The total size of the Company's onshore and offshore debt financing instruments shall not exceed 400% (inclusive) of the net assets of the Company in the latest period (calculated based on the balance to be repaid after the issuance, excluding inter-bank borrowings, repurchase and prime brokerage financing used as working capital for daily operation; and translated based on the central parity rate published by the PBOC at the time of each issuance if issued in foreign currencies). The specific issue size of each type of onshore and offshore debt financing instruments shall comply with the requirements on the issue cap and the relevant requirements on various risk control indicators as stipulated in relevant laws and regulations.

IV. TERM OF DEBT FINANCING INSTRUMENTS

The term of onshore and offshore debt financing instruments of the Company shall not exceed 15 years (inclusive), except for the issuance of renewable bonds, which may be either of a single term, or of a combination of multiple terms.

V. ISSUE PRICE AND INTEREST RATE OF DEBT FINANCING INSTRUMENTS

The Company shall determine the pricing method, issue price, interest rate, calculation and payment method of interest of onshore and offshore debt financing instruments in accordance with market practices, market conditions at the time of issuance and relevant laws and regulations.

VI. GUARANTEE AND OTHER CREDIT ENHANCEMENT ARRANGEMENTS

Guarantee and other credit enhancement arrangements shall be determined according to the characteristics and issuance needs of the onshore and offshore debt financing instruments.

According to business needs, the Company or a wholly-owned subsidiary may provide guarantees for the issuance of offshore debt financing instruments for its overseas wholly-owned subsidiaries (including the issuer with a gearing ratio exceeding 70%). The scope of the guarantee includes the principal of the bonds, the corresponding interests and other fees, and the types of guarantee include assurance guarantee, mortgage guarantee, pledge guarantee and other guarantee methods permitted by relevant laws and regulations.

VII. USE OF PROCEEDS

The proceeds from the onshore and offshore debt financing instruments will be used to replenish working capital, replenish net capital, repay due debts, expand business scope and scale, optimize financial structure and business structure, and enhance the comprehensive competitiveness of the Company.

VIII. TARGET SUBSCRIBERS AND ARRANGEMENTS FOR PLACING TO SHAREHOLDERS OF THE COMPANY

The target subscribers of the onshore and offshore debt financing instruments shall be investors who meet the conditions for subscription stipulated by laws and regulations, and the target subscribers shall be determined in accordance with relevant laws and regulations, market conditions and matters in relation to the issuance. The onshore and offshore debt financing instruments may be placed to the shareholders of the Company, and the placing arrangements (including whether to place and the proportion of placing, etc.) shall be determined according to the market conditions and the matters in relation to the issuance according to law.

IX. SAFEGUARD MEASURES FOR REPAYMENT

In the event that the Company expects to be unable to repay the principal and interest of the onshore and offshore debt financing instruments as scheduled or fails to repay the principal and interest of the onshore and offshore debt financing instruments as scheduled when they fall due, the Company shall take at least the following measures:

- (I) To increase the proportion of allocations of any surplus reserve and of general risk reserve to lower the solvency risk before maturity of the bonds;
- (II) Not to distribute profits to the Shareholders;
- (III) To suspend the implementation of capital expenditure projects, such as material external investments, acquisitions and mergers;
- (IV) To reduce or cease the payment of salary and bonus to Directors and senior management;
- (V) To forbid the job transfers of principal persons-in-charge.

X. LISTING OR QUOTATION OF THE DEBT FINANCING INSTRUMENTS

Matters in relation to the application for listing or quotation of the Company's onshore and offshore debt financing instruments shall be determined based on the Company's actual situation and market conditions.

XI. AUTHORIZATION FOR THE ISSUANCE OF ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS

In order to effectively coordinate the issuance of onshore and offshore debt financing instruments and the matters in the course of issuance, it is proposed at the general meeting to authorize the Board and agree with it to further authorize the authorized persons (an authorized team comprising the Chairman, the CEO and the Chief Financial Officer of the Company) to jointly or severally deal with, at their sole discretion, all matters in connection with the issuance of onshore and offshore debt financing instruments in accordance with the requirements of the relevant laws and regulations as well as the opinions and recommendations of the regulatory authorities, within the framework considered and approved at the general meeting and based on the principle of maximizing the interests of the Company, including but not limited to:

- (I) to formulate and adjust the plan for the issuance of onshore and offshore debt financing instruments of the Company in accordance with the applicable laws, regulations and relevant requirements of the regulatory authorities as well as the resolutions passed at the general meeting of the Company and based on the situation of the Company and the relevant debt market, including but not limited to all matters in relation to the issuance of onshore and offshore debt financing instruments, such as suitable issuer, timing of issuance, size and method of issuance, term of issuance, target subscribers, duration, whether to issue on a one-off or multiple issuance or multi-tranche and multi-category issuance basis and, if other than on one-off basis, the size and term of each issuance, tranche and category issuance, nominal value, method of determining interest rate, currency (including offshore RMB), pricing method, issuance arrangements, guarantee and other credit enhancement arrangements, rating arrangements, method of subscription, whether to provide for terms of repurchase and redemption, placement arrangements, use of proceeds, registration, listing and place of listing of onshore and offshore debt financing instruments, measures to mitigate solvency risks, safeguard measures for repayment, etc.;
- (II) to determine and engage intermediaries to sign, execute, amend and complete all agreements and documents relating to the issuance of onshore and offshore debt financing instruments (including but not limited to sponsor agreements, underwriting agreements, guarantees and other credit enhancement agreements, bond indentures, engagement agreements with intermediaries, entrusted management agreements, settlement management agreements, registration and

custody agreements, listing agreements and other legal documents, etc.), and make disclosure of relevant information in accordance with the relevant laws and regulations and the listing rules of the places where the Company's securities are listed (including but not limited to the preliminary and final offering memoranda of the onshore and offshore debt financing instruments, and all announcements and circulars, etc. relating to the issuance of onshore and offshore debt financing instruments);

- (III) to select and engage trustee(s) and settlement manager(s) for the issuance of onshore and offshore debt financing instruments, sign the trust agreement(s) and settlement management agreement(s) and formulate rules for meetings of the holders of onshore and offshore debt financing instruments;
- (IV) to deal with all applications and filings as well as listing matters in connection with the issuance of onshore and offshore debt financing instruments, including but not limited to the preparation, modification and submission of the application materials in relation to the issuance and listing of onshore and offshore debt financing instruments as well as the Company and the issuer in accordance with the requirements of the relevant regulatory authorities, and endorse the relevant application documents and other legal documents;
- (V) to make relevant adjustments to matters relating to the issuance of onshore and offshore debt financing instruments in accordance with the opinions of the regulatory authorities and changes in policies or market conditions, or determine whether to proceed with all or part of the work in respect of the issuance of onshore and offshore debt financing instruments in accordance with the actual situation, save as matters subject to re-voting at the general meeting as required by the relevant laws, regulations and the Articles of Association of the Company;
- (VI) to handle other relevant matters in relation to the issuance of onshore and offshore debt financing instruments.

The above authorization shall commence from the date of consideration and approval of the resolution at the general meeting until the date on which the resolution of the general meeting in respect of the onshore and offshore debt financing instruments lapses or the above authorization matters are completed (depending on whether the issuance of onshore and offshore debt financing instruments has been completed by then).

XII. VALIDITY PERIOD OF AUTHORIZATION

The authorization for the issuance of onshore and offshore debt financing instruments shall be valid for 36 months from the date of consideration and approval at the general meeting.

If the Board and/or its authorized persons has or have decided within the validity period of authorization to issue or issue in part the Company's onshore and offshore debt financing instruments and the Company has obtained or completed the approval, consent, filing or registration (if applicable) from the regulatory authorities during the validity period of authorization, the Company may complete the issuance or partial issuance of onshore and offshore debt financing instruments of the Company during the validity period confirmed under such approval, consent, filing or registration. With respect to the issuance or partial issuance matters, the above validity period of authorization shall extend to the date of completion of such issuance or partial issuance.

This resolution has been considered and approved at the 11th meeting of the fifth session of the Board of the Company and is hereby proposed to the Shareholders for consideration.

**EXPLANATION OF THE PROPOSED AMENDMENTS TO
THE RULES OF PROCEDURE FOR GENERAL MEETING OF HUATAI
SECURITIES CO., LTD.**

I. The amendments to the Rules of Procedure for General Meeting are as follows:

Original Articles	Proposed Amendments	Basis of Amendments
<p>Article 15 When the Company is to hold a general meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of the matters to be considered at and the date and place of the meeting. Any shareholder that intends to attend such meeting shall, within 20 days before the day on which the meeting is to be held, give to the Company a written reply stating that his or her will attend the meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.</p>	<p>Article 15 The Company shall issue a written notice 20 days prior to the holding of an annual general meeting, or issue a written notice 15 days prior to the holding of an extraordinary general meeting, informing all registered shareholders of the matters to be considered at the meeting and the date and place of the meeting. If there are other provisions in laws and regulations, and any other stipulations of the relevant regulators and stock exchanges where the Company's shares are listed, such provisions and stipulations shall prevail.</p>	<p>Based on the Approval of the State Council on the Adjustment to the Provisions Applicable to the Notice Period for Convening General Meetings and Other Matters Applicable to Overseas Listed Companies and other relevant laws, regulations, normative documents as well as the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
<p>Article 16 The Company shall, based on the written replies received from the shareholders 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amounts to half or above of the total voting shares, the Company may hold the meeting; if not, the Company shall, within 5 days thereafter, notify the shareholders once again of the matters to be considered at and the date and place of the meeting in form of a public announcement. After such notification by public announcement, the Company may hold the general meeting.</p> <p>The extraordinary general meeting shall not decide on matters not stated in such notice.</p>	-	<p>Based on the Approval of the State Council on the Adjustment to the Provisions Applicable to the Notice Period for Convening General Meetings and Other Matters Applicable to Overseas Listed Companies and other relevant laws, regulations, normative documents as well as the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
<p>Article 18 Unless stipulated otherwise in the Articles of Association, the notice of the general meeting shall be delivered to shareholders (whether or not entitled to vote thereat) by hand or postage prepaid mail at the recipient's address shown in the register of shareholders. As for domestic shareholders, the notice of the general meeting may also be given by way of a public announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council 45 to 50 days prior to the convening of the meeting. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p>	<p>Article 17 Unless stipulated otherwise in the Articles of Association, the notice of the general meeting shall be delivered to shareholders (whether or not entitled to vote thereat) by hand or postage prepaid mail at the recipient's address shown in the register of shareholders. As for domestic shareholders, the notice of the general meeting may also be given by way of a public announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p>	<p>Based on the Approval of the State Council on the Adjustment to the Provisions Applicable to the Notice Period for Convening General Meetings and Other Matters Applicable to Overseas Listed Companies and other relevant laws, regulations, normative documents as well as the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
<p>Subject to the laws, administrative regulations, normative documents and the relevant listing rules of the securities regulatory authority where the Company's shares are listed and subject to the performance of the relevant procedures, the Company can issue the notice of the general meeting to the holders of overseas listed foreign shares by publications on the website of the Company or the websites designated by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") or otherwise permitted by Hong Kong Listing Rules and the Articles of Association in lieu of delivering the relevant information to the holders of overseas listed foreign shares by hand or by postage prepaid mail.</p>	<p>Subject to the laws, administrative regulations, normative documents and the relevant listing rules of the securities regulatory authority where the Company's shares are listed and subject to the performance of the relevant procedures, the Company can issue the notice of the general meeting to the holders of overseas listed foreign shares by publications on the website of the Company or the websites designated by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") or otherwise permitted by Hong Kong Listing Rules and the Articles of Association in lieu of delivering the relevant information to the holders of overseas listed foreign shares by hand or by postage prepaid mail.</p>	

Original Articles	Proposed Amendments	Basis of Amendments
<p>Article 21 Once the notice of the general meeting is issued, such meeting shall not be postponed or cancelled, nor any proposal listed on the notice be canceled without a legitimate reason. In the case of a postpone or cancellation, the convener shall, at least two business days prior to originally scheduled date for the meeting, publish the announcement and explain the reason.</p>	<p>Article 20 Once the notice of the general meeting is issued, such meeting shall not be postponed or cancelled, nor any proposal listed on the notice be canceled without a legitimate reason. In the case of a postpone or cancellation, the convener shall, at least two trading days prior to originally scheduled date for the meeting, publish the announcement and explain the reason.</p>	<p>Based on the Rules Governing Listing of Stocks on the Shanghai Stock Exchange and other relevant laws, regulations, normative documents as well as the actual situation of the Company.</p>
<p>Article 22 The Company shall convene a general meeting at the domicile of the Company or the place specified in the Articles of Association.</p> <p>A general meeting shall be conducted in the form of a physical meeting at the designated venue for meeting, and provide secure, cost-efficient and accessible online and other means for the convenience of participation by the shareholders in accordance with the laws, administrative regulations and requirements of the CSRC or the Articles of Association. A shareholder who participates in a general meeting in the aforesaid means shall be deemed as being present.</p>	<p>Article 21 The Company shall convene a general meeting at the domicile of the Company or the place specified in the Articles of Association.</p> <p>A general meeting shall be held in the venue by way of combination of physical meeting and online poll. The time and place of the on-site meeting shall be selected to facilitate the participation of shareholders. A shareholder who participates in a general meeting in the aforesaid means shall be deemed as being present.</p>	<p>Based on the Rules for Governance of Listed Companies, the Guidelines for Articles of Association of Listed Companies and other relevant laws, regulations, normative documents as well as the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
<p>Article 33 Shareholders shall abstain from voting for the matters to be considered at the general meeting when he/she is connected, and the number of voting shares represented by them shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.</p> <p>When material issues affecting the interests of minority shareholders are considered at a general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.</p> <p>The Company's shares which are also held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.</p>	<p>Article 32 Shareholders shall abstain from voting for the matters to be considered at the general meeting when he/she is connected, and the number of voting shares represented by them shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.</p> <p>When material issues affecting the interests of minority shareholders are considered at a general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.</p> <p>The Company's shares which are also held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.</p>	<p>Based on the Securities Law of the People's Republic of China, the Rules for Governance of Listed Companies, and other relevant laws, regulations, normative documents as well as the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
<p>The Board, independent Directors and shareholders who meet the relevant requirements may collect votes from shareholders. Information including the specific voting preference shall be fully provided to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.</p>	<p>The Board, independent Directors, shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authorities of the State Council may act as proxy solicitors, by themselves or through their appointed securities companies or securities service institutions to publicly invite the shareholders of the Company to entrust them to attend the general meeting and exercise the rights of shareholders such as to propose and vote on resolutions, on their behalf.</p> <p>Where the rights of shareholders are solicited in accordance with the provisions of the preceding paragraph, the solicitors shall disclose the solicitation documents, and the Company shall cooperate.</p>	

Original Articles	Proposed Amendments	Basis of Amendments
	<p>Information including specific voting preference shall be fully provided to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for publicly soliciting shareholders' rights is prohibited. The Company and the convener of the general meeting shall not impose any minimum shareholding limitation for soliciting voting rights.</p> <p>Any public solicitation of shareholders' rights in violation of the laws, administrative regulations or relevant provisions of the securities regulatory authorities of the State Council, which causes the Company or the shareholders of the Company to suffer losses, shall be liable for compensation in accordance with the laws.</p>	

Original Articles	Proposed Amendments	Basis of Amendments
<p data-bbox="240 289 596 1002">Article 38 As for the shareholders of the Company severally or jointly hold more than 50% equity interest of the Company with connected persons or for resolutions in respect of the election of more than two Directors (not being staff representatives) and Supervisors (not being staff representatives), cumulative voting system shall be adopted at the general meeting pursuant to the Articles of Association or the resolution of the general meeting.</p> <p data-bbox="240 1055 596 1559">The “cumulative voting system” as referred to in the preceding paragraph means that when a general meeting elects Directors or Supervisors, each share carries a number of voting rights equivalent to the number of Directors or Supervisors to be elected, and a shareholder may cluster his or her voting rights.</p>	<p data-bbox="619 289 975 963">Article 37 If the sole shareholder of the Company and its person acting in concert hold more than 30% shares of the Company, or for resolutions in respect of the election of more than two Directors (not being staff representatives) and Supervisors (not being staff representatives), cumulative voting system shall be adopted at the general meeting pursuant to the Articles of Association or the resolution of the general meeting.</p> <p data-bbox="619 1017 975 1523">The “cumulative voting system” as referred to in the preceding paragraph means that when a general meeting elects Directors or Supervisors, each share carries a number of voting rights equivalent to the number of Directors or Supervisors to be elected, and a shareholder may cluster his or her voting rights.</p>	<p data-bbox="997 289 1353 566">Based on the Rules for Governance of Listed Companies and other relevant laws, regulations, normative documents as well as the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
<p>Article 42 A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstention. Save for the circumstance under which the securities registration and clearing institution acting as the nominal holder of Shares under the Stock Connect between Mainland and Hong Kong and the nominal holder of some H Shares, make reporting in accordance with the instruction of the de facto holders of relevant shares.</p> <p>If a poll is blank, marked erroneously, illegible or has not been cast, the voter shall be deemed to have waived his or her right to vote and the voting results for the number of shares that he or she holds shall be recorded as “abstained”.</p> <p>Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only in favor of (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted.</p>	<p>Article 41 A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstention. Save for the circumstance under which the securities registration and clearing institution acting as the nominal holder of Shares under the Stock Connect between Mainland and Hong Kong and the nominal holder of some H Shares and the depositary for the Global Depository Receipts (hereinafter referred to as the “Depositary”) acting as the nominal holder of A Shares, the underlying securities represented by Global Depository Receipts, make reporting in accordance with the instruction of the de facto holders of relevant shares.</p> <p>If a poll is blank, marked erroneously, illegible or has not been cast, the voter shall be deemed to have waived his or her right to vote and the voting results for the number of shares that he or she holds shall be recorded as “abstained”.</p>	<p>Based on relevant laws, regulations, normative documents and the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
	Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only in favor of (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted.	
<p>Article 58 When the Company is to convene a shareholders' class meeting, it shall issue a written notice 45 days prior to the date of such meeting informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.</p>	<p>Article 57 When the Company is to convene a shareholders' class meeting, it shall issue a written notice in accordance with the Article 15, informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting.</p>	<p>Based on the Approval of the State Council on the Adjustment to the Provisions Applicable to the Notice Period for Convening General Meetings and Other Matters Applicable to Overseas Listed Companies and other relevant laws, regulations, normative documents as well as the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
<p>In the event that the number of the voting shares represented by the shareholders intending to attend the meeting is one half or above of the total number of voting shares of that class in the meeting, the Company may convene a shareholders' class meeting. Otherwise, the Company shall within five days notify the shareholders once again, by way of public announcement, of the matters to be considered at the meeting and the date and place of the meeting. Upon notification by public announcement, the Company may then proceed to convene the shareholders class meeting.</p>		

