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

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

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国联证券股份有限公司
GUOLIAN SECURITIES CO., LTD.

(a joint stock limited company established in the People's Republic of China with limited liability)

(Stock Code: 01456)

WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2021
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2021
DUTY REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2021
ANNUAL REPORT FOR THE YEAR 2021
FINAL ACCOUNTS REPORT FOR THE YEAR 2021
PROFIT DISTRIBUTION PLAN FOR THE YEAR 2021
RESOLUTION ON THE REMUNERATION DISTRIBUTION OF DIRECTORS FOR THE YEAR 2021
RESOLUTION ON THE REMUNERATION DISTRIBUTION OF SUPERVISORS
FOR THE YEAR 2021
RESOLUTION ON THE RE-APPOINTMENT OF AUDIT INSTITUTIONS OF
THE COMPANY FOR THE YEAR 2022
RESOLUTION ON THE PROPRIETARY BUSINESS SCALE OF THE COMPANY
FOR THE YEAR 2022
RESOLUTION ON THE ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS OF
THE COMPANY FOR THE YEAR 2022
RESOLUTION ON THE AMENDMENTS TO THE POLICY ON THE MANAGEMENT OF PROCEEDS
OF GUOLIAN SECURITIES CO., LTD.
RESOLUTION ON THE EMPLOYEE STOCK OWNERSHIP PLAN OF
GUOLIAN SECURITIES CO., LTD. FOR THE YEAR 2022 (DRAFT) AND ITS SUMMARY
RESOLUTION ON PROPOSING AT THE GENERAL MEETING TO AUTHORIZE THE BOARD OF
DIRECTORS WITH FULL DISCRETION TO HANDLE THE MATTERS RELATED TO
THE EMPLOYEE STOCK OWNERSHIP PLAN OF THE COMPANY FOR THE YEAR 2022
RESOLUTION ON THE ESTABLISHMENT OF AN ASSETS MANAGEMENT SUBSIDIARY
RESOLUTION ON THE CHANGES TO THE BUSINESS SCOPE OF THE COMPANY
RESOLUTION ON THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION
RESOLUTION ON THE AUTHORIZATION FOR DEBT FINANCING
AND
NOTICE OF AGM

Notice convening the AGM of Guolian Securities Co., Ltd. to be held at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC, on Friday, 10 June 2022 at 1:00 p.m. is set out on pages 25 to 28 of this circular.

If you intend to appoint a proxy to attend the AGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon. In case of H Shareholders, the form of proxy shall be lodged with the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible, but in any event, not less than 24 hours before the time scheduled for holding the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the AGM.

12 May 2022

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DEFINITIONS

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

“A Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on Shanghai Stock Exchange
“A Shareholder(s)”	holder(s) of A Shares
“AGM”	the annual general meeting of the Company to be held at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC on Friday, 10 June 2022 at 1:00 p.m.
“Articles of Association”	the articles of association of the Company
“Asset Management Agency”	the qualified asset management agency selected by the Board or authorized person to implement the ESOP
“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	Guolian Securities Co., Ltd. (國聯證券股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the main board of the Stock Exchange (stock code: 01456) and the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 601456)
“Company Law”	the Company Law of the People’s Republic of China
“Core Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Employee Stock Ownership Plan”, “ESOP” or “Plan”	employee stock ownership plan of the Company for the year 2022
“ESOP unit(s)”	the subscription units under the ESOP of RMB1.00 each

DEFINITIONS

“Group”	the Company and its subsidiaries
“Guolian Group”	Wuxi Guolian Development (Group) Co., Ltd. (無錫市國聯發展(集團)有限公司)
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the Stock Exchange and traded in HK dollars
“H Shareholder(s)”	holder(s) of H Share(s)
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Holders’ Meeting”	meeting of holders of the ESOP
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	3 May 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information included herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Management Committee”	the management committee of the ESOP
“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, excluding Hong Kong, Macau Special Administrative Region and Taiwan region
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Shares”	the H Shares of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

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

LETTER FROM THE BOARD



国联证券股份有限公司
GUOLIAN SECURITIES CO., LTD.