Original Articles	Proposed Amendments	Basis of Amendments
<p>Article 61 Resolutions of an annual general meeting and extraordinary general meeting shall be determined by the Board at a Board meeting convened 45 days prior to the date of the general meeting and shall be notified to the shareholders of the Company in writing. The Board shall determine the subject of discussion based on the resolutions that shall be submitted to the general meeting for consideration and approval in accordance with the Articles of Association and these Rules and the proposals submitted by shareholders in accordance with the laws.</p>	<p>Article 60 Resolutions of an annual general meeting and extraordinary general meeting shall be determined by the Board at a Board meeting convened prior to the date of the general meeting and shall be notified to the shareholders of the Company in writing. The Board shall determine the subject of discussion based on the resolutions that shall be submitted to the general meeting for consideration and approval in accordance with the Articles of Association and these Rules and the proposals submitted by shareholders in accordance with the laws.</p>	<p>Based on relevant laws, regulations, normative documents and the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
<p>Article 69 Shareholders who intend to attend the general meeting shall register at the date and place specified in the notice.</p> <p>An individual shareholder that attends the meeting in person shall produce his or her own ID card or other valid documents or proof evidencing his or her identity and his or her stock account card. If her or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the instrument of appointment from the shareholder.</p> <p>Shareholders that are legal persons shall be presented at a meeting by their legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own ID card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own ID card and the power of attorney issued by the legal representative of the shareholder as a legal person.</p>	<p>Article 68 Shareholders who intend to attend the general meeting shall register at the date and place specified in the notice.</p> <p>An individual shareholder that attends the meeting in person shall produce his or her own ID card or other valid documents or proof evidencing his or her identity and his or her stock account card. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the instrument of appointment from the shareholder.</p> <p>Shareholders that are legal persons shall be presented at a meeting by their legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own ID card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own ID card and the power of attorney issued by the legal representative of the shareholder as a legal person.</p>	<p>Based on relevant laws, regulations, normative documents and the actual situation of the Company.</p>

Original Articles	Proposed Amendments	Basis of Amendments
<p>Where the shareholder is a Recognized Clearing House defined in local laws or regulations at the place where the shares of the Company are listed (hereinafter referred to as the “Recognized Clearing House”), or its agent, the shareholder may authorize one or more persons that it deems suitable to attend on its behalf any general meeting or any class meeting of shareholders; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares involved in the appointment of each such person and be signed by a person empowered by the Recognized Clearing House. The person so appointed may exercise the rights (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) of the Recognized Clearing House (or its agent) as if he, she or they was or were (an) individual shareholder(s) of the Company.</p>	<p>Where the shareholder is a Recognized Clearing House defined in local laws or regulations at the place where the shares of the Company are listed (hereinafter referred to as the “Recognized Clearing House”), or its agent, or a Depository or its agent, the shareholder may authorize one or more persons that it deems suitable to attend on its behalf any general meeting or any class meeting of shareholders; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares involved in the appointment of each such person and be signed by a person empowered by the Recognized Clearing House or the Depository. The person so appointed may exercise the rights (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) of the Recognized Clearing House (or its agent) or the Depository (or its agent) as if he, she or they was or were (an) individual shareholder(s) of the Company.</p>	

Original Articles	Proposed Amendments	Basis of Amendments
<p>The attendees of the meeting shall present the original of the certificates required in the foregoing provisions to the registration office of the meeting, and submit the original or photocopy of the certificates required in the foregoing provisions to the registrar of the meeting.</p> <p>Overseas shareholders may register by letter or facsimile, which shall contain the above documents.</p>	<p>The attendees of the meeting shall present the original of the certificates required in the foregoing provisions to the registration office of the meeting, and submit the original or photocopy of the certificates required in the foregoing provisions to the registrar of the meeting.</p> <p>Overseas shareholders may register by letter or facsimile, which shall contain the above documents.</p>	
<p>Article 95 These Rules have been approved at the general meeting, and shall become effective on the date on which the overseas listed foreign shares (H share) issued by the Company are listed on the Hong Kong Stock Exchange. The original Rules of Procedure for General Meeting shall automatically lapse from the effective date of these Rules.</p>	<p>Article 94 These Rules shall become effective upon approval at the general meeting of the Company. The original Rules of Procedure for General Meeting of the Company shall automatically lapse from the effective date of these Rules.</p>	<p>Based on the actual situation of the Company.</p>

II. The numbering of the articles of the Rules of Procedure for General Meeting shall be adjusted accordingly with reference to the above amendments to the Rules of Procedure for General Meeting.

STATEMENT

The Company and all Directors and Supervisors warrant that there are no false representations, misleading statements or material omissions contained in the Incentive Scheme and its summary, and jointly and severally accept legal responsibility for the truthfulness, accuracy and completeness of the contents thereof.

All Incentive Participants of the Company undertake, where false representations, misleading statements or material omissions in the information disclosure documents of the Incentive Scheme of the Company result in non-compliance with conditions of grant or arrangements for exercise of equities, the Incentive Participants shall return to the Company all interests gained through the Incentive Scheme after it is confirmed that the relevant information disclosure documents of the Company contain false representations or misleading statements or material omissions.

IMPORTANT NOTICE

Investors are advised to read the full text of the Draft carefully and pay particular attention to the following:

1. The Incentive Scheme is formulated in accordance with the relevant laws, regulations and normative documents including the Company Law, the Securities Law, the Opinions of the State Council on Further Improving the Quality of Listed Companies (Guo Fa [2020] No. 14), Document 175, Document 171, Announcement 35, and the Administrative Measures for the Share Incentives as well as the Articles of Association.
2. There is no circumstance of the Company that share incentives shall not be implemented as stipulated in Article 7 of the Administrative Measures for the Share Incentives.
3. None of the Incentive Participants of the Incentive Scheme is prohibited from being an Incentive Participant as stipulated in Article 8 of the Administrative Measures for the Share Incentives.
4. The Incentive Scheme uses the Restricted Shares as incentive tools, and the source of underlying shares is the ordinary A repurchased shares from the secondary market by the Company.
5. The Incentive Scheme proposes to grant no more than 45,640,000 restricted A Shares to the Incentive Participants, representing no more than 0.503% of the total share capital of the Company (9,076,650,000 shares) on the date of the announcement of the Incentive Scheme (i.e. December 31, 2020). The number of

**APPENDIX III RESTRICTED SHARE INCENTIVE SCHEME OF
A SHARES (DRAFT)**

Restricted Shares to be granted to any single Incentive Participant under the Incentive Scheme does not exceed 1% of the total share capital of the Company at the time of the announcement of the Incentive Scheme (i.e. December 31, 2020).

During the period between the date of announcement of the Incentive Scheme (i.e. December 31, 2020) and the completion of registration for the Restricted Shares by the Incentive Participants, if the Company has increased share capital by conversion of capital reserves, has declared distribution of bonus issue, carried out stock division, rights issue and share consolidation, the Company should make corresponding adjustments to the quantity of the Restricted Shares granted and the total number of underlying shares involved.

6. The Incentive Participants of the Incentive Scheme include Directors, senior management and other core key employees of the Company, but exclude non-executive Directors (including independent Directors) and Supervisors of the Company. The total number of the Incentive Participants shall be 824, accounting for 8.12% of the total number of 10,147 employees of the Company on record as of June 30, 2020. All the Incentive Participants are working in the Company (including branches) or its wholly-owned or majority-controlled subsidiaries. Shareholders or de facto controllers who, individually or collectively, hold more than 5% Shares of the Company and their spouses, parents and children do not participate in the Incentive Scheme.
7. The Grant Price of the Restricted Shares to be granted under the Incentive Scheme shall be RMB9.10 per share and shall not be lower than the higher of 50% of the average trading price of the A Shares for the last trading day preceding the date of the announcement of the Incentive Scheme, and 50% of the average trading price of the A Shares for either the last 20 trading days, 60 trading days or 120 trading days immediately preceding the announcement of the Incentive Scheme.

During the period between the date of announcement of the Incentive Scheme (i.e. December 31, 2020) and the completion of registration for the Restricted Shares by the Incentive Participants, if the Company has increased share capital by conversion of capital reserves, has declared distribution of bonus issue, carried out stock division, rights issue, share consolidation and distribution of dividends, the Company should make corresponding adjustments to the Grant Price of the Restricted Shares.

8. The validity period of the Incentive Scheme shall commence from the date of completion of registration of the granted Restricted Shares and end on the date when all the Restricted Shares granted to the Incentive Participants are fully unlocked (excluding those subject to voluntary lock-up or reduction restriction over Directors and senior management) or repurchased and deregistered, for a maximum of six years.

If the Restricted Shares granted under the Incentive Scheme meet the conditions of unlocking after 24 months from the date of completion of registration of the corresponding granted portion of shares, the Incentive Participants may release the restriction in three phases in the next 36 months in the proportion of 33%, 33% and 34%. The Restricted Shares granted to the Incentive Participants under the Incentive Scheme shall not be transferred or used as guarantee or for repayment of debt before unlocking.

The transfer of shares held by Directors and senior management who are Incentive Participants shall also comply with the Company Law and other relevant regulations.

9. The Company's performance conditions for unlocking the Restricted Shares granted under the Incentive Scheme are as follows:

The Company has chosen cash dividend ratio, operating revenue, profit margin of operating revenue after deducting non-recurring profits and losses, investment in financial technology innovation, and comprehensive risk control indicator as the company results appraisal indicators, of which, the comprehensive risk control indicator will be used as the threshold indicator. If such indicator of the Company has not reached the threshold value, the corresponding batch of the Restricted Shares shall not be unlocked. The threshold value of the Company's comprehensive risk control indicator is that the classified evaluation result of securities companies shall be Class A under Category A or above and there is no occurrence of material non-compliance with laws and regulations. The classified evaluation result of securities companies is appraised on the consolidated basis by the securities regulatory authority according to the Regulations on Classified Supervision of Securities Companies (《證券公司分類監管規定》). If there is any change or adjustment to such appraisal system, the Board is authorized to adjust the target of classified evaluation result accordingly to the standard of the prevailing appraisal system of the same level.

Subject to fulfillment of the comprehensive risk control indicator, the company performance coefficient corresponding to the appraisal results at the company level is as follows: company performance coefficient = indicator score of cash dividend ratio × appraisal weight of cash dividend ratio + indicator score of operating revenue × appraisal weight of operating revenue + indicator score of profit margin of operating revenue after deducting non-recurring profits and losses × appraisal weight of profit margin of operating revenue after deducting non-recurring profits and losses + indicator score of investment in financial technology innovation × appraisal weight of investment in financial technology innovation.

In this formula, the appraisal weight of cash dividend ratio is 15%, the appraisal weight of operating revenue is 35%, the appraisal weight of profit margin of operating revenue after deducting non-recurring profits and losses is 35%, and the appraisal weight of investment in financial technology innovation is 15%.

The targets and scores of appraisal indicators other than the comprehensive risk control indicator at the company level are as follows:

Unlocking Period	Appraisal Targets and Indicator Scores
First unlocking period	<ol style="list-style-type: none">1. One score will be awarded if the ratio of the cash dividend amount for 2021 to the net profit attributable to shareholders of the parent company for the same year is higher than or equal to 30%; otherwise nil will be awarded.2. One score will be awarded if operating revenue of the Company in 2021 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded.3. One score will be awarded if profit margin of operating revenue after deducting non-recurring profits and losses in 2021 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded.4. Taking the amount of the investment in financial technology innovation in 2019 as the basis, one score will be awarded if the amount of investment in financial technology innovation in 2021 increased by 5% or more; otherwise nil will be awarded.
Second unlocking period	<ol style="list-style-type: none">1. One score will be awarded if the ratio of the cash dividend amount for 2022 to the net profit attributable to shareholders of the parent company for the same year is higher than or equal to 30%; otherwise nil will be awarded.2. One score will be awarded if operating revenue of the Company in 2022 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded.

Unlocking Period**Appraisal Targets and Indicator Scores**

3. One score will be awarded if profit margin of operating revenue after deducting non-recurring profits and losses in 2022 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded.
 4. Taking the amount of the investment in financial technology innovation in 2019 as the basis, one score will be awarded if the amount of investment in financial technology innovation in 2022 increased by 8% or more; otherwise nil will be awarded.
- Third unlocking period
1. One score will be awarded if the ratio of the cash dividend amount for 2023 to the net profit attributable to shareholders of the parent company for the same year is higher than or equal to 30%; otherwise nil will be awarded.
 2. One score will be awarded if operating revenue of the Company in 2023 ranks first to third among the comparable enterprises; 0.8 score will be awarded for ranking fourth to sixth; otherwise nil will be awarded.
 3. One score will be awarded if profit margin of operating revenue after deducting non-recurring profits and losses in 2023 ranks first to third among the comparable enterprises; 0.8 score will be awarded for ranking fourth to sixth; otherwise nil will be awarded.
 4. Taking the amount of the investment in financial technology innovation in 2019 as the basis, one score will be awarded if the amount of investment in financial technology innovation in 2023 increased by 11% or more; otherwise nil will be awarded.
10. The Company undertakes that it will not provide loans and financial support in any other forms, including providing guarantee for loans, to the Incentive Participants with respect to the acquisition of the Restricted Shares under the Incentive Scheme.

**APPENDIX III RESTRICTED SHARE INCENTIVE SCHEME OF
A SHARES (DRAFT)**

11. Only after the completion of the regulatory approval or filing procedures of the Incentive Scheme can the Company convene a general meeting to review and approve the Incentive Scheme and implement it. When voting on the Incentive Scheme at the general meeting of the Company, the independent Directors shall solicit voting rights by proxy from all the Shareholders in respect of the Incentive Scheme, and the Company shall provide both the choice of voting on site and via the Internet.

12. Upon the consideration and approval of the Incentive Scheme at the general meeting, the Company shall complete the grant, registration and announcement procedures in accordance with the Administrative Measures for the Share Incentives.

13. According to the requirements of Chinese accounting standards, taking the date of Board meeting which reviews the draft of the Incentive Scheme (December 31, 2020) as the base date, and December 31, 2020 as the Grant Date, the impact of Restricted Shares granted under the Incentive Scheme on the accounting costs for each period is shown in the following table:

Unit: RMB10 thousand

Grant quantity (10,000 shares)	Total expenses to be amortized	2021	2022	2023	2024
4,564.00	40,665.24	14,639.49	14,639.49	7,929.72	3,456.54

What is shown above is the prediction of the cost of incentives granted under the Incentive Scheme. The actual equity incentive cost will change according to the changes in the parameters after the Grant Date is determined by the Board. The Company will disclose the specific accounting treatment methods and their impact on the Company's financial data in periodic reports.

Without considering the promotion of the Incentive Scheme on the Company's performance, the amortization of its expenses has a certain impact on the net profit of each year within the validity period. As an important measure for the long-term incentive mechanism construction of the Company, the Incentive Scheme is conducive to accelerating the establishment of a market-oriented mechanism for employees and the Company to share benefits and risks, strengthening the cohesion and enthusiasm of the talent team, and further improving the operation efficiency, so as to facilitate the sustainable development of the Company. It is in the interests of all the Shareholders of the Company.

14. The implementation of the Incentive Scheme will not lead to a distribution of the Company's shareholding which cannot satisfy relevant listing conditions.

I. PURPOSES OF THE INCENTIVE SCHEME

The Company has formulated the Incentive Scheme in accordance with the relevant requirements of the Company Law, the Securities Law, Document 175, Document 171, Announcement 35 and the Administrative Measures for the Share Incentives. The main purposes of implementing the Incentive Scheme are as follows:

1. To Deepen and Implement the Mixed-ownership Reform of State-owned Enterprises. Since the 19th National Congress of the Communist Party of China, the reform of state-owned enterprises has been advancing in depth, and a number of reform policy documents for state-owned enterprises have been issued continuously from the central government to Jiangsu Province to encourage and advocate the implementation of employee stock ownership and equity incentives in state-owned enterprises.
2. To Stabilize and Enhance the Company's Value. The Company repurchases shares and uses them for share incentives to show the market the long-term commitment of the Company's core team to the development of the Company, which is conducive to shoring up market confidence and manifesting the Company's value, thus protecting the interests of investors.
3. To Advocate the Concept of Joint and Sustainable Development of both the Company and the Individual. The Company will build up a community of shared interests among Shareholders, the Company and employees, with core employees directly responsible for the benefits and risks associated with changes in the Company's share price over a long term, so as to realize the sharing of benefits and risks between employees and the Company and promote the long-term steady development of the Company.
4. To Establish and Improve the Long-term Incentive and Restriction Mechanism of the Company. The implementation of the Incentive Scheme and the phased implementation of the Share Incentive Scheme as appropriate in the future will facilitate the Company's exploring the establishment and continuous improvement in the long-term incentive mechanism, fully mobilize the enthusiasm of the Directors, senior management and core employees, stabilize the core team, further increase the attractiveness of the Company to external talents on the basis of effectively reducing the outflow of talents, enhance the core competitiveness of the Company, and ensure the achievement of the development strategies and business objectives of the Company.

II. ADMINISTRATIVE BODIES OF THE INCENTIVE SCHEME

1. The general meeting, as the ultimate authority of the Company, shall be responsible for considering and approving the implementation, amendment and termination of the Incentive Scheme. The general meeting may, within its powers and authority, authorize the Board to handle certain matters relating to the Incentive Scheme.
2. The Board shall act as the executive and administrative body for the Incentive Scheme. The Remuneration and Appraisal Committee under the Board shall be responsible for drafting and revising the Incentive Scheme, and submitting the same to the Board for consideration and approval. Upon approval by the Board, the Incentive Scheme shall be further submitted to the general meeting of the Company for consideration and approval, and the Board may handle matters relating to the Incentive Scheme within its scope of authority as delegated by the general meeting.
3. The Supervisory Committee shall act as the supervisory authority for the Incentive Scheme, and shall be responsible for reviewing the list of the Incentive Participants, expressing opinions as to whether the Incentive Scheme is conducive to the sustainable development of the Company, and whether there are any situations that clearly harm the interests of the Company and all the Shareholders. The Supervisory Committee shall supervise the implementation of the Incentive Scheme as to whether it is in compliance with the relevant laws, administrative regulations, departmental rules and operational rules of the stock exchange.
4. The independent Directors shall express independent opinions as to whether the Incentive Scheme is conducive to the sustainable development of the Company, and whether there are any situations that clearly harm the interests of the Company and all the Shareholders, and shall solicit voting rights by proxy from all the Shareholders in respect of the Incentive Scheme.

Where amendments are being made to the Incentive Scheme before the Incentive Scheme is considered and approved at the general meeting, the independent Directors and the Supervisory Committee shall express clear opinions as to whether the amended Incentive Scheme will be conducive to the sustainable development of the Company or whether there are any situations that significant effect the interests of the Company and all its Shareholders.

Before any equities are granted to the Incentive Participants, the independent Directors and the Supervisory Committee shall express clear opinions as to whether the conditions for the Incentive Participants to receive such equities as set out in the Incentive Scheme have been satisfied. In the event of any discrepancy between the equities granted to the Incentive Participants and the arrangement under the Incentive Scheme, the independent Directors and the Supervisory Committee (where there are changes in the Incentive Participants) shall express their clear opinions thereon at the same time.

Before the Incentive Participants exercise any equities, the independent Directors and the Supervisory Committee shall express clear opinions as to whether the conditions for the Incentive Participants to exercise such equities as set out in the Incentive Scheme have been satisfied.

III. BASIS FOR DETERMINING THE INCENTIVE PARTICIPANTS AND SCOPE OF THE INCENTIVE PARTICIPANTS

(I) Basis for Determining the Incentive Participants

1. Legal Basis for Determining the Incentive Participants

The Incentive Participants under the Incentive Scheme are determined in accordance with the Company Law, the Securities Law, Circular No. 175, Circular No. 171 and the Administrative Measures for the Share Incentives and other relevant laws, regulations and normative documents as well as the Articles of Association. A person is prohibited from being an Incentive Participant under the Incentive Scheme if:

- (1) he/she is an independent Director or Supervisor of the Company;
- (2) he/she is the shareholder who is, individually or collectively, holding more than 5% shares of the Company or de facto controller and their spouse, parent or child;
- (3) he/she has been recognized as an ineligible candidate by the stock exchange during the latest 12 months;
- (4) he/she has been recognized as an ineligible candidate by the CSRC and its delegated institutions during the latest 12 months;
- (5) he/she has been imposed administrative punishment or market access prohibition by the CSRC and its delegated institutions due to material breach of or non-compliance with laws and regulations during the latest 12 months;
- (6) he/she has been prohibited from being appointed as a director or a senior management according to the requirements of the Company Law;
- (7) he/she has been prohibited from participating in equity incentive schemes of the listed company according to the requirements of laws and regulations;
- (8) other circumstances as stipulated by the CSRC.

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During the implementation process of the Incentive Scheme, if any of the above circumstances that prohibits an Incentive Participant from participating in the Incentive Scheme arises, the Company shall terminate his/her right to participate in the Incentive Scheme, and his/her equities granted but not yet exercised shall be terminated. The Company shall repurchase the shares, and the repurchased shares shall be handled in accordance with the requirements of the Company Law, the Implementation Rules for Share Repurchase and other laws and regulations.

2. Position Basis for Determining the Incentive Participants

The Incentive Participants under the Incentive Scheme are key employees who have an important impact on the realization of the Company's strategic mission and comply with regulatory requirements, including the Directors, senior management officers and other core key employees of the Company, but excluding non-executive Directors (including independent Directors) and Supervisors of the Company. All of the Incentive Participants are employed in the Company (including branches) or wholly-owned subsidiaries and subsidiaries under control.

3. Assessment Basis for Determining the Incentive Participants

The Incentive Participants must meet the requirements of the Administrative Measures for the Implementation and Appraisal of the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. (《华泰证券股份有限公司A股限制性股票股权激励計劃實施考核管理辦法》).

(II) Scope of the Incentive Participants

The Incentive Participants under the Incentive Scheme shall specifically include:

Position	Number of employees
Directors and senior management officers of the Company	9
Other core key employees	<u>No more than 815</u>
Total	<u><u>No more than 824</u></u>

The total number of Incentive Participants under the Incentive Scheme shall be 824, accounting for 8.12% of the total number of 10,147 employees of the Company on record as at June 30, 2020.

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All of the Incentive Participants are employed in the Company (including branches) or wholly-owned subsidiaries or subsidiaries under control, and have signed labor contracts with and received remuneration from the Company (including branches) or wholly-owned subsidiaries or subsidiaries under control.

The Incentive Participants under the Incentive Scheme do not participate in two or more equity incentive schemes of listed companies.

(III) Verification of the Incentive Participants

1. After the Incentive Scheme has been reviewed and approved by the Board, the Company will publish the names and titles of the Incentive Participants internally for a publication period of not less than 10 days.
2. The Supervisory Committee of the Company shall review the list of the Incentive Participants and take sufficient consideration of the public opinion. The Company shall disclose the information regarding the review by the Supervisory Committee regarding the list of Incentive Participants and the publication situation 5 days prior to the Incentive Scheme being considered at the general meeting.
3. The Supervisory Committee of the Company shall verify the list of the Incentive Participants as at the Grant Date of the Restricted Shares and express its opinion. Any adjustments to the list of the Incentive Participants made by the Board of the Company shall also be verified by the Supervisory Committee of the Company.

IV. SOURCE, NUMBER AND ALLOCATION OF THE RESTRICTED SHARES

1. Source of the Restricted Shares

The Incentive Scheme uses Restricted Shares as incentive tools, the source of underlying shares is the ordinary A shares of the Company repurchased by the Company. On March 30, 2020, the Company convened the fifth meeting of the fifth session of the Board, at which the Resolution on Proposed Repurchase of A Shares through Centralized Price Bidding (《關於以集中競價交易方式回購公司A股股份方案的議案》) was considered and approved. For details of the proposed repurchase of A shares, please refer to the overseas regulatory announcement on the Report on Repurchase of A Shares by Huatai Securities Co., Ltd. through Centralized Bidding Trading (《华泰証券股份有限公司關於以集中競價交易方式回購A股股份的回購報告書》) published by the Company on April 3, 2020. The Company implements share repurchase in strict accordance with the requirements of relevant laws and regulations, and fulfills the obligations of information disclosure in a timely manner according to progress.

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2. Number of the Restricted Shares

The Restricted A Shares proposed to be granted to the Incentive Participants under the Incentive Scheme shall be not more than 45,640,000 shares, representing no more than 0.503% of the total share capital of the Company (being 9,076,650,000 shares) as at the date of the announcement of the Incentive Scheme.

The cumulative total number of the Restricted Shares involved under all equity incentive schemes of the Company which are within their validity periods shall not exceed 10% of the total share capital of the Company. The total number of shares to be granted to any single Incentive Participant under all equity incentive schemes of the Company which are within their validity periods shall not exceed 1% of the total share capital of the Company.

The implementation of the Incentive Scheme shall not result in the shareholding structure of the Company to fail to meet the listing requirements.

3. Allocation of the Restricted Shares Granted to the Incentive Participants

Name	Position	Maximum number of Restricted Shares to be granted <i>(10,000 shares)</i>	Maximum percentage to the total number of Restricted Shares to be granted <i>(%)</i>	Maximum percentage to the existing total share capital <i>(%)</i>
Zhou Yi	CEO, chairman of the Executive Committee and executive Director	72.00	1.58%	0.008%
Li Shiqian	Member of the Executive Committee	60.00	1.31%	0.007%
Sun Hanlin	Member of the Executive Committee	60.00	1.31%	0.007%
Jiang Jian	Member of the Executive Committee	60.00	1.31%	0.007%
Zhang Hui	Member of the Executive Committee, secretary to the Board	60.00	1.31%	0.007%
Chen Tianxiang	Member of the Executive Committee	60.00	1.31%	0.007%
Jiao Xiaoning	Chief financial officer	50.00	1.10%	0.006%
Jiao Kai	Chief compliance officer, general legal counsel	50.00	1.10%	0.006%
Wang Chong	Chief risk officer	50.00	1.10%	0.006%
Other core key employees (815)		4,042.00	88.56%	0.445%
Total		4,564.00	100.00%	0.503%

Note: Any discrepancies in the above table between the total shown and the sum of the breakdown figures are due to rounding.

V. VALIDITY PERIOD, GRANT DATE, LOCK-UP PERIOD, UNLOCKING ARRANGEMENTS AND NO-SELLING PERIOD OF THE INCENTIVE SCHEME

1. Validity Period of the Incentive Scheme

The validity period of the Incentive Scheme shall commence from the date of completion of registration of the granted Restricted Shares and end on the date when all the Restricted Shares granted to the Incentive Participants are fully unlocked (excluding those subject to voluntary lock-up or reduction restriction over Directors and senior management) or repurchased and deregistered, for a maximum of six years.

2. Grant Date of the Incentive Scheme

The Grant Date shall be determined by the Board after the regulatory approval or filing procedures are completed for the Incentive Scheme and the Incentive Scheme has been considered and approved by the general meeting of the Company. The Grant Date shall be a trading day. Upon the consideration and approval of the Incentive Scheme at the general meeting, the Company shall complete the grant, registration, announcement and other relevant procedures for the Restricted Shares in accordance with the Administrative Measures for the Share Incentives and other relevant requirements.

The Grant Date shall be a trading day, and shall not fall in any of the following periods:

- (1) within 60 days prior to the publication of the annual report or within 30 days prior to the publication of the interim report and quarterly report.
- (2) within 10 days prior to the disclosure of results preview or preliminary financial results.
- (3) during the period from the date of occurrence of a material event which may have considerable impact on trading price of the shares and their derivatives of the Company, or the date of entering the decision-making process, up to 2 trading days after relevant disclosure has been made in accordance with the laws.
- (4) any other period stipulated by the CSRC, the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The above periods which prohibit the grant of Restricted Shares by the Company shall not be included into the period stipulated in the Administrative Measures for the Share Incentives and other relevant regulations.

3. Lock-up Period of the Incentive Scheme

The lock-up period (“Lock-up Period”) of the Restricted Shares granted under the Incentive Scheme is 24 months from the date of completion of registration of the corresponding portions granted. The Restricted Shares granted to the Incentive Participants under the Incentive Scheme shall not be transferred or used as guarantee or for repayment of debt before unlocking.

4. Unlocking Arrangements of the Incentive Scheme

If the Restricted Shares granted under the Incentive Scheme meet the conditions of unlocking after 24 months from the date of completion of registration of the corresponding granted portion of no-selling period shares, the Incentive Participants may release the restriction in three phases in the next 36 months in the proportion of 33%, 33% and 34%.

The unlocking periods and unlocking schedule of the Restricted Shares granted under the Incentive Scheme are set out below:

Unlocking Arrangement	Unlocking Period	Unlocking Proportion
First unlocking period	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares to the last trading day of 36 months from the date of completion of registration for the grant of the Restricted Shares	33%
Second unlocking period	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares to the last trading day of 48 months from the date of completion of registration for the grant of the Restricted Shares	33%
Third unlocking period	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares to the last trading day of 60 months from the date of completion of registration for the grant of the Restricted Shares	34%

5. No-selling Period of the Incentive Scheme

The requirements of lock-up for Restricted Shares under the Incentive Scheme are implemented in accordance with the relevant laws, regulations and normative documents, such as the Company Law, the Securities Law and the Articles of Association. The specific provisions are as follows:

- (1) Where the Incentive Participant is a Director or senior management of the Company, the number of shares of the Company which may be transferred each year during his/her term of office shall not exceed 25% of the total number of shares of the Company held by him/her. No shares held by him/her shall be transferred within six months after his/her termination of office.
- (2) When unlocking the last batch of the Restricted Shares under the Incentive Scheme, 20% of the total number of the Restricted Shares (including the scrip dividends allocated to such shares) granted to Incentive Participants who are Directors and senior management of the Company are subject to lock-up and may be cashed after expiry of their term of office, and subject to appraisal on their performance as Directors and senior management during their term of office or the audited results of economic responsibility to confirm whether the unlocking can be implemented.
- (3) For Incentive Participants who are Directors and senior management of the Company, if they have sold the shares of the Company held by them within 6 months after purchasing such shares, or they have purchased the shares within 6 months after selling their shares, the gains obtained therefrom shall be attributed to the Company and the Board shall forfeit the gains.
- (4) Incentive Participants who reduce their holdings of shares of the Company are also subject to relevant requirements of the Rules Governing the Listing of Stocks on the of Shanghai Stock Exchange, Hong Kong Listing Rules, Certain Requirements for Reduction in Shareholdings by Shareholders, Directors, Supervisors and Senior Management of Listed Companies, the Implementation Rules of Shanghai Stock Exchange for Reduction in Shareholdings by Shareholders and Directors, Supervisors and Senior Management of Listed Companies, and the Management Rules for Company's Shares Held by Directors, Supervisors and Senior Management of Listed Companies and Movements of Their Shares.
- (5) During the validity period of the Incentive Scheme, if there is any change to the provisions of the Company Law, Securities Law, and other relevant laws and regulations, normative documents and the Articles of Association on the transfer of shares held by the Directors and senior management of the Company, the Incentive

Participants of this type shall comply with the revised provisions of the Company Law, Securities Law, and other relevant laws and regulations, normative documents and the Articles of Association when transferring the shares of the Company they hold.

VI. GRANT PRICE AND METHOD OF DETERMINATION OF THE GRANT PRICE OF RESTRICTED SHARES

1. Grant Price of Restricted Shares

The Grant Price of the Restricted Shares to be granted under the Incentive Scheme shall be RMB9.10 per share. During the period from the date of announcement of the Incentive Scheme to the completion of registration of the Restricted Shares by the Incentive Participants, in case of any conversion of capital reserve into share capital, distribution of bonus issue, stock division, rights issue, share consolidation or distribution of dividends made by the Company, the Grant Price of the Restricted Shares to be granted under the Incentive Scheme shall be adjusted accordingly.

2. Method and Basis of Determination of the Grant Price of Restricted Shares

The Grant Price of the Restricted Shares to be granted under the Incentive Scheme, being the pricing of employees' capital contribution, shall be determined by the Board. According to the relevant regulations of the state-owned regulatory authorities and the CSRC, the Grant Price shall be determined in accordance with the principle of fair market price and should not be lower than the higher of the following prices:

- (1) 50% of the average trading price of the Company's A shares on the trading day prior to the announcement of the draft Incentive Scheme and its summary;
- (2) 50% of one of the average trading prices of the Company's A shares for the 20, 60 or 120 trading days prior to the announcement of the draft Incentive Scheme and its summary.

Source of funds for the Restricted Shares to be granted to the Incentive Participants shall be their own financing. The Company undertakes not to provide loans and other financial assistance in any form for the Incentive Participants to acquire the subject shares under the Incentive Scheme, including the provision of loan guarantees.

VII. CONDITIONS FOR GRANTING AND UNLOCKING RESTRICTED SHARES

(I) Conditions for Grant of the Restricted Shares

The Company shall grant the Restricted Shares to the Incentive Participants upon satisfaction of all of the following granting conditions; or conversely, if any of the following granting conditions has not been satisfied, no Restricted Shares shall be granted to the Incentive Participants.

1. *The Company is not involved in any of the following circumstances:*

- (1) An audit report on the financial and accounting report for the latest fiscal year in which the certified public accountant issued a negative opinion or was unable to express an opinion;
- (2) An audit report on internal control over financial reporting for the latest fiscal year in which the certified public accountant issued a negative opinion or was unable to express an opinion;
- (3) Within 36 months after listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
- (4) Equity incentives shall not be implemented as stipulated by relevant laws and regulations;
- (5) Other circumstances as stipulated by the CSRC.

2. *The Company has satisfied the following conditions:*

- (1) The governance of the Company is duly regulated, and the organization of the general meeting, the Board, the Supervisory Committee, and the management is sound with clear responsibilities. The system for electing and replacing Directors at general meetings is sound, and the Board has sufficient power to select, appraise, and motivate senior management.
- (2) Non-executive Directors (including independent Directors) account for more than one-half of the number of Directors on the Board. The system of the Remuneration and Appraisal Committee is sound, with comprehensive rules of procedure and under regulated operation.

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- (3) The basic management system is standardized, the internal control system is sound, and the three-system reform is put into effect. A system for the labor and employment, performance appraisal, and salary and welfare is established, which meets the requirements of market competition and in which the management can get promotion or demotion, employees can be employed or dismissed, and revenue can be increased or decreased.
- (4) The development strategies are clear, asset quality and financial conditions are sound, and operating results are stable. There is no any non-compliance act relating to financial accounting, revenue distribution, and remuneration management during the latest three years.
- (5) The mechanisms of economic responsibility audit, information disclosure, deferred payment, and recourse and deduction, which are symmetrical to the incentive mechanism, are established and improved.
- (6) Other conditions required by the securities regulatory authorities.