(a joint stock limited company established in the People's Republic of China with limited liability)

(Stock Code: 01456)

Executive Director:

Mr. Ge Xiaobo (*acting Chairman of the Board*)

Non-executive Directors:

Mr. Hua Weirong
Mr. Zhou Weiping
Mr. Liu Hailin
Mr. Zhang Weigang

Independent Non-executive Directors:

Mr. Lu Yuanzhu
Mr. Wu Xingyu
Mr. Chu, Howard Ho Hwa

Registered Address in the PRC:

No. 8 Jinrong One Street
Wuxi, Jiangsu Province
the PRC

*Headquarters/Principal Place of
Business in the PRC:*

No. 8 Jinrong One Street
Wuxi, Jiangsu Province
the PRC

Principal Place of

Business in Hong Kong:
40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

12 May 2022

To the Shareholders

Dear Sir or Madam,

**WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2021
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2021
DUTY REPORT OF THE INDEPENDENT DIRECTORS FOR THE YEAR 2021
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RESOLUTION ON THE AUTHORIZATION FOR DEBT FINANCING
AND
NOTICE OF AGM**

INTRODUCTION

Notice convening the AGM of the Company to be held at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC, on Friday, 10 June 2022 at 1:00 p.m. is set out on pages 25 to 28 of this circular.

LETTER FROM THE BOARD

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

ORDINARY RESOLUTIONS

- (1) Work report of the Board of Directors for the year 2021;
- (2) Work report of the Supervisory Committee for the year 2021;
- (3) Duty report of the independent Directors for the year 2021;
- (4) Annual report for the year 2021;
- (5) Final accounts report for the year 2021;
- (6) Profit distribution plan for the year 2021;
- (7) Resolution on the remuneration distribution of Directors for the year 2021;
- (8) Resolution on the remuneration distribution of Supervisors for the year 2021;
- (9) Resolution on the re-appointment of audit institutions of the Company for the year 2022;
- (10) Resolution on the proprietary business scale of the Company for the year 2022;
- (11) Resolution on the estimated ordinary related party transactions of the Company for the year 2022;
 - 11.01 Estimated related party transactions with Wuxi Guolian Development (Group) Co., Ltd. and its associates
 - 11.02 Estimated related party transactions with other related legal persons and related natural persons
- (12) Resolution on the amendments to the Policy on the Management of Proceeds of Guolian Securities Co., Ltd.;

LETTER FROM THE BOARD

- (13) Resolution on the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the year 2022 (draft) and its summary;
- (14) Resolution on proposing at the general meeting to authorize the Board of Directors with full discretion to handle the matters related to the Employee Stock Ownership Plan of the Company for the year 2022;
- (15) Resolution on the establishment of an assets management subsidiary;
- (16) Resolution on the changes to the business scope of the Company;

SPECIAL RESOLUTIONS

- (17) Resolution on the amendments to the Articles of Association; and
- (18) Resolution on the authorization for debt financing.

ORDINARY RESOLUTIONS

(1) Work report of the Board of Directors for the year 2021

An ordinary resolution will be proposed at the AGM to consider and approve the work report of the Board of Directors for the year 2021, the text of which is set out in Appendix I to this circular.

(2) Work report of the Supervisory Committee for the year 2021

An ordinary resolution will be proposed at the AGM to consider and approve the work report of the Supervisory Committee for the year 2021, the text of which is set out in Appendix II to this circular.

(3) Duty report of the independent Directors for the year 2021

An ordinary resolution will be proposed at the AGM to consider and approve the duty report of the independent Directors for the year 2021, the text of which is set out in Appendix III to this circular.

LETTER FROM THE BOARD

(4) Annual report for the year 2021

An ordinary resolution will be proposed at the AGM to consider and approve the annual report for the year 2021, the text of which is set out in the Company's annual report published on the website of the Company and the HKEXnews website of the Stock Exchange on 11 April 2022.