3. *The Incentive Participant is not involved in any of the following circumstances:*

- (1) has been recognized as an ineligible person by the stock exchange during the latest 12 months;
- (2) has been recognized as an ineligible person by the CSRC and its delegated institutions during the latest 12 months;
- (3) has been imposed administrative punishment or market access prohibition by the CSRC and its delegated institutions due to material breach of or non-compliance with laws and regulations during the latest 12 months;
- (4) has been prohibited to be appointed as Directors or senior management of the Company according to the requirements of the Company Law;
- (5) has been prohibited from participating in equity incentive schemes of the listed company according to the requirements of laws and regulations;
- (6) has failed to perform his/her duties effectively or is in serious dereliction of duty or malfeasance as indicated by the results of economic responsibility audit;
- (7) has violated the relevant national laws and regulations and the Articles of Association;

- (8) has violated laws and disciplinary regulations and has been punished during his/her term of office by accepting or asking for bribes, committing corruption, theft, leaking business and technical secrets of the Company, and implementing related party transactions, which harm the interest and reputation of the Company and have material negative effect on its corporate image;
- (9) has failed to perform his/her duties or does not perform his/her duties correctly, which causes a large loss of assets and other serious adverse consequences to the Company;
- (10) other circumstances as stipulated by the CSRC.

4. *The operation results of the Company shall have reached the following conditions:*

The ratio of the cash dividend amount for 2019 to the net profit attributable to shareholders of the parent company for the same year shall not be less than 30%; the operating revenue for 2019 shall not be lower than the average value (RMB18.048 billion) for 2016-2018 and not lower than the 50th percentile of the comparable enterprises; the profit margin of operating revenue after deducting non-recurring profits and losses for 2019 shall not be lower than the average value of 31.88% for 2016-2018 and not lower than the 50th percentile of the comparable enterprises; and the amount of investment in financial technology innovation for 2019 shall increase by 5% or more compared with 2018, and the classified evaluation result of securities companies for 2019 shall be Class A under Category A or above and there is no occurrence of material non-compliance with laws and regulations.

(II) Conditions for Unlocking Restricted Shares

Within the Unlocking Periods, the Restricted Shares granted to an Incentive Participant may be unlocked only when all of the following conditions are satisfied:

1. *Statutory conditions for unlocking Restricted Shares*

The statutory conditions for the unlocking of the Restricted Shares shall be consistent with the statutory conditions at the time of grant.

If the Company does not meet the statutory conditions, all the Restricted Shares that have been granted to the Incentive Participants under the Incentive Scheme but have not been unlocked shall be repurchased by the Company, and the repurchased shares shall be dealt with in accordance with the requirements of the Company Law and the Implementation Rules for Share Repurchase by Listed Companies and other laws and regulations.

If the Incentive Participant does not meet the statutory conditions, his/her Restricted Shares that have been granted under the Incentive Scheme but have not been unlocked shall be repurchased by the Company, and the repurchased shares shall be dealt with in accordance with the requirements of the Company Law and the Implementation Rules for Share Repurchase by Listed Companies and other laws and regulations.

2. *Performance appraisal requirements upon unlocking Restricted Shares*

During the unlocking period, the Incentive Scheme will appraise the performance indicators of the Company and individual performance indicators on an annual basis, with the achievement of performance appraisal targets as the conditions for incentive target to unlock the sales restriction in the current year. The calculation method of unlocked sales restriction limit for individuals in the current year is as follows:

Number of the Restricted Shares to be unlocked in current year by individual = total amount granted to individual × percentage to be unlocked in current year × company performance coefficient × individual performance coefficient.

(1) The conditions of operation results at the company level

The Company has chosen cash dividend ratio, operating revenue, profit margin of operating revenue after deducting non-recurring profits and losses, investment in financial technology innovation, and comprehensive risk control indicator as the company results appraisal indicators, of which, the comprehensive risk control indicator will be used as the threshold indicator. If such indicator of the Company has not reached the threshold value, the corresponding batch of the Restricted Shares shall not be unlocked. The threshold value of the Company's comprehensive risk control indicator is that the classified evaluation result of securities companies shall be Class A under Category A or above and there is no occurrence of material non-compliance with laws and regulations. The classified evaluation result of securities companies is appraised on the consolidated basis by the securities regulatory authority according to the Regulations on Classified Supervision of Securities Companies. If there is any change or adjustment to such appraisal system, the Board is authorized to adjust the target of classified evaluation result accordingly to the standard of the prevailing appraisal system of the same level.

Subject to fulfillment of the comprehensive risk control indicator, the company performance coefficient corresponding to the appraisal results at the company level is as follows: company performance coefficient = indicator score of cash dividend ratio × appraisal weight of cash dividend ratio + indicator score of operating revenue × appraisal weight of operating revenue + indicator score of profit margin of operating revenue after deducting non-recurring profits and losses × appraisal weight of profit margin of operating revenue after deducting non-recurring profits and losses + indicator score of investment in financial technology innovation × appraisal weight of investment in financial technology innovation.

In this formula, the appraisal weight of cash dividend ratio is 15%, the appraisal weight of operating revenue is 35%, the appraisal weight of profit margin of operating revenue after deducting non-recurring profits and losses is 35%, and the appraisal weight of investment in financial technology innovation is 15%.

The targets and scores of the remaining appraisal indicators other than the comprehensive risk control indicator at the company level are as follows:

Unlocking Period	Appraisal Targets and Indicator Scores^{Note 1}
First unlocking period	<ol style="list-style-type: none"> 1. One score will be awarded if the ratio of the cash dividend amount for 2021 to the net profit attributable to shareholders of the parent company for the same year is higher than or equal to 30%; otherwise nil will be awarded. 2. One score will be awarded if operating revenue of the Company in 2021 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded. 3. One score will be awarded if profit margin of operating revenue after deducting non-recurring profits and losses in 2021 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded. 4. Taking the amount of the investment in financial technology innovation in 2019^{Note 2} as the basis, one score will be awarded if the amount of investment in financial technology innovation in 2021 increased by 5% or more; otherwise nil will be awarded.
Second unlocking period	<ol style="list-style-type: none"> 1. One score will be awarded if the ratio of the cash dividend amount for 2022 to the net profit attributable to shareholders of the parent company for the same year is higher than or equal to 30%; otherwise nil will be awarded. 2. One score will be awarded if operating revenue of the Company in 2022 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded.

Unlocking Period	Appraisal Targets and Indicator Scores ^{Note 1}
	<ol style="list-style-type: none"> 3. One score will be awarded if profit margin of operating revenue after deducting non-recurring profits and losses in 2022 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded. 4. Taking the amount of the investment in financial technology innovation in 2019 as the basis, one score will be awarded if the amount of investment in financial technology innovation in 2022 increased by 8% or more; otherwise nil will be awarded.
Third unlocking period	<ol style="list-style-type: none"> 1. One score will be awarded if the ratio of the cash dividend amount for 2023 to the net profit attributable to shareholders of the parent company for the same year is higher than or equal to 30%; otherwise nil will be awarded. 2. One score will be awarded if operating revenue of the Company in 2023 ranks first to third among the comparable enterprises; 0.8 score will be awarded for ranking fourth to sixth; otherwise nil will be awarded. 3. One score will be awarded if profit margin of operating revenue after deducting non-recurring profits and losses in 2023 ranks first to third among the comparable enterprises; 0.8 score will be awarded for ranking fourth to sixth; otherwise nil will be awarded. 4. Taking the amount of the investment in financial technology innovation in 2019 as the basis, one score will be awarded if the amount of investment in financial technology innovation in 2023 increased by 11% or more; otherwise nil will be awarded.

Note 1: During the validity period of the Incentive Scheme, in case of any material acts (such as merger by absorption and material asset reorganization according to the decision of the relevant supervisory authority or implementation of corresponding strategic measures in response to national policies) which may affect the Company's performance indicators and render relevant performance indicators incomparable, the Board is authorized to adjust the values of corresponding performance indicators.

Note 2: The amount of investment in financial technology innovation is determined in accordance with the data of information system construction investment (including the amount of information technology investment and remuneration of information technology staff) of securities companies published by the Securities Association of China. If the Securities Association of China adjusts the relevant statistics, the Board is authorized to adjust the corresponding target.

(2) *Performance conditions at the individual level of the Incentive Participants*

The individual performance coefficient of the current period is determined according to the performance appraisal results of the Incentive Participants in the previous year. The unlocking proportion corresponding to the appraisal results are as shown in the following table:

Assessment result	B and above	C	D	E
Individual performance coefficient	100%	90%	70%	0%

If the shares that can be unlocked in the current period are not fully unlocked due to the performance appraisal at the company level or the performance appraisal at individual level, the corresponding Restricted Shares shall not be unlocked or postponed to the next period for unlocking, and shall be repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average trading price of the underlying stock of the Company on the trading day before the repurchase matters are deliberated by the Board). The repurchased shares will be handled in accordance with the Company Law, Implementation Rules for Share Repurchase and other relevant laws and regulations.

(III) Explanation of Scientificity and Reasonableness of Performance Appraisal Indicators

The performance appraisal indicators of the Company have been established in accordance with the basic requirements of the relevant laws, regulations and the Articles of Association. The performance appraisal indicators for the Restricted Shares are divided into two levels, namely, the performance appraisal at the company level and the performance appraisal at the individual level.

On the principle of promoting the growth of the Company's performance, improving the return of shareholders and enhancing the sustainable development ability of the Company, the performance appraisal indicators at the company level are selected, including the proportion of cash dividend, operating revenue, profit margin of operating revenue after deducting non-recurring profits and losses, investment in financial technology innovation and comprehensive risk control indicators. When determining the specific value, relevant factors such as macroeconomic environment, industry development status, market competition and the

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Company's future development plan are taken into account comprehensively, and the possibility of realization and the incentive effect on the Company's employees are considered comprehensively. The performance appraisal indicators are reasonable and scientific.

In addition to the performance appraisal at the company level, the Company has also established strict performance appraisal system for the individuals, which are capable of making more accurate and all-round comprehensive appraisal on the performance of the Incentive Participants. The Company will determine whether an Incentive Participant has satisfied the condition for unlocking according to the performance appraisal results of the Incentive Participant in the previous year.

In conclusion, the appraisal system of the Incentive Scheme is comprehensive, integrated and operable. The performance appraisal indicators are scientific and reasonable, and binding on the Incentive Participants. They can achieve the assessment purpose of the Incentive Scheme, and will play a positive role in promoting the future business development of the Company.

(IV) Selection of Comparable Enterprises for Granting and Unlocking of Restricted Shares

In light of the current industry competitive situation, business scale and structure, the Company's own situation and other appraisal factors, the Company has selected CITIC Securities Co., Ltd., Haitong Securities Co., Ltd., Guotai Junan Securities Co., Ltd., GF Securities Co., Ltd., China Merchants Securities Co., Ltd., Shenwan Hongyuan Group Co., Ltd., CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd., and China International Capital Corporation Limited as comparable enterprises.

During the appraisal process for unlocking, if a comparable enterprise experiences major asset reorganization and other actions, resulting in major changes in its main business or extreme changes in operating performance, the Board will be authorized to remove or replace the comparable enterprise based on the above principle of appraisal factors as the case may be.

VIII. ADJUSTMENT METHOD AND PROCEDURE OF THE GRANT QUANTITY AND GRANT PRICE**(I) Adjustment Method of the Grant Quantity of the Restricted Shares**

During the period between the date of announcement of the Incentive Scheme and the completion of registration of the Restricted Shares by the Incentive Participants, if the Company has increased share capital by conversion of capital reserves, has declared distribution of bonus issue, carried out stock division, rights issue and share consolidation, the Company should make corresponding adjustments to the quantity of the Restricted Shares. The adjustment method is as follows:

1. Increase of share capital by conversion of capital reserves, distribution of bonus issue and stock division

$$Q=Q_0 \times (1+n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio of increase per share resulting from the increase of share capital by conversion of capital reserves, distribution of bonus issue or stock division (i.e. the number of shares increased per share upon increase of share capital by conversion of capital reserves, distribution of bonus issue or stock division); Q represents the number of the Restricted Shares after the adjustment.

2. Rights issue

$$Q=Q_0 \times P_1 \times (1+n) \div (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the number of the Restricted Shares after the adjustment.

3. Share consolidation

$$Q=Q_0 \times n$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio of consolidation of shares (i.e. one share of the Company will be consolidated into n shares); Q represents the number of the Restricted Shares after the adjustment.

4. Issue of new shares and distribution of dividends

In circumstances where the Company issues new shares or distributes dividends, no adjustment will be made to the grant quantity of the Restricted Shares.

(II) Adjustment Method of the Grant Price of the Restricted Shares

During the period between the date of announcement of the Incentive Scheme and the completion of registration for the Restricted Shares by the Incentive Participants, if the Company has increased share capital by conversion of capital reserves, has declared distribution of bonus issue, carried out stock division, rights issue, share consolidation or distribution of dividends, the Company should make corresponding adjustments to the Grant Price of the Restricted Shares. The adjustment method is as follows:

1. Increase of share capital by conversion of capital reserves, distribution of bonus issue and stock division

$$P=P_0\div(1+n)$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from the increase of share capital by conversion of capital reserves, distribution of bonus issue or stock division; P represents the Grant Price after the adjustment.

2. Rights issue

$$P=P_0\times(P_1+P_2\times n)\div[P_1\times(1+n)]$$

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the Grant Price after the adjustment.

3. Share consolidation

$$P=P_0\div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of consolidation of shares; P represents the Grant Price after the adjustment.

4. Distribution of dividends

$$P=P_0-V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the Grant Price after the adjustment; P shall still be greater than or equal to 1 after the adjustment.

5. Issue of new shares

In circumstances where the Company issues new shares, no adjustment will be made to the Grant Price of the Restricted Shares.

(III) Adjustment Procedures of the Grant Quantity and Grant Price of the Restricted Shares

1. The general meeting of the Company shall authorize the Board to adjust the quantity or the Grant Price of Restricted Shares for the reasons listed above. When the Board adjusts the grant quantity or the Grant Price of Restricted Shares according to the above provisions, it shall make announcement and notify the Incentive Participants in a timely manner.
2. Any adjustment to the grant quantity, Grant Price or other terms of the Restricted Shares for other reasons shall be reported to the general meeting for review and approval after consideration by the Board.
3. The law firm engaged by the Company shall issue to the Board professional opinions on whether the above adjustments are in compliance with the relevant documents of the CSRC or other regulatory authorities, the Articles of Association and the provisions of the Incentive Scheme.

IX. ACCOUNTING TREATMENT OF THE INCENTIVE SCHEME AND ITS EFFECTS ON OPERATING RESULTS**(I) Accounting Treatment**

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payment, at each balance sheet date within the Lock-up Period, the Company shall revise the number of the Restricted Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the Restricted Shares, completion of the performance targets and other subsequent information, and recognize the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

1. Grant Date

The “bank deposits”, “treasury shares” and “capital reserve-share capital premium” shall be recognized or written off according to the granting of Shares to the Incentive Participants by the Company, and liabilities shall be recognized for its repurchasing obligation concurrently.

2. Each balance sheet date prior to the unlocking date

In accordance with the accounting standards, as at each balance sheet date within the Lock-up Period, the services provided by the staff will be recognized in the costs or expenses based on the fair value of the equity instruments granted on the Grant Date and the unlocking proportion of the Restricted Shares in each period, and the owner’s equity or liability will be recognized concurrently.

3. Unlocking date

On the unlocking date, the Shares can be unlocked if all conditions of unlocking are satisfied. If all or part of the Shares are not unlocked, they shall be repurchased and processed by the Company according to the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations as well as the accounting standards and relevant requirements.

(II) Fair Value of the Restricted Shares and Its Determination Method

In accordance with the Accounting Standards for Business Enterprises No. 11 – Share-based Payment and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Company measures the fair value of the granted Restricted Shares based on the market prices. The fair value of the Restricted Shares shall be determined on the basis of the market price on the Grant Date and the subscription price factor of the Incentive Participants.

(III) Estimated Impact on the Restricted Shares on Operating Results in Each Accounting Period

In accordance with the Accounting Standards for Business Enterprises No. 11 – Share-based Payment, the Company takes the Board meeting date (December 31, 2020) as the base date and estimates the incentive cost of the Restricted Shares granted (on December 31, 2020 presumptively). The total cost of the Restricted Shares is estimated to be RMB406,652,400.

Such expenses will be recognized in stages during the implementation of the Incentive Scheme in accordance with the unlocking ratio. The incentive costs derived from the Incentive Scheme will be itemized under the recurring profit and loss.

According to the requirements of China Accounting Standards, taking the date of Board meeting which reviews the draft of the Incentive Scheme (December 31, 2020) as the base date, and December 31, 2020 as the Grant Date, the impact of Restricted Shares granted under the Incentive Scheme on the accounting costs for each period is shown in the following table:

Unit: RMB10 thousand

Number of Restricted Shares to be granted (10,000 shares)	Total expenses to be amortized	2021	2022	2023	2024
		4,564.00	40,665.24	14,639.49	14,639.49

What is shown above is the prediction of the cost of incentives granted under the Incentive Scheme. The actual equity incentive cost will change according to the changes in the parameters after the Grant Date is determined by the Board. The Company will disclose the specific accounting treatment methods and their impact on the Company's financial data in periodic reports.

Without considering the promotion of the Incentive Scheme on the Company's performance, the amortization of its expenses has a certain impact on the net profit of each year within the validity period. As an important measure for the long-term incentive mechanism construction of the Company, the Incentive Scheme is conducive to accelerating the establishment of a market-oriented mechanism for employees and the Company to share benefits and risks, strengthening the cohesion and enthusiasm of the talent team, and further improving the operation efficiency, so as to facilitate the sustainable development of the Company. It is in the interests of all the Shareholders of the Company.

X. PROCEDURES FOR IMPLEMENTATION OF THE INCENTIVE SCHEME

(I) Procedures for the Incentive Scheme to Take Effect

1. The Remuneration and Appraisal Committee under the Board shall be responsible for drafting the Restricted Share Incentive Scheme and submitting the same to the Board for consideration.
2. The Board of the Company shall arrive at a resolution on the Incentive Scheme in accordance with the laws. When the Board considers the Incentive Scheme, any Director who is also an Incentive Participant or is connected with any Incentive Participant shall abstain from voting. Upon consideration and approval by the Board, and fulfilling the procedures of publication of public notice or announcement, the Incentive Scheme shall be submitted to the general meeting for consideration. The authorization of the general meeting shall be sought for implementing matters in relation to the grant, unlocking and repurchase of Restricted Shares.
3. The independent Directors and the Supervisory Committee shall issue opinions as to whether the Incentive Scheme is beneficial to the sustainable development of the Company and whether there is any apparent prejudice to the interests of the Company and the Shareholders as a whole. The law firm shall issue legal opinions on the Incentive Scheme.
4. The implementation of the Incentive Scheme is subject to the completion of relevant regulatory approval or filing procedures as well as the consideration and approval at the general meeting of the Company. Prior to convening the general meeting, the Company shall issue a public notice setting out the name and position of the Incentive Participants (for at least 10 days) through the Company's OA system. The

Supervisory Committee shall review the list of Incentive Participants and fully hear the feedback received after the publication of public notice. Details regarding the review of the Supervisory Committee on the list of Incentive Participants and the public notice shall be disclosed by the Company 5 days prior to the consideration of the Incentive Scheme at the general meeting.

5. Upon voting on the Incentive Scheme at the general meeting of the Company, the independent Directors shall solicit voting rights by proxy from all the Shareholders in respect of the Incentive Scheme. Details of the Share Incentive Scheme as stipulated in Article 9 of the Administrative Measures for the Share Incentives shall be voted at the general meeting, and be approved by more than two-thirds of the voting rights held by the Shareholders attending the meeting. The votes of the Shareholders other than the Directors, Supervisors and senior management of the Company, as well as the Shareholders individually or collectively holding more than 5% of the Company's Shares shall be counted and disclosed separately.

The Shareholders who are the Incentive Participants or who are connected with any Incentive Participant shall abstain from voting when the Incentive Scheme is being considered at the general meeting of the Company.

6. Upon consideration and approval of the Incentive Scheme at the general meeting of the Company and subject to the satisfaction of the conditions stipulated thereunder, the Company shall grant the Restricted Shares to the Incentive Participants within the prescribed time. Upon authorization by the general meeting, the Board shall be responsible for implementing the grant, unlocking and repurchase of the Restricted Shares.

(II) Procedures for Granting the Restricted Shares

1. After the general meeting reviews and approves the Incentive Scheme, the Company shall enter into the Share Incentive Agreement with the Incentive Participants to define their respective rights and obligations.
2. Before the Company grants equity to the Incentive Participants, the Board shall review and announce whether the conditions for the Incentive Participants to be granted the equity set out in the equity incentive scheme are fulfilled. The independent Directors and the Supervisory Committee shall simultaneously express definite opinions. The law firm shall issue legal opinions on whether the conditions for the Incentive Participants to be granted the equity are fulfilled.
3. The Supervisory Committee shall verify the list of Incentive Participants as at the Grant Date of the Restricted Shares and express its view.

4. When there is any discrepancy between the Company's grant of equities to the Incentive Participants and the arrangement of the Incentive Scheme, the independent Directors, the Supervisory Committee (when there are changes to the Incentive Participants), and the law firm shall issue their definite opinions simultaneously.
5. Upon the consideration and approval of the Incentive Scheme at the general meeting, the Company shall complete the grant, registration and announcement procedures in accordance with the Administrative Measures for the Share Incentives.
6. If the Directors and senior management of the Company, as the Incentive Participants, reduce their holdings of the Company's shares 6 months before the grant of the Restricted Shares, the grant of the Restricted Shares shall be postponed for six months from the date of the last reduction transaction in accordance with the provisions on short-term trading in the Securities Law.
7. Before the grant of equities, the Company shall seek approval from the stock exchange. After the confirmation given by the stock exchange, the registration and clearing matters shall be handled by the Depository and Clearing Company.

(III) Procedures for Unlocking the Restricted Shares

1. The Company shall confirm whether the Incentive Participants satisfy the unlocking conditions before the unlocking date. The Board shall consider whether the unlocking conditions as set out in the Incentive Scheme have been satisfied. The independent Directors and the Supervisory Committee shall both express their views explicitly and simultaneously. The law firm shall issue legal opinions on whether the conditions for the unlocking by the Incentive Participants are fulfilled. For Incentive Participants who satisfy the unlocking conditions, the Company shall handle the unlocking in a unified manner, and for Incentive Participants who fail to satisfy the unlocking conditions, save as otherwise provided in the Incentive Scheme, the Company will repurchase the Restricted Shares corresponding to the portions which have not been unlocked. The repurchased shares will be handled in accordance with the Company Law, Implementation Rules for Share Repurchase and other relevant laws and regulations. The Company shall disclose the implementation thereof timely by way of announcement.
2. Incentive Participants may transfer their unlocked Restricted Shares, but the transfer of shares held by the Directors and senior management of the Company shall be in compliance with the requirements of relevant laws, regulations and normative documents.

3. Before the unlocking of the Restricted Shares of the Incentive Participants, the Company shall seek approval from the stock exchange. After the confirmation given by the stock exchange, the registration and clearing matters shall be handled by the Depository and Clearing Company.

(IV) Procedures for Amending the Incentive Scheme

1. If the Company intends to amend the Incentive Scheme before it is considered at the general meeting, the Incentive Scheme shall be reviewed and approved by the Board.
2. Except as provided in the Incentive Scheme or as authorized by the general meeting, any amendments made by the Company after the Incentive Scheme, which is considered and approved at the general meeting, shall be reviewed and approved by the general meeting and shall not include the following situations:
 - (1) leading to the early unlocking of the Restricted Shares;
 - (2) leading to a reduction in Grant Price.
3. The independent Directors and the Supervisory Committee shall express definite opinions on whether the scheme after change is conducive to the sustainable development of the Company, and whether there exist any situations that obviously damage the interests of the Company and all the Shareholders.
4. The law firm shall provide professional opinions on whether the Incentive Scheme after change complies with the requirements of the Incentive Scheme and the relevant laws and regulations, and whether there exist any situations that obviously damage the interests of the Company and all the Shareholders.

(V) Procedures for Terminating the Incentive Scheme

1. Proposed termination of the Incentive Scheme by the Company prior to its consideration at a general meeting shall be subject to consideration and approval of the Board.
2. Termination of the Incentive Scheme by the Company upon its consideration and approval at a general meeting shall be subject to consideration and approval at a general meeting.

3. The law firm shall provide professional opinions on whether the termination of the Incentive Scheme complies with the requirements of the Administrative Measures for the Share Incentives and the relevant laws and regulations, and whether there exist any situations that obviously damage the interests of the Company and all the Shareholders.
4. Upon the termination of the Incentive Scheme, the Company shall repurchase the Restricted Shares that have not been unlocked and handle the same in accordance with the requirements of the Company Law and the Implementation Rules for Share Repurchase.
5. Before the repurchase of the Restricted Shares, the Company shall seek approval from the stock exchange. After the confirmation given by the stock exchange, the registration and clearing matters shall be handled by the Depository and Clearing Company.

XI. RESPECTIVE RIGHTS AND OBLIGATIONS OF THE COMPANY AND THE INCENTIVE PARTICIPANTS

(I) Rights and Obligations of the Company

1. The Company shall have the right to construe and execute the Incentive Scheme and shall appraise the performance of the Incentive Participants based on the provisions of the Incentive Scheme. If an Incentive Participant fails to satisfy the unlocking conditions required under the Incentive Scheme, the Company shall repurchase the Restricted Shares which have not yet been unlocked of such Incentive Participant in accordance with the principles as prescribed under the Incentive Scheme, and the repurchased shares shall be dealt with pursuant to the Company Law and the Implementation Rules for Share Repurchase and other laws and regulations.
2. The Company undertakes not to provide loans and financial assistance in any other forms, including guarantee for loans, to the Incentive Participants to obtain the Restricted Shares under the Incentive Scheme.
3. The Company shall actively assist the Incentive Participants who have satisfied the subscription condition and the unlocking conditions to subscribe and unlock the selling restrictions in accordance with the Incentive Scheme and the relevant requirements of the state-owned assets regulatory authorities, the CSRC, the stock exchange and the Depository and Clearing Company; the Company shall not be responsible for any losses incurred by an Incentive Participant in the case that the Restricted Shares are not subscribed and unlocked as the Incentive Participant so wishes by reasons relating to the state-owned assets regulatory authorities, the CSRC, the stock exchange or the Depository and Clearing Company.

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4. The Incentive Scheme does not constitute a commitment by the Company to the employee's employment period, and the employees' employment relationship with the Company shall be still implemented in accordance with the labor contract or letter of appointment entered into between the Company and the Incentive Participants.
5. The Company shall perform its reporting, information disclosure and other obligations under the Incentive Scheme in a timely manner in accordance with the requirements of the relevant laws, regulations and normative documents.
6. The Company undertakes that there are no false representations, misleading statements or material omissions in the information disclosure documents relating to the Incentive Scheme.
7. The Company shall perform the tax payment obligations related to the Incentive Scheme in accordance with the national tax management regulations.
8. Upon consideration and approval of the Incentive Scheme at the general meeting of the Company, the Company will sign the Share Incentive Agreement with each Incentive Participant to specify their respective rights and obligations under the Incentive Scheme and other relevant matters.
9. Other relevant rights and obligations set forth in laws, regulations and the Share Incentive Agreement entered into between the Company and the Incentive Participants.

(II) Rights and Obligations of the Incentive Participants

1. The Incentive Participants shall fulfill the requirements of their positions as expected by the Company, and shall work with diligence and responsibility, strictly observe professional conduct, and make due contributions to the development of the Company.
2. The Incentive Participants are entitled to be granted the Restricted Shares in accordance with the provisions of the Incentive Scheme, and the Restricted Shares granted shall not be transferred, pledged or used for repayment of debts during the Lock-up Period.
3. The Incentive Participants have the right to unlock and shall unlock the Restricted Shares granted in accordance with the provisions of the Incentive Scheme, and shall transfer the shares in accordance with relevant provisions.
4. The Incentive Participants undertake that the source of funds for participating in the Incentive Scheme shall be self-raised funds, which shall comply with the requirements of relevant laws and regulations.

5. Upon completion of registration of transfer by the Depository and Clearing Company, the Restricted Shares granted to the Incentive Participants shall enjoy the rights as those conferred on the stocks, including but not limited to the rights to dividend and rights of rights issue conferred by such stocks. Shares arising from distribution of bonus issue, increase of share capital by conversion of capital reserves and rights issue which are acquired by the Incentive Participants due to grant of the Restricted Shares during the Lock-up Period, shall not be transferred, pledged or used for repayment of debts. The unlocking of the Lock-up Period of such shares is the same as that of the Restricted Shares.

Prior to unlocking, when the Company distributes cash dividends, the Incentive Participants shall be entitled to the cash dividends to be received in respect of the Restricted Shares granted to them after withholding and paying individual income tax. If such portion of the Restricted Shares cannot be unlocked, the Company shall deduct such portion of cash dividends that the Incentive Participants are entitled to when repurchasing such portion of the Restricted Shares in accordance with the provisions of the Incentive Scheme.

6. In case the Restricted Shares are subject to pledge, judicial freeze, seizure, or property division according to law during the Lock-up Period, as a general rule, such Restricted Shares which do not satisfy the unlocking conditions shall not be transferred to others by property division. The consequent financial issues shall be handled by the parties involved according to law, and no claim may be made to the Company.
7. The Incentive Participants undertake that, where there are false representations or misleading statements contained in, or material omissions from the information disclosure documents of the Incentive Scheme and as a result of which the conditions of grant or arrangements for exercise of equities are not satisfied, the Incentive Participants concerned shall return to the Company all interests obtained from the Incentive Scheme when it is confirmed that the relevant information disclosure documents contain false representations, misleading statements or material omissions.
8. Any gains obtained by the Incentive Participants under the Incentive Scheme are subject to individual income tax and other taxes according to PRC tax laws.
9. Upon consideration and approval of the Incentive Scheme at the general meeting of the Company, the Company shall enter into a share incentive agreement with each Incentive Participant in which the respective rights and obligations of each party under the Incentive Scheme as well as other relevant matters shall be stipulated.
10. Other relevant rights and obligations as stipulated by laws, regulations and the Incentive Scheme.

**XII. HANDLING OF CHANGES IN THE COMPANY'S SITUATION AND THE
CONDITIONS OF INCENTIVE PARTICIPANTS**

(I) Handling of Changes in the Company's Situation

1. In case of occurrence of any of the following circumstances to the Company, the Incentive Scheme shall be terminated and the Restricted Shares that have been granted to the Incentive Participants but not yet unlocked shall not be unlocked. The Incentive Participants with personal liability for the following circumstances shall have their Restricted Shares repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average trading price of the underlying stock of the Company on the trading day before the repurchase matters deliberated by the Board), and the other Incentive Participants shall have their Restricted Shares repurchased by the Company at the Grant Price. The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.
 - (1) The certified public accountant has issued an audit report with negative opinions or been unable to give comments on the financial accounting report of the latest accounting year;
 - (2) The certified public accountant has issued an audit report with negative opinions or been unable to give comments on internal control in the financial report of the latest accounting year;
 - (3) The Company fails to engage an accounting firm to carry out auditing in accordance with the prescribed procedures and requirements;
 - (4) The state-owned assets supervision and administration institution, the Supervisory Committee or the auditing department has raised a material objection to the performance results or annual financial report of the listed company;
 - (5) The operating loss of the Company leads to the indefinite suspension of trading, disqualification from listing, bankruptcy or dissolution;
 - (6) The Company repurchases and cancels the shares, resulting in delisting because it fails to fulfill the listing conditions;
 - (7) Profits have not been duly distributed in accordance with laws, regulations, the Articles of Association or public undertakings within 36 months after listing;
 - (8) Equity incentives are not allowed to be implemented under the laws and regulations;
 - (9) Other circumstances stipulated by the CSRC under which the Incentive Scheme shall be terminated.

2. In case of merger, division or change in control of the Company, in principle, all the granted Restricted Shares will not be changed. However, if the underlying shares involved in the Incentive Scheme change due to the merger, division or change in control, the Restricted Shares shall be adjusted to ensure the expected return of the Incentive Participants remains unchanged.
3. During the process of implementation of the Incentive Scheme, where false representations, misleading statements or material omissions from financial accounting documents or the information disclosure documents of the Company result in non-compliance with conditions of grant or arrangements for exercise of equities, the Incentive Participants shall not exercise the outstanding equities, and the Company shall forfeit all interests of the Incentive Participants gained through the relevant Incentive Scheme and shall not grant new equities to the Incentive Participants that assume liabilities.

(II) Handling of Changes in Personal Conditions of the Incentive Participants

1. If the Incentive Participant loses the eligibility to participate in the Incentive Scheme due to any of the following circumstances, the Restricted Shares of the Incentive Participant that have been unlocked shall remain valid. The Restricted Shares that have not been unlocked shall be repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average trading price of the underlying stock of the Company on the trading day before the repurchase matters are deliberated by the Board). The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.
 - (1) he/she has been recognized as an ineligible candidate by the stock exchange during the latest 12 months;
 - (2) he/she has been recognized as an ineligible candidate by the CSRC and its delegated institutions during the latest 12 months;
 - (3) he/she has been imposed administrative punishment or market access prohibition by the CSRC and its delegated institutions due to material breach of or non-compliance with laws and regulations during the latest 12 months;
 - (4) he/she has been prohibited from being appointed as a director or a senior management according to the requirements of the Company Law;
 - (5) he/she has been prohibited from participating in equity incentive schemes of the listed company according to the requirements of laws and regulations;
 - (6) other circumstances as stipulated by the CSRC.

2. If the Incentive Participant has his/her position changed, but still works in the Company (including its branches) or its wholly-owned and majority-controlled subsidiaries, and the labor relationship is not dissolved or terminated, the Restricted Shares granted to him/her shall be processed in full accordance with the procedures set forth in the Incentive Scheme before the change in his/her position. If Incentive Participant becomes a Supervisor or an independent Director of the Company or other person who cannot hold the Restricted Shares of the Company, the Restricted Shares that have been granted to Incentive Participant but have not been unlocked under the Incentive Scheme shall be repurchased by the Company at the Grant Price plus interest calculated based on the benchmark deposit rate of the corresponding period published by the PBOC at the time of the repurchase. The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.

However, in any of the following circumstances occurred to Incentive Participants, the Restricted Shares that have been granted but have not been unlocked shall not be unlocked, and shall be repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average trading price of the underlying stock of the Company on the trading day before the repurchase matters are deliberated by the Board). The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations. For the Restricted Shares that have been unlocked, the Company may require the Incentive Participant to return the interests derived from the Incentive Scheme:

- (1) The results of economic responsibility audit indicate that the Incentive Participant fails to perform his/her duties effectively or is in serious dereliction of duty or malfeasance;
- (2) The Incentive Participant has acted in violation of the relevant laws and regulations issued by the PRC and the Articles of Association;
- (3) The Incentive Participant has violated laws and disciplinary regulations and has been correspondingly punished during his/her term of office by accepting or asking for bribes, committing corruption, theft, divulging business and technical secrets of the Company, and implementing related party transactions, which harm the interest and reputation of the Company and have material negative effect on its corporate image;
- (4) The Incentive Participant fails to perform his/her duties or duly perform his/her duties, which causes a large loss of assets and other serious adverse consequences to the Company.

3. If the Incentive Participant dissolves or terminates the labor relationship with the Company (including its branches) or its wholly-owned and majority-controlled subsidiaries due to work transfer or other reasons, the Company may calculate the number of Restricted Shares eligible for unlocking based on his/her actual years of service, and arrange for the unlocking according to the corresponding unlocking batches, while the Restricted Shares that have been granted but have not been unlocked shall be repurchased by the Company at the Grant Price plus interest calculated based on the benchmark deposit rate of the corresponding period published by the PBOC at the time of the repurchase. The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.