(5) Final accounts report for the year 2021

An ordinary resolution will be proposed at the AGM to consider and approve the final accounts report for the year 2021, the text of which is set out in Appendix IV to this circular.

(6) Profit distribution plan for the year 2021

An ordinary resolution will be proposed at the AGM to consider and approve the profit distribution plan for the year 2021, the text of which is as follows:

As of 31 December 2021, the audited undistributed profit of the Company was RMB2,548,226,818.10. Considering comprehensive factors including the long-term development of the Company and the interests of the Shareholders, the Company's profit distribution plan for the year 2021 is as follows: Based on the total share capital of 2,831,773,168 shares as at the end of 2021, a cash dividend of RMB1 (tax inclusive) per 10 shares will be distributed to all shareholders, with total cash dividends of RMB283,177,316.80 (tax inclusive), and the remaining undistributed profit will be carried forward for distribution in subsequent years. In the event of change in the total share capital of the Company before the equity record date of the implementation of the above dividend distribution, it is proposed that the distribution ratio per share will remain unchanged while the total distribution amount shall be adjusted accordingly. The Company will distribute cash dividend to H Shareholders whose names appear on the register of members of the Company as at close of business on Thursday, 23 June 2022.

Upon the approval of the above profit distribution plan at the AGM, such profit distribution is expected to be paid to the Shareholders of the Company before 9 August 2022.

The cash dividend will be denominated and declared in RMB, and payable in RMB to A Shareholders and in HK dollars to H Shareholders respectively. The actual amount to be distributed in HK dollars will be converted based on the central parity rate of RMB to HK dollars as announced by the People's Bank of China on the first business day after the date of the AGM.

LETTER FROM THE BOARD

According to the Notice on the Management of Personal Income Tax Impose after the Abolition of Guo Shui Fa [1993] No. 045 Document issued by the State Administration of Taxation (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅征管問題的通知》(國稅函[2011]348號)), the dividend received by foreign resident individual shareholders from the issuance of shares in Hong Kong by domestic non-foreign invested enterprises is subject to the payment of individual income tax according to the items of “interests, dividend and bonus income”, which shall be withheld by the withholding agents according to relevant laws. The foreign resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant agreed treatment pursuant to the provisions in the tax agreements signed between the countries where they reside and China or the tax arrangements between Mainland and Hong Kong (Macau). The tax rate for dividends under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividends, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of lower than 10%, the withholding agents will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax authorities, the excess tax amounts withheld will be refunded; (2) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and are not obligated to file an application; (3) for citizens from countries without tax agreements or are under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividends.

According to the requirements of the Notice on Withholding Corporate Income Tax on the Dividends Distributed by the Chinese Resident Enterprise to Foreign H Shares Non-resident Enterprise Shareholders (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the SAT, when the Chinese resident enterprises distribute dividends of 2008 and subsequent years to foreign H Shares non-resident enterprise shareholders, they shall pay the withholding corporate income tax at the unified rate of 10%.

LETTER FROM THE BOARD

Pursuant to provisions in the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs Issued by the Ministry of Finance, the SAT and CSRC (Cai Shui [2014] No. 81) (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on Tax Policy Regarding Shenzhen-Hong Kong Stock Connect Pilot Programs (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for the dividends obtained by mainland individual investors from investing in H Shares listed in Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, such H-share companies shall withhold individual income tax at the tax rate of 20%. For the dividends obtained by mainland securities investment funds by investing in shares listed in Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the individual income tax will be levied pursuant to the provisions mentioned above. For the dividends obtained by mainland enterprise investors from investing in shares listed in Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, such H-share companies shall not withhold and pay any income taxes on the dividends, as the income taxes shall be reported and paid by the investing enterprises on their own. Meanwhile, for the dividends obtained by mainland resident enterprises from holding relevant H Shares for consecutive 12 months, the corporate income taxes shall be exempted according to laws.

Pursuant to the current practices of Inland Revenue Department of Hong Kong, no withholding taxes shall be levied for the dividends distributed by the Company in Hong Kong.