The method for calculating the number of Restricted Shares eligible for unlocking based on the actual years of service are as follows:

- (1) If any of the above circumstances occurs prior to the first date of unlocking: The actual number of Restricted Shares of the Incentive Participant eligible for unlocking on the first date of unlocking = The number of Restricted Shares of the Incentive Participant eligible for unlocking in the current period based on the corresponding annual performance appraisal results × number of days from the date when the registration of Restricted Shares is completed to the last working day of the Incentive Participant ÷ 365 ÷ 2.
 - (2) If any of the above circumstances occurs after the first date of unlocking: The actual number of Restricted Shares of the Incentive Participant eligible for unlocking in an unlocking period = The number of Restricted Shares of the Incentive Participant eligible for unlocking in the current period based on the corresponding annual performance appraisal results × number of days from the first date of the last unlocking period to the last working day of the Incentive Participant ÷ 365.
4. If the Incentive Participant dissolves or terminates the labor relationship with the Company (including the branches) or its wholly-owned or majority-controlled subsidiaries due to his/her normal retirement at the mandatory retirement age, the Restricted Shares granted to the Incentive Participant shall be processed in accordance with the procedures set forth in the Incentive Scheme before the retirement, and his/her individual performance appraisal results shall not be included in the conditions for unlocking.

5. If the Incentive Participant is terminated due to the loss of labor capacity, it shall be handled in two conditions:
 - (1) If the Incentive Participant is terminated due to the loss of labor capacity which is caused by the performance of duties, the Restricted Shares granted to the Incentive Participant shall be processed in accordance with the procedures set forth in the Incentive Scheme prior to the loss of labor capacity, and his/her individual performance appraisal results shall not be included in the conditions for unlocking;
 - (2) If the Incentive Participant is terminated due to the loss of labor capacity which is not caused by the performance of duties, within six months from the date of occurrence of the situation, the Restricted Shares of the Incentive Participant that fulfill the unlocking conditions in the current year can be unlocked, while the Restricted Shares that have not been unlocked shall be repurchased by the Company at the Grant Price plus interest calculated based on the benchmark deposit rate of the corresponding period published by the PBOC at the time of the repurchase. The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.

6. In case of the death of the Incentive Participant, it shall be handled in two conditions:
 - (1) If the Incentive Participant dies as a result of performance of his/her duties, as at the occurrence date, the Restricted Shares granted to the Incentive Participant shall be held by the designated heir or legal heir on his/her behalf and processed in accordance with the procedures set forth in the Incentive Scheme prior to the death, and his/her individual performance appraisal results shall not be included in the conditions for unlocking;
 - (2) If the Incentive Participant dies for any other reasons, within six months from the date of occurrence of the situation, the Restricted Shares of the Incentive Participant that fulfill the unlocking conditions in the current year can be unlocked, while the Restricted Shares that have not been unlocked shall be repurchased by the Company at the Grant Price plus interest calculated based on the benchmark deposit rate of the corresponding period published by the PBOC at the time of the repurchase. The repurchased shares will be handled in accordance with the Company Law, Implementation Rules for Share Repurchase and other relevant laws and regulations.

7. Except for the dissolution or termination of labor relationship with the Company (including its branches) or its wholly-owned and majority-controlled subsidiaries due to the above four cases, namely, work transfer, normal retirement at the mandatory retirement age, loss of labor capacity, and death, if the Incentive Participants dissolve or terminate the labor relationship with the Company (including its branches) or its wholly-owned and majority-controlled subsidiaries for any other reason, the Restricted Shares granted to the Incentive Participants but not yet unlocked shall not be unlocked, and shall be repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average price of the underlying stock of the Company on the trading day before the repurchase matters are deliberated by the Board), and the repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.

8. Other unspecified cases shall be determined and dealt with by the Board.

XIII. RESOLUTION OF DISPUTES BETWEEN THE COMPANY AND THE INCENTIVE PARTICIPANTS

Any disputes arising between the Company and the Incentive Participants shall be resolved in accordance with provisions of the Incentive Scheme and relevant agreements. Disputes not explicitly covered by the provisions shall be resolved by negotiation in accordance with the national laws on fair and reasonable principles. Where negotiation fails, litigation shall be instigated at a competent People's Court in the Company's place of domicile.

XIV. REPURCHASE OF THE RESTRICTED SHARES

In the event that the Company repurchases the Restricted Shares according to the Incentive Scheme, the repurchase price shall be determined according to the above provisions of the Incentive Scheme. The repurchased shares shall be dealt with in accordance with the Company Law, the Implementation Rules for Share Repurchase and other laws and regulations.

After completion of the registration of the Restricted Shares which have been granted to the Incentive Participants, if there is any increase of share capital by conversion of capital reserves, distribution of bonus issue, stock division, rights issue, share consolidation, distribution of dividends or any other event that affects the Company's total share capital or share price, the Company shall make corresponding adjustments to the repurchase price and the repurchase quantity of the Restricted Shares which are not yet unlocked.

(I) Adjustment Method of the Repurchase Price

1. Increase of share capital by conversion of capital reserves, distribution of bonus issue and stock division

$$P=P_0\div(1+n)$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from the increase of share capital by conversion of capital reserves, distribution of dividends or stock division; P represents the adjusted repurchase price.

2. Rights issue

$$P=P_0\times(P_1+P_2\times n)/[P_1\times(1+n)]$$

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the date of share registration; P_2 represents the price of the rights issue, n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted repurchase price.

3. Share consolidation

$$P=P_0\div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of consolidation of shares; P represents the adjusted repurchase price.

4. Distribution of dividends

$$P=P_0-V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per Share; P represents the repurchase price after the adjustment; P shall still be greater than 1 after the adjustment.

5. Issue of new shares

In circumstances where the Company issues new shares, no adjustment will be made to the repurchase price of the Restricted Shares.

(II) Adjustment Procedures of the Repurchase Quantity

1. *Increase of share capital by conversion of capital reserves, distribution of bonus issue and stock division*

$$Q=Q_0 \times (1+n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio of increase of share capital by conversion of capital reserves, distribution of bonus issue or stock division of each share (i.e. the number of shares increased per share upon the increase of share capital by conversion of capital reserves, distribution of bonus issue or stock division); Q represents the number of the Restricted Shares after the adjustment.

2. *Rights issue*

$$Q=Q_0 \times P_1 \times (1+n) \div (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; P_1 represents the closing price on the date of share registration; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares issued under the rights issue to the Company's total share capital before the rights issue); Q represents the number of the Restricted Shares after the adjustment.

3. *Share consolidation*

$$Q=Q_0 \times n$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the share consolidation ratio (i.e. one share of the Company shall be consolidated into n shares); Q represents the number of the Restricted Shares after the adjustment.

4. *Issue of new shares*

In circumstances where the Company issues new shares, no adjustment will be made to the repurchase quantity of the Restricted Shares.

(III) Adjustment Procedures of the Repurchase Price or Repurchase Quantity

1. The general meeting of the Company shall authorize the Board to adjust the repurchase quantity and price of the Restricted Shares for the reasons listed above. When the Board adjusts the repurchase quantity and price according to the above provisions, it shall make an announcement in a timely manner.
2. Any adjustment to the repurchase quantity and price of the Restricted Shares for other reasons shall be reported to the general meeting for consideration and approval after being resolved by the Board.

(IV) Procedures for Repurchase Adjustment

The Company shall convene a Board meeting in a timely manner to consider the scheme on the adjustment to repurchase according to the above provisions, table the same to the general meetings for approval in accordance with the laws, and make announcement accordingly in a timely manner. In order to carry out repurchase in accordance with the provisions of the Incentive Scheme, the Company shall apply to the stock exchange for unlocking the relevant Restricted Shares. Upon confirmation by the stock exchange, registration and clearing matters will be handled by the Depository and Clearing Company.

XV. OTHER MATTERS

1. Where relevant terms of the Incentive Scheme conflict with the relevant PRC laws, regulations, administrative rules and normative documents, implementation of the Incentive Scheme shall be subject to the relevant PRC laws, regulations and administrative rules and systems. Where there is no explicit provision in the Incentive Scheme, implementation of the Incentive Scheme shall be subject to the relevant PRC laws, regulations, administrative rules and normative documents.
2. Where Incentive Participants are in violation of the Incentive Scheme, the Articles of Association or relevant PRC laws, regulations, administrative rules and normative documents, all gains arising from the disposal of the shares granted under the Incentive Scheme shall belong to the Company and the Board of the Company shall be responsible for the execution.
3. The Incentive Scheme shall come into effect upon completing regulatory approval or filing procedures and being considered and approved at the general meeting of the Company.
4. The Incentive Scheme shall be interpreted by the Board.

**HUATAI SECURITIES CO., LTD.
ADMINISTRATIVE MEASURES FOR
THE RESTRICTED SHARE INCENTIVE SCHEME OF A SHARES**

Chapter I General Provisions

Article 1 In order to implement the Restricted Share Incentive Scheme of A Shares (hereinafter referred to as the “Restricted Share Incentive Scheme”, the “Incentive Scheme” or the “Scheme”) of Huatai Securities Co., Ltd. (hereinafter referred to as “Huatai Securities” or the “Company”), these measures have been specifically formulated to specify, among others, the management body and its responsibilities, the implementation procedures and the handling of special circumstances of the Incentive Scheme.

Article 2 The Administrative Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. (hereinafter referred to as the “Measures”), which have been formulated in accordance with the relevant PRC laws, administrative regulations, departmental rules, normative documents and the Articles of Association of Huatai Securities Co., Ltd. (hereinafter referred to as the “Articles of Association”), and in light of the actual situation of the Company, shall become effective upon consideration and approval at the general meeting of the Company.

Article 3 The Restricted Share Incentive Scheme is a medium and long-term incentive scheme for the Directors, senior management and other core key employees of the Company based on A shares. The effectiveness of Restricted Share Incentive Scheme is subject to proposal by the Remuneration and Appraisal Committee of the Company, consideration by the Board, performance of relevant procedures such as regulatory approval or filing, and consideration and approval at the general meeting of the Company.

Article 4 The Board shall exercise strict management of the Restricted Share Incentive Scheme considered and approved at the general meeting (as amended, if any and the amended version shall prevail) in accordance with the principles of legal compliance, openness and transparency.

Article 5 The management of the Restricted Share Incentive Scheme includes formulation and amendment of the Restricted Share Incentive Scheme, review of the qualifications of the Incentive Participants, grant and unlocking of the Restricted Shares and information disclosure, etc.

Article 6 Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Restricted Share Incentive Scheme.

Chapter II Management Body and its Responsibilities

Article 7 The general meeting, as the highest authority of the Company, shall be responsible for considering and approving the implementation, amendment and termination of the Scheme. The general meeting may, within its powers and authority, authorize the Board to handle certain matters relating to the Scheme.

Article 8 The Board shall act as the executive and administrative authority for the Scheme. The Remuneration and Appraisal Committee under the Board shall be responsible for drafting and revising the Scheme, and submitting the Scheme to the Board for consideration. Upon approval by the Board, the Scheme shall be further submitted to the general meeting of the Company for consideration and approval. The Board may handle the matters relating to the Scheme within the scope of authorization as granted by the general meeting.

Article 9 The Supervisory Committee is the supervisory authority of the Scheme and is responsible for reviewing the list of Incentive Participants. The Supervisory Committee shall issue opinions as to whether the Scheme is beneficial to the sustainable development of the Company and whether there is any apparent prejudice to the interests of the Company and the Shareholders as a whole, and supervise whether the implementation of the Scheme is in compliance with the relevant laws, administrative regulations, departmental rules and the operational rules of the Shanghai Stock Exchange (hereinafter referred to as the “SSE”).

Article 10 Independent Directors shall issue independent opinions as to whether the Scheme is beneficial to the sustainable development of the Company and whether there is any apparent prejudice to the interests of the Company and Shareholders as a whole, and shall solicit voting rights by proxy from all the Shareholders in respect of the Scheme.

Article 11 Where amendments have been made to the Incentive Scheme before it is considered and approved at the general meeting of the Company, the independent Directors and the Supervisory Committee shall issue explicit opinions as to whether the amended Scheme is beneficial to the sustainable development of the Company and whether there is any apparent prejudice to the interests of the Company and the Shareholders as a whole.

Prior to the grant of any equities by the Company to the Incentive Participants, the independent Directors and the Supervisory Committee shall issue explicit opinions as to whether the Incentive Participants have satisfied the conditions of grant prescribed in the Incentive Scheme. In the event of any discrepancy between the equities granted to the Incentive Participants by the Company and the arrangements under the Scheme, the independent Directors and the Supervisory Committee (where there are changes to the Incentive Participants) shall simultaneously issue explicit opinions.

Prior to the exercise of any equities by the Incentive Participants, the independent Directors and the Supervisory Committee shall issue explicit opinions as to whether the Incentive Participants have satisfied the conditions of exercising the equities prescribed in the Incentive Scheme.

Chapter III Effectiveness of the Incentive Scheme

Article 12 The Remuneration and Appraisal Committee under the Board shall be responsible for drafting the Restricted Share Incentive Scheme and submitting the same to the Board for consideration.

Article 13 The Board of the Company shall arrive at a resolution on the Incentive Scheme in accordance with the laws. When the Board considers the Incentive Scheme, any Director who is an Incentive Participant or is connected with any Incentive Participant shall abstain from voting. Upon consideration and approval by the Board, and fulfilling the procedures of publication of public notice or announcement, the Incentive Scheme shall be submitted to the general meeting for consideration. The authorization of the general meeting shall be sought for implementing matters in relation to the grant, unlocking and repurchase of Restricted Shares.

Article 14 The independent Directors and the Supervisory Committee shall issue opinions as to whether the Incentive Scheme is beneficial to the sustainable development of the Company and whether there is any apparent prejudice to the interests of the Company and the shareholders as a whole. The law firm will issue legal opinions in respect of the Incentive Scheme.

Article 15 The implementation of the Incentive Scheme is subject to the completion of relevant regulatory approval or filing procedures and, after which, the consideration and approval at the general meeting of the Company. Prior to convening the general meeting, the Company shall issue a public notice setting out the name and position of the Incentive Participants (for at least 10 days) through the Company's OA system. The Supervisory Committee shall review the list of Incentive Participants and fully hear the feedback received after the publication of public notice. Details regarding the review of the Supervisory Committee on the list of Incentive Participants and the public notice shall be disclosed by the Company 5 days prior to the consideration of the Incentive Scheme at the general meeting.

Article 16 Upon voting on the Incentive Scheme at the general meeting of the Company, the independent Directors shall solicit voting rights by proxy from all the Shareholders in respect of the Incentive Scheme. Details of the Share Incentive Scheme as stipulated in Article 9 of the Administrative Measures for the Share Incentives of Listed Companies (hereinafter referred to as the "Administrative Measures for the Share Incentives") shall be voted at the general meeting, and be approved by more than two-thirds of the voting rights held by the Shareholders attending the meeting. The votes of the Shareholders other than the Directors, Supervisors and senior management of the Company, as well as the Shareholders individually or collectively holding more than 5% of the Company's Shares shall be counted and disclosed separately.

The Shareholders who are the Incentive Participants or are connected with any Incentive Participants shall abstain from voting when the Share Incentive Scheme is being considered at the general meeting of the Company.

Article 17 Upon consideration and approval of the Incentive Scheme at the general meeting of the Company and subject to the satisfaction of the conditions stipulated thereunder, the Company shall grant the Restricted Shares to the Incentive Participants within the prescribed time. Upon authorization by the general meeting, the Board shall be responsible for implementing the grant, unlocking and repurchase of the Restricted Shares.

Chapter IV Grant of the Restricted Shares

Article 18 Upon consideration and approval of the Incentive Scheme at the general meeting, the Company shall enter into the Share Incentive Agreement with the Incentive Participants to determine the respective rights and obligations of each party.

Article 19 Prior to the grant of any equities by the Company to the Incentive Participants, the Board shall consider whether the Incentive Participants have satisfied the conditions of grant of equities prescribed in the Share Incentive Scheme and issue an announcement accordingly.

Independent Directors and the Supervisory Committee shall simultaneously issue explicit opinions. The law firm shall issue legal opinions on whether the Incentive Participants have satisfied the conditions of grant of equities.

The Supervisory Committee of the Company shall verify the list of Incentive Participants on the Grant Date and issue its opinions.

Article 20 In the event of any discrepancy between the equities granted to the Incentive Participants by the Company and the arrangements under the Incentive Scheme, the independent Directors, the Supervisory Committee (where there are changes to the Incentive Participants) and the law firm shall simultaneously issue explicit opinions.

Article 21 Upon consideration and approval of the Incentive Scheme, the Company shall complete relevant grant, registration and announcement procedures in accordance with the relevant provisions of the Administrative Measures for the Share Incentives.

If the Company's Directors and senior management, as the Incentive Participants, have reduced their shareholding in the Company within 6 months prior to the grant of Restricted Shares, the grant of Restricted Shares shall be deferred to 6 months from the date of the last transaction for shareholding reduction in accordance with the provisions of short-swing trading under the Securities Law.

Article 22 The Company shall make an application to the SSE prior to the grant of the equities. The Depository and Clearing Company shall handle the registration and clearing matters upon the confirmation of the SSE.

Chapter V Unlocking of the Restricted Shares

Article 23 The Restricted Shares granted under the Restricted Share Incentive Scheme shall be subject to an unlocking period of 36 months upon the expiry of 24 months commencing from the registration date of corresponding portions granted. The Remuneration and Appraisal Committee under the Board shall conduct inspection on the satisfaction of the unlocking conditions by the Company, and determine the unlocking coefficient of each Incentive Participant based on the performance conditions at the Company level and the performance appraisal results of the Incentive Participants, and draft the unlocking proposal for submission to the Board for approval.

Article 24 Prior to the date of unlocking, the Company shall confirm whether the Incentive Participants have satisfied the unlocking conditions. The Board shall consider whether the unlocking conditions under the Incentive Scheme have been satisfied, and the independent Directors and the Supervisory Committee shall simultaneously issue explicit opinions. The law firm shall issue legal opinions as to whether the unlocking conditions of the Incentive Participants have been satisfied.

Article 25 Upon consideration and approval by the Board, as to the Incentive Participants who have satisfied the unlocking conditions, the Company shall handle the unlocking matters on a uniform basis. For the Incentive Participants who fail to satisfy the unlocking conditions, unless otherwise agreed in the Incentive Scheme, the Company shall repurchase the Restricted Shares held by such participants which have not been unlocked, and the shares repurchased shall be dealt with in accordance with the requirements of the Company Law, the Implementation Rules of the Shanghai Stock Exchange for Share Repurchase by Listed Companies (hereinafter referred to as the “Implementation Rules for Share Repurchase”) and other laws and regulations. The Company shall make announcement on the details regarding the implementation in a timely manner.

The Incentive Participants may transfer the unlocked Restricted Shares, provided that the transfer of the Shares held by the Directors and senior management of the Company shall comply with the requirements of relevant laws, regulations and normative documents.

Article 26 The Company shall make an application to the SSE before unlocking the Restricted Shares held by the Incentive Participants. The Depository and Clearing Company shall handle the registration and clearing matters upon the confirmation of the SSE.

Chapter VI Amendments to the Incentive Scheme

Article 27 Any proposed amendment to the Scheme by the Company prior to the consideration of the Scheme at the general meeting shall be subject to consideration and approval by the Board.

Article 28 Save as prescribed in the Scheme or authorized by the general meeting, any proposed amendment to the Scheme by the Company after consideration and approval of the Scheme at the general meeting shall be subject to consideration and approval at the general meeting, provided that such amendment shall not:

- (I) result in any circumstances leading to early unlocking;
- (II) reduce the Grant Price.

Article 29 The independent Directors and the Supervisory Committee shall issue explicit opinions as to whether the amended Scheme is beneficial to the sustainable development of the Company and whether there is any apparent prejudice to the interests of the Company and Shareholders as a whole.

Article 30 The law firm shall issue professional opinions as to whether the amended Scheme is in compliance with the provisions of the Scheme and relevant laws and regulations and whether there is any apparent prejudice to the interests of the Company and Shareholders as a whole.

Chapter VII Termination of the Incentive Scheme

Article 31 Any proposed termination of the Incentive Scheme by the Company prior to the consideration of the Incentive Scheme at the general meeting shall be subject to the consideration and approval by the Board.

Article 32 Any proposed termination of the Incentive Scheme by the Company after the consideration and approval of the Incentive Scheme at the general meeting shall be subject to the consideration and approval at the general meeting.

Article 33 The law firm shall issue professional opinions as to whether the termination of the Incentive Scheme by the Company is in compliance with the requirements of the Administrative Measures for the Share Incentives and the relevant laws and regulations and whether there is any apparent prejudice to the interests of the Company and Shareholders as a whole.

Article 34 Upon termination of the Incentive Scheme, the Company shall repurchase the Restricted Shares which have not been unlocked and deal with the same in accordance with the Company Law and the Implementation Rules for Share Repurchase.

Article 35 The Company shall make an application to the SSE prior to repurchasing the Restricted Shares. The Depository and Clearing Company will handle the registration and clearing matters upon the confirmation of the SSE.

Chapter VIII Handling of Special Circumstances

Article 36 Handling of changes in the Company's situation

- (I) In case of occurrence of any of the following circumstances to the Company, the Incentive Scheme shall be terminated and the Restricted Shares that have been granted to the Incentive Participants but not yet unlocked shall not be unlocked. The Incentive Participants with personal liability for the following circumstances shall have their Restricted Shares repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average trading price of the underlying stock of the Company on the trading day before the repurchase matters deliberated by the Board), and the other Incentive Participants shall have their Restricted Shares repurchased by the Company at the Grant Price. The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.
- (1) The certified public accountant has issued an audit report with negative opinions or been unable to give comments on the financial accounting report of the latest accounting year;
 - (2) The certified public accountant has issued an audit report with negative opinions or been unable to give comments on internal control in the financial report of the latest accounting year;
 - (3) The Company fails to engage an accounting firm to carry out auditing in accordance with the prescribed procedures and requirements;
 - (4) The state-owned assets supervision and administration institution, the Supervisory Committee or the auditing department has raised a material objection to the performance results or annual financial report of the listed company;
 - (5) The operating loss of the Company leads to the indefinite suspension of trading, disqualification from listing, bankruptcy or dissolution;
 - (6) The Company repurchases and cancels the shares, resulting in delisting because it fails to fulfill the listing conditions;
 - (7) Profits have not been duly distributed in accordance with laws, regulations, the Articles of Association or public undertakings within 36 months after listing;
 - (8) Equity incentives are not allowed to be implemented under the laws and regulations;

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- (9) Other circumstances stipulated by the CSRC under which the Incentive Scheme shall be terminated.

- (II) In case of merger, division or change in control of the Company, in principle, all the granted Restricted Shares will not be changed. However, if the underlying shares involved in the Incentive Scheme change due to the merger, division or change in control, the Restricted Shares shall be adjusted to ensure the expected return of the Incentive Participants remains unchanged.

- (III) During the process of implementation of the Incentive Scheme, where false representations, misleading statements or material omissions from financial accounting documents or the information disclosure documents of the Company result in non-compliance with conditions of grant or arrangements for exercise of equities, the Incentive Participants shall not exercise the outstanding equities, and shall forfeit all interests of the Incentive Participants gained through the relevant Incentive Scheme to the Company and shall not grant new equities to the Incentive Participants that assume liabilities.

Article 37 Handling of changes in personal conditions of the Incentive Participants

- (I) If the Incentive Participant loses the eligibility to participate in the Incentive Scheme due to any of the following circumstances, the Restricted Shares of the Incentive Participant that have been unlocked shall remain valid. The Restricted Shares that have not been unlocked shall be repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average trading price of the underlying stock of the Company on the trading day before the repurchase matters are deliberated by the Board). The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.
 - (1) he/she has been recognized as an ineligible candidate by the stock exchange during the latest 12 months;
 - (2) he/she has been recognized as an ineligible candidate by the CSRC and its delegated institutions during the latest 12 months;
 - (3) he/she has been imposed administrative punishment or market access prohibition by the CSRC and its delegated institutions due to material breach of or non-compliance with laws and regulations during the latest 12 months;
 - (4) he/she has been prohibited from being appointed as a director or a senior management according to the requirements of the Company Law;

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- (5) he/she has been prohibited from participating in equity incentive schemes of the listed company according to the requirements of laws and regulations;
 - (6) other circumstances as stipulated by the CSRC.
- (II) If the Incentive Participant has his/her position changed, but still works in the Company (including its branches) or its wholly-owned and majority-controlled subsidiaries, and the labor relationship is not dissolved or terminated, the Restricted Shares granted to him/her shall be processed in full accordance with the procedures set forth in the Incentive Scheme before the change in his/her position. If Incentive Participant becomes a Supervisor or an independent Director of the Company or other person who cannot hold the Restricted Shares of the Company, the Restricted Shares that have been granted to all Incentive Participants but have not been unlocked under the Incentive Scheme shall be repurchased by the Company at the Grant Price plus interest calculated based on the benchmark deposit rate of the corresponding period published by the PBOC at the time of the repurchase. The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.

However, in any of the following circumstances occurred to Incentive Participants, the Restricted Shares that have been granted but have not been unlocked shall not be unlocked, and shall be repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average trading price of the underlying stock of the Company on the trading day before the repurchase matters are deliberated by the Board). The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations. For the Restricted Shares that have been unlocked, the Company may require the Incentive Participant to return the interests derived from the Incentive Scheme:

- (1) The results of economic responsibility audit indicate that the Incentive Participant fails to perform his/her duties effectively or is in serious dereliction of duty or malfeasance;
- (2) The Incentive Participant has acted in violation of the relevant laws and regulations issued by the PRC and the Articles of Association;
- (3) The Incentive Participant has violated laws and disciplinary regulations and has been correspondingly punished during his/her term of office by accepting or asking for bribes, committing corruption, theft, divulging business and technical secrets of the Company, and implementing related party transactions, which harm the interest and reputation of the Company and have material negative effect on its corporate image;

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- (4) The Incentive Participant fails to perform his/her duties or duly perform his/her duties, which causes a large loss of assets and other serious adverse consequences to the Company.
- (III) If the Incentive Participant dissolves or terminates the labor relationship with the Company (including its branches) or its wholly-owned and majority-controlled subsidiaries due to work transfer or other reasons, the Company may calculate the number of Restricted Shares eligible for unlocking based on his/her actual years of service, and arrange for the unlocking according to the corresponding unlocking batches, while the Restricted Shares that have not been unlocked shall be repurchased by the Company at the Grant Price plus interest calculated based on the benchmark deposit rate of the corresponding period published by the PBOC at the time of the repurchase. The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.

The method for calculating the number of Restricted Shares eligible for unlocking based on the actual years of service are as follows:

- (1) If any of the above circumstances occurs prior to the first date of unlocking: The actual number of Restricted Shares of the Incentive Participant eligible for unlocking on the first date of unlocking = The number of Restricted Shares of the Incentive Participant eligible for unlocking in the current period based on the corresponding annual performance appraisal results × number of days from the date when the registration of Restricted Shares is completed to the last working day of the Incentive Participant ÷ 365 ÷ 2.
- (2) If any of the above circumstances occurs after the first date of unlocking: The actual number of Restricted Shares of the Incentive Participant eligible for unlocking in an unlocking period = The number of Restricted Shares of the Incentive Participant eligible for unlocking in the current period based on the corresponding annual performance appraisal results × number of days from the first date of the last unlocking period to the last working day of the Incentive Participant ÷ 365.
- (IV) If the Incentive Participant dissolves or terminates the labor relationship with the Company (including the branches) or its wholly-owned or majority-controlled subsidiaries due to his/her normal retirement at the legal retirement age, the Restricted Shares granted to the Incentive Participant shall be processed in accordance with the procedures set forth in the Incentive Scheme before the retirement, and his/her individual performance appraisal results shall not be included in the conditions for unlocking.

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- (V) If the Incentive Participant is terminated due to the loss of labor capacity, it shall be handled in two conditions:
- (1) If the Incentive Participant is terminated due to the loss of labor capacity which is caused by the performance of duties, the Restricted Shares granted to the Incentive Participant shall be processed in accordance with the procedures set forth in the Incentive Scheme prior to the loss of labor capacity, and his/her individual performance appraisal results shall not be included in the conditions for unlocking;
 - (2) If the Incentive Participant is terminated due to the loss of labor capacity which is not caused by the performance of duties, within six months from the date of occurrence of the situation, the Restricted Shares of the Incentive Participant that fulfill the unlocking conditions in the current year can be unlocked, while the Restricted Shares that have been granted but have not been unlocked shall be repurchased by the Company at the Grant Price plus interest calculated based on the benchmark deposit rate of the corresponding period published by the PBOC at the time of the repurchase. The repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.
- (VI) In case of the death of the Incentive Participant, it shall be handled in two conditions:
- (1) If the Incentive Participant dies as a result of performance of his/her duties, as at the occurrence date, the Restricted Shares granted to the Incentive Participant shall be held by the designated heir or legal heir on his/her behalf and processed in accordance with the procedures set forth in the Incentive Scheme prior to the death, and his/her individual performance appraisal results shall not be included in the conditions for unlocking;
 - (2) If the Incentive Participant dies for any other reasons, within six months from the date of occurrence of the situation, the Restricted Shares of the Incentive Participant that fulfill the unlocking conditions in the current year can be unlocked, while the Restricted Shares that have been granted but have not been unlocked shall be repurchased by the Company at the Grant Price plus interest calculated based on the benchmark deposit rate of the corresponding period published by the PBOC at the time of the repurchase. The repurchased shares will be handled in accordance with the Company Law, Implementation Rules for Share Repurchase and other relevant laws and regulations.

(VII) Except for the dissolution or termination of labor relationship with the Company (including its branches) or its wholly-owned and majority-controlled subsidiaries due to the above four cases, namely, work transfer, normal retirement at mandatory age for retirement, loss of labor capacity, and death, if the Incentive Participants dissolve or terminate the labor relationship with the Company (including its branches) or its wholly-owned and majority-controlled subsidiaries for any other reason, the Restricted Shares granted to the Incentive Participants but not yet unlocked shall not be unlocked, and shall be repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average price of the underlying stock of the Company on the trading day before the repurchase matters are deliberated by the Board), and the repurchased shares will be handled in accordance with the Company Law, the Implementation Rules for Share Repurchase and other relevant laws and regulations.

(VIII) Other unspecified cases shall be determined and dealt with by the Board.

Chapter IX Information Disclosure

Article 38 The Company shall strictly perform its information disclosure obligations in accordance with the requirements of the relevant laws, regulations and normative documents such as the Administrative Measures for the Share Incentives and the Rules Governing the Listing of Stocks on SSE, and make timely disclosure including but not limited to the Restricted Share Incentive Scheme, the Administrative Measures for the Restricted Share Incentive Scheme, the Measures for Implementation and Appraisal of the Restricted Share Incentive Scheme, the resolutions of the Board, the opinions of the independent Directors, the opinions and explanations of the Supervisory Committee, the legal opinions issued by the lawyers in relation to the Restricted Share Incentive Scheme and the relevant matters during its implementation, the resolutions of the general meeting, the changes or termination of the Incentive Scheme, the grant, unlocking and repurchase of the Restricted Shares, as well as the disclosure of the specific implementation of the Restricted Share Incentive Scheme in each annual report.

Chapter X Financial Accounting and Tax Treatment

Article 39 In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments, at each balance sheet date within the Lock-up Period, the Company shall revise the number of Restricted Shares which are expected to be unlocked according to the change to the latest available number of persons eligible for unlocking the Restricted Shares, achievement of performance targets and other subsequent information, and recognize the services acquired for the current period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

- (I) Accounting treatment on the Grant Date: The “bank deposit”, “treasury stock” and “capital reserve – share capital premium” shall be recognized or written-off according to the granting of Shares to the Incentive Participants by the Company, and liabilities shall be recognized for its repurchasing obligations concurrently.
- (II) Accounting treatment on each balance sheet date prior to the unlocking date: In accordance with the accounting standards, as at each balance sheet date within the Lock-up Period, the services provided by the staff will be recognized in the costs or expenses based on the fair value of the equity instruments granted on the Grant Date and the unlocking proportion of the Restricted Shares in each period, and the owners’ equity or liability will be recognized at the same time.
- (III) Accounting treatment on the unlocking date: On the unlocking date, the Restricted Shares can be unlocked if all conditions of unlocking are satisfied. If all or part of the Shares are not unlocked, they shall be repurchased and processed by the Company according to the Company Law, the Implementation Rules for Share Repurchase and other laws and regulations as well as the accounting standards and relevant requirements.
- (IV) Fair value of the Restricted Shares and its determination method: In accordance with the Accounting Standard for Business Enterprises No. 11 – Share-based Payments and Accounting Standard for Business Enterprises No. 22 Recognition and Measurement of Financial Instruments, the Company measures the fair value of the granted Restricted Shares based on the market price. The fair value of the Restricted Shares shall be determined on the basis of the market price on the Grant Date and the subscription price factor of the Incentive Participants.

The total cost of the Incentive Scheme shall be recognized by instalments in accordance with the unlocking proportion during the implementation of the Incentive Scheme. The incentive costs incurred from the Incentive Scheme shall be charged to the recurring profit or loss.

Article 40 Any gain of the Incentive Participants derived from the Incentive Scheme shall be subject to individual income tax and other taxes according to PRC tax regulations. The Company shall fulfill the relevant obligations in accordance with PRC tax administration regulations.

Chapter XI Supplementary Provisions

Article 41 These Measures shall be formulated, interpreted and amended by the Board.

Article 42 These Measures shall be implemented from the date of consideration and approval at the general meeting of the Company.

HUATAI SECURITIES CO., LTD.
**ADMINISTRATIVE MEASURES FOR THE IMPLEMENTATION AND APPRAISAL
OF THE RESTRICTED SHARE INCENTIVE SCHEME OF A SHARES**

In order to ensure smooth implementation of the restricted share incentive scheme of A shares (the “Incentive Scheme”) of Huatai Securities Co., Ltd. (“Huatai Securities” or the “Company”), these measures have been formulated in accordance with relevant PRC regulations and the actual situation of the Company to improve the Company’s long-term incentive and restraint mechanism, fully mobilize the enthusiasm of Directors, senior management officers and other core key employees of the Company, and ensure the achievement of the Company’s development strategies and business goals.

I. PURPOSE OF APPRAISAL

The purpose is to further refine the corporate governance structure of the Company, establish and improve the incentive and restraint mechanism of the Company, ensure the smooth implementation of the Incentive Scheme and maximize the benefits of share incentives, so as to ensure the realization of the Company’s development strategies and business goals.

II. PRINCIPLES OF APPRAISAL

The appraisal and evaluation shall be conducted in strict accordance with these measures and the performance target of the Incentive Participants following the principles of justice, openness and fairness, so as to realize the linkage between the Incentive Scheme and the work performance and contribution of the Incentive Participants, which in turn help improve the management performance and maximize the interests of the Company and all its Shareholders.

III. SCOPE OF APPRAISAL

The appraisal scope of these measures covers the Incentive Participants determined under the Incentive Scheme and those key employees that exert significant influence on the realization of the Company’s strategic goals and who meet the regulatory requirements, including Directors, senior management officers and other core key employees of the Company and excluding non-executive Directors (including independent Directors) and Supervisors of the Company. All of the Incentive Participants are employed with the Company (including branches) or wholly-owned or majority-controlled subsidiaries.

IV. APPRAISAL BODIES

- (I) The Remuneration and Appraisal Committee under the Board of the Company shall be responsible for organizing and carrying out the appraisal of the Incentive Participants;
- (II) The Company and the human resources department, finance department and other relevant departments participating in the Incentive Scheme are responsible for the collection and provision of relevant appraisal data, as well as the authenticity and reliability of the data;
- (III) The Company and the human resources department, finance department and other relevant departments participating in the Incentive Scheme are responsible for the calculation of the appraisal scores of the Incentive Participants and the summary of the performance appraisal results;
- (IV) The Remuneration and Appraisal Committee under the Board of the Company reviews and resolves on the performance appraisal results of the Incentive Participants. Among them, the performance appraisal results of Directors and senior management officers of the Company shall be submitted to the Board for review and resolution. Interested Directors shall refrain from voting on the resolution of the Board.