(7) Resolution on the remuneration distribution of Directors for the year 2021

An ordinary resolution will be proposed at the AGM to consider and approve the remuneration of Directors for the year 2021, the text of which is set out in the Company's annual report published on the website of the Company and the HKEXnews website of the Stock Exchange on 11 April 2022.

LETTER FROM THE BOARD

(8) Resolution on the remuneration distribution of Supervisors for the year 2021

An ordinary resolution will be proposed at the AGM to consider and approve the remuneration of Supervisors for the year 2021, the text of which is set out in the Company's annual report published on the website of the Company and the HKEXnews website of the Stock Exchange on 11 April 2022.

(9) Resolution on the re-appointment of audit institutions of the Company for the year 2022

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as international auditor and domestic auditor of the Company for the year 2022, responsible for providing relevant audit and review services in accordance with International Financial Reporting Standards and Accounting Standards for Business Enterprises of the PRC, respectively, and re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the audit institution of internal control of the Company for the year 2022, and to hold office until the conclusion of the next AGM of the Company. Their respective audit expense will be separately determined by the management of the Company under the authorisation.

(10) Resolution on the proprietary business scale of the Company for the year 2022

An ordinary resolution will be proposed at the AGM to consider and approve the proprietary business scale for the year 2022.

To strengthen the Company's management on overall risk and guarantee the stable and sound operation of various businesses, in accordance with market conditions, the development strategies of the Company, risk preferences and relevant regulatory requirements, the twenty-fourth meeting of the fourth session of the Board of the Company considered and approved the proprietary business scale of the Company for the year 2022, which is subject to consideration at the AGM, the proposals are as follows:

1. *Proprietary equity securities and their derivatives \leq net capital x 70%*
2. *Proprietary non-equity securities and their derivatives \leq net capital x 300%*

LETTER FROM THE BOARD

(11) Resolution on the estimated ordinary related party transactions of the Company for the year 2022

An ordinary resolution will be proposed at the AGM to consider and approve the following estimated ordinary related party transactions for the year 2022:

11.01 Estimated related party transactions with Wuxi Guolian Development (Group) Co., Ltd. and its associates

11.02 Estimated related party transactions with other related legal persons and related natural persons

The Company, in accordance with the requirements of relevant laws and regulations, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, Guidelines No. 5 on Self-Regulatory and Supervision for Listed Companies on Shanghai Stock Exchange – Transactions and Related Party Transactions (《上海證券交易所上市公司自律監管指引第5號—交易與關聯交易》) and the Management Measures of the Related Party (Connected) Transactions of the Company, has made projections about its possible ordinary related party transactions to be conducted in 2022 during the course of business operation based on the need of its daily operations and business development. For details, please refer to Appendix V to this circular.

(12) Resolution on the amendments to the Policy on the Management of Proceeds of Guolian Securities Co., Ltd.

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the amendments to the Policy on the Management of Proceeds of Guolian Securities Co., Ltd.. For details of the proposed amendments to the Policy on the Management of Proceeds of Guolian Securities Co., Ltd., please refer to Appendix VI to this circular.

(13) Resolution on the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (Draft) and its summary

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (Draft) and its summary.

LETTER FROM THE BOARD

In order to further establish and improve the benefit sharing mechanism between employees and the Company, enhance the cohesion among employees and competitiveness of the Company, and attract and retain talents, so as to promote the long-term, sustainable and healthy development of the Company and maximise the interests of the Company, its shareholders and employees as a whole, the Board has considered and approved the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (Draft) and its summary on 29 April 2022, which proposed to implement the ESOP for the year 2022 in the Company. The full text of the Employee Stock Ownership Plan (Draft) is set out in Appendix VII to this circular.

Board confirmation

The Board is of the view that the terms of the ESOP and the Asset Management Contract are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. Ge Xiaobo, being the Director who participates in the Plan, have abstained from voting on the relevant Board resolutions. Save as disclosed above, none of the Directors have a material interest in the ESOP. The relevant resolutions regarding the ESOP have been considered and approved at the twenty-fifth meeting of the fourth session of the Board.

Implications of Listing Rules