V. APPRAISAL SYSTEM**(I) Conditions for Grant of the Restricted Shares**

The Company shall grant the Restricted Shares to the Incentive Participants upon satisfaction of all of the following grant conditions. On the contrary, if any of the following grant conditions has not been satisfied, no Restricted Shares shall be granted to the Incentive Participants.

- 1. The Company is not involved in any of the following circumstances:
 - (1) issuance of an audit report with negative opinions or been unable to give comments on the financial accounting report of the latest accounting year;
 - (2) issuance of an audit report with negative opinions or been unable to give comments on internal control in the financial report of the latest accounting year;

- (3) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association of Huatai Securities Co., Ltd or public undertakings during the latest 36 months after listing;
 - (4) prohibition from implementation of equity incentive schemes by laws and regulations;
 - (5) other circumstances as stipulated by the CSRC.
2. The Company has satisfied the following conditions:
- (1) The corporate governance of the Company is duly regulated, and the organization of general meeting, the Board, the Supervisory Committee and the management is sound with clear responsibilities. The general meeting has a sound system for election and change of Directors, and the Board has the function and power in place to select, hire, appraise and motivate senior management officers.
 - (2) The number of non-executive Directors (including independent Directors) accounts for more than one-half of the membership of the Board. The system of the Remuneration and Appraisal Committee is sound, with comprehensive rules of procedure and under regulated operation.
 - (3) The basic management system is duly regulated; the internal control system is sound; and the reform of labor, human resources and distribution systems (i.e. three systems) is carried out properly. The labor employment, performance appraisal and remuneration and benefits systems that comply with the requirements of market competition have been established in which allows promotion or demotion of management, engagement or dismissal of employees, and increase or decrease of income.
 - (4) The development strategies are clear, asset quality and financial conditions are sound, and operating results are stable, without any illegal or non-compliance acts on finance and accounting, revenue distribution and remuneration management during the latest three years.
 - (5) The economic responsibility audit, information disclosure, deferred payment, recourse and deduction and other restraint mechanisms that are symmetrical to the incentive mechanism are improved.
 - (6) Other conditions required by the securities regulatory authorities.

3. The Incentive Participants are not involved in any of the following circumstances:
- (1) he/she has been recognized as an ineligible candidate by the SSE during the latest 12 months;
 - (2) he/she has been recognized as an ineligible candidate by the CSRC and its delegated institutions during the latest 12 months;
 - (3) he/she has been imposed administrative punishment or market access prohibition by the CSRC and its delegated institutions due to material breach of or non-compliance with laws and regulations during the latest 12 months;
 - (4) he/she has been prohibited from being appointed as a director or a senior management according to the requirements of the Company Law;
 - (5) he/she has been prohibited from participating in equity incentive schemes of the listed company according to the requirements of laws and regulations;
 - (6) he/she has failed to perform duties effectively or serious dereliction of duty or malfeasance as indicated by the results of economic accountability audit;
 - (7) he/she has acted in violation of the relevant PRC laws and regulations and the Articles of Association of Huatai Securities Co., Ltd.;
 - (8) he/she has violated laws and disciplinary regulations and has been correspondingly punished during his/her term of office by accepting or asking for bribes, committing corruption, theft, divulging business and technical secrets of the Company, and implementing related party transactions, which harm the interest and reputation of the Company and have material adverse effect on its corporate image;
 - (9) he/she has failed to perform or duly perform his/her duties or duly perform his/her duties, which causes a large loss of assets and other serious adverse consequences to the Company;
 - (10) other circumstances as stipulated by the CSRC.

4. The operating results of the Company shall have reached the appraisal conditions, that is to say:

In 2019, the percentage of cash dividend amount in net profit attributable to owners of the parent company for the year shall not be lower than 30%. The operating income in 2019 shall not be less than the average from 2016 to 2018 of RMB18,048 million and shall not be lower than the 50th percentile of such operating income of benchmark companies. The profit margin of operating income after deducting non-recurring gains and losses in 2019 shall not be lower than the average from 2016 to 2018 of 31.88% and shall not be lower than the 50th percentile of such profit margin of benchmark companies. The amount of investment in financial technology innovation in 2019 shall increase by 5% or above as compared with that in 2018. The rating result of securities companies shall be Class A under Category A or above for the Company in 2019 and there is no occurrence of material non-compliance with laws and regulations.

(II) Conditions for Unlocking Restricted Shares

Within the Unlocking Periods, the Restricted Shares granted to an Incentive Participant may be unlocked only when all of the following conditions are satisfied:

1. *Statutory conditions for unlocking Restricted Shares*

The statutory conditions for the unlocking of the Restricted Shares shall be consistent with the statutory conditions at the time of grant.

If the Company does not meet the statutory conditions, all the Restricted Shares that have been granted to the Incentive Participants under the Incentive Scheme but have not been unlocked shall be repurchased by the Company, and the repurchased shares shall be dealt with in accordance with the requirements of the Company Law and the Implementation Rules of the Shanghai Stock Exchange for Share Repurchase by Listed Companies and other laws and regulations.

If the Incentive Participant does not meet the statutory conditions, his/her Restricted Shares that have been granted under the Incentive Scheme but have not been unlocked shall be repurchased by the Company, and the repurchased shares shall be dealt with in accordance with the requirements of the Company Law and the Implementation Rules of the Shanghai Stock Exchange for Share Repurchase by Listed Companies and other laws and regulations.

2. *Performance appraisal requirements upon unlocking Restricted Shares*

During the unlocking period, the Incentive Scheme will appraise the performance indicators of the Company and individual performance indicators on an annual basis, with the achievement of performance appraisal targets as the conditions for Incentive Participants to unlock the sales restriction in the current year. The calculation method of unlocked sales restriction limit for individuals in the current year is as follows:

Number of the Restricted Shares to be unlocked in current year by individual = total amount granted to individual × percentage to be unlocked in current year × company performance coefficient × individual performance coefficient.

(1) *The conditions of operation results at the company level*

The Company has chosen cash dividend ratio, operating revenue, profit margin of operating revenue after deducting non-recurring profits and losses, investment in financial technology innovation, and comprehensive risk control indicator as the company results appraisal indicators, of which, the comprehensive risk control indicator will be used as the threshold indicator. If such indicator of the Company has not reached the threshold value, the corresponding batch of the Restricted Shares shall not be unlocked. The threshold value of the Company's comprehensive risk control indicator is that the classified evaluation result of securities companies shall be Class A under Category A or above and there is no occurrence of material non-compliance with laws and regulations. The classified evaluation result of securities companies is appraised on the consolidated basis by the securities regulatory authority according to the Regulations on Classified Supervision of Securities Companies. If there is any change or adjustment to such appraisal system, the Board is authorized to adjust the target of classified evaluation result accordingly to the standard of the prevailing appraisal system of the same level.

Subject to fulfillment of the comprehensive risk control indicator, the company performance coefficient corresponding to the appraisal results at the company level is as follows: company performance coefficient = indicator score of cash dividend ratio × appraisal weight of cash dividend ratio + indicator score of operating revenue × appraisal weight of operating revenue + indicator score of profit margin of operating revenue after deducting non-recurring profits and losses × appraisal weight of profit margin of operating revenue after deducting non-recurring gains and losses + indicator score of investment in financial technology innovation × appraisal weight of investment in financial technology innovation.

In this formula, the appraisal weight of cash dividend ratio is 15%, the appraisal weight of operating revenue is 35%, the appraisal weight of profit margin of operating revenue after deducting non-recurring profits and losses is 35%, and the appraisal weight of investment in financial technology innovation is 15%.

The targets and scores of appraisal indicators other than the comprehensive risk control indicator at the company level are as follows:

Unlocking Period	Appraisal Targets and Indicator Scores^{Note 1}
First unlocking period	<ol style="list-style-type: none"> 1. One score will be awarded if the ratio of the cash dividend amount for 2021 to the net profit attributable to shareholders of the parent company for the same year is higher than or equal to 30%; otherwise nil will be awarded. 2. One score will be awarded if operating revenue of the Company in 2021 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded. 3. One score will be awarded if profit margin of operating revenue after deducting non-recurring profits and losses in 2021 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded. 4. Taking the amount of the investment in financial technology innovation in 2019 ^{Note 2} as the basis, one score will be awarded if the amount of investment in financial technology innovation in 2021 increased by 5% or more; otherwise nil will be awarded.
Second unlocking period	<ol style="list-style-type: none"> 1. One score will be awarded if the ratio of the cash dividend amount for 2022 to the net profit attributable to shareholders of the parent company for the same year is higher than or equal to 30%; otherwise nil will be awarded. 2. One score will be awarded if operating revenue of the Company in 2022 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded.

Unlocking Period	Appraisal Targets and Indicator Scores^{Note 1}
	<ol style="list-style-type: none"> 3. One score will be awarded if profit margin of operating revenue after deducting non-recurring profits and losses in 2022 ranks first to fourth among the comparable enterprises; 0.8 score will be awarded for ranking fifth to sixth; otherwise nil will be awarded. 4. Taking the amount of the investment in financial technology innovation in 2019 as the basis, one score will be awarded if the amount of investment in financial technology innovation in 2022 increased by 8% or more; otherwise nil will be awarded.
Third unlocking period	<ol style="list-style-type: none"> 1. One score will be awarded if the ratio of the cash dividend amount for 2023 to the net profit attributable to shareholders of the parent company for the same year is higher than or equal to 30%; otherwise nil will be awarded. 2. One score will be awarded if operating revenue of the Company in 2023 ranks first to third among the comparable enterprises; 0.8 score will be awarded for ranking fourth to sixth; otherwise nil will be awarded. 3. One score will be awarded if profit margin of operating revenue after deducting non-recurring profits and losses in 2023 ranks first to third among the comparable enterprises; 0.8 score will be awarded for ranking fourth to sixth; otherwise nil will be awarded. 4. Taking the amount of the investment in financial technology innovation in 2019 as the basis, one score will be awarded if the amount of investment in financial technology innovation in 2023 increased by 11% or more; otherwise nil will be awarded.

Note 1: During the validity period of the Incentive Scheme, in case of any material acts (such as merger by absorption and material asset reorganization according to the decision of the relevant supervisory authority or implementation of corresponding strategic measures in response to national policies) which may affect the Company's performance indicators and render relevant performance indicators incomparable, the Board is authorized to adjust the values of corresponding performance indicators.

Note 2: The amount of investment in financial technology innovation is determined in accordance with the data of information system construction investment (including the amount of information technology investment and remuneration of information technology staff) of securities companies published by the Securities Association of China. If the Securities Association of China adjusts the relevant statistics, the Board is authorized to adjust the corresponding target.

In light of the current industry competitive situation, business scale and structure, the Company's own situation and other appraisal factors, the Company has selected CITIC Securities Co., Ltd., Haitong Securities Co., Ltd., Guotai Junan Securities Co., Ltd., GF Securities Co., Ltd., China Merchants Securities Co., Ltd., Shenwan Hongyuan Group Co., Ltd., CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd., and China International Capital Corporation Limited as comparable enterprises.

During the appraisal process for unlocking, if a comparable enterprise experiences major asset reorganization and other actions, resulting in major changes in its main business or extreme changes in operating performance, the Board will be authorized to remove or replace the comparable enterprise based on the above principle of appraisal factors as the case may be.

(2) Performance conditions at the individual level of the Incentive Participants

The individual performance coefficient of the current period is determined according to the performance appraisal results of the Incentive Participants in the previous year. The unlocking proportion corresponding to the appraisal results are as shown in the following table:

Appraisal results	B and above	C	D	E
Individual performance coefficient	100%	90%	70%	0%

If the shares that can be unlocked in the current period are not fully unlocked due to the performance appraisal at the company level or the performance appraisal at individual level, the corresponding Restricted Shares shall not be unlocked or postponed to the next period for unlocking, and shall be repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average trading price of the underlying stock of the Company on the trading day before the repurchase matters are deliberated by the Board). The repurchased shares will be handled in accordance with the Company Law, Implementation Rules for Share Repurchase and other relevant laws and regulations.

VI. APPRAISAL PERIOD AND CYCLE**(I) Appraisal Period**

In the Incentive Scheme, fiscal year 2019 is used as the appraisal year for grant conditions, and the three fiscal years 2021-2023 are used as the appraisal years for each unlocking period.

(II) Appraisal Cycle

The Incentive Scheme shall be implemented once a year in accordance with the annual appraisal arrangement.

VII. APPRAISAL PROCESS

- (I) Under the guidance of the Remuneration and Appraisal Committee of the Board, the Company and the human resources department, finance department and other relevant departments participating in the Incentive Scheme shall be responsible for the specific appraisal work, the calculation of the appraisal scores of the Incentive Participants and the summary of the appraisal results, and the performance appraisal report shall be formed on this basis.
- (II) The Company and the human resources department, finance department and other relevant departments participating in the Incentive Scheme shall submit the performance appraisal report of the core business backbone of the Company (including branches) or wholly-owned and majority-controlled subsidiaries to the Remuneration and Appraisal Committee of the Company for consideration, which shall then be resolved by the Committee.
- (III) The human resources department, planning and finance department and other relevant departments of the Company shall submit the performance appraisal results of the Company's Directors and senior management personnel to the Board for consideration, which shall then be resolved by the Board. Relevant interested Directors should refrain from voting at the meeting of the Board.

VIII. FEEDBACK AND APPLICATION OF APPRAISAL RESULTS

- (I) The appraised has the right to know his/her own appraisal results, and the Company shall notify the appraised of the appraisal results within five business days after the appraisal.
- (II) The result of appraisal serves as the basis for unlocking of the sales restriction on the Restricted Shares.

IX. ARCHIVING OF APPRAISAL RESULTS

After the appraisal, the human resources department should keep all the appraisal records of the performance appraisal.

X. SUPPLEMENTARY PROVISIONS

- (I) These measures shall be formulated, interpreted and amended by the Board.
- (II) These measures have been reviewed and approved by the Company's general meeting and shall be implemented upon the taking effect of the Incentive Scheme. The same applies to any amendment. In the event of any conflict between these measures and the latest laws, regulations and rules issued by regulatory authorities, the latest laws, regulations and rules shall prevail.

In order to ensure the smooth implementation of the Incentive Scheme, the Board proposed to the general meeting to authorize the Board to handle the following matters in relation to the implementation of the Incentive Scheme:

1. To authorize the Board to determine the Grant Date of the Incentive Scheme;
2. To authorize the Board to make corresponding adjustments to the number of Restricted Shares, the Grant Price, the number and price of Restricted repurchased shares in accordance with the provisions of the Incentive Scheme in the event of capitalisation issue, distribution of bonus issue, share subdivision, rights issue, share consolidation and distribution of dividends of the Company;
3. To authorize the Board to review and confirm the grant qualification, grant conditions and unlocking conditions of the Incentive Participants, and to grant Restricted Shares to the Incentive Participants when the Incentive Participants meet the conditions and to handle all matters necessary for the grant of Restricted Shares, including but not limited to the execution of the Share Incentive Agreement and relevant documents with the Incentive Participants, the application to the stock exchange for the grant, and the application to the Depository and Clearing Company for the relevant registration and clearing business;
4. To authorize the Board to handle the examination, registration, filing and ratification and more procedures with the relevant governments and authorities in relation to the Incentive Scheme; to sign, execute and amend the documents submitted to the relevant governments, authorities, organizations and individuals; to amend the Articles of Association, to handle the registration of the change in the registered capital of the Company; and to handle all other matters necessary, expedient or appropriate in relation to the Incentive Scheme;
5. To authorize the Board to implement the Incentive Scheme in accordance with the provisions of the Incentive Scheme, and to amend the relevant parts of the Incentive Scheme in accordance with the matters specified in the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. (Draft);
6. To authorize the Board to review and confirm the unlocking qualifications and unlocking conditions of the Incentive Participants, and to handle all matters necessary for the unlocking of the Incentive Participants, including but not limited to the application to the stock exchange for the unlocking and the application to the Depository and Clearing Company for the relevant registration and clearing business;

7. To authorize the Board to manage and adjust the Incentive Scheme, and to formulate or amend the management and appraisal methods of the Incentive Scheme aperiodically in line with the terms of the Incentive Scheme; provided that if such amendments shall be approved by the general meeting or/and relevant regulatory authorities in accordance with the laws, regulations or as required by the relevant regulatory authorities, the Board shall obtain relevant approval for such amendments;
8. To authorize the Board to authorize the Board to appoint receiving banks, accountants, lawyers, securities companies and other intermediaries for the smooth implementation of the Incentive Scheme;
9. To sign, execute, amend and terminate the agreements or other relevant documents in relation to the Incentive Scheme;
10. To authorize the Board to implement other necessary matters as required by the Incentive Scheme, except for the rights to be exercised by the general meeting as expressly stipulated by relevant laws and regulations;
11. During the validity period of the Incentive Scheme, with respect to the acts of the Company which may affect the future performance of the Company (such as major asset restructuring as determined by the relevant departments at a higher level or corresponding strategic measures implemented by the Company in response to the call of national policies, etc.), resulting in incomparability of relevant performance indicators, to authorize the Board to restore the actual value of the relevant performance indicators to the conditions before the occurrence of such acts. If adjustments are made by the Securities Association of China to the relevant statistical scope of the appraisal indicators involved, the Board is authorized to make adjustment to the targets of performance appraisal upon unlocking of the corresponding Restricted Shares;
12. To propose to the general meeting to approve the grant of authorization to the Board for a term ending on the expiry of the Incentive Scheme or the completion of relevant authorization matters.

Except for the matters to be approved by a resolution of the Board as expressly required by laws, administrative regulations, regulatory and departmental rules, normative documents, the Incentive Scheme or the Articles of Association, the above authorization matters shall be exercised by Mr. Zhang Wei, the Chairman of the Company, and Mr. Zhang Hui, a member of the Executive Committee and the secretary to the Board, jointly or individually on behalf of the Board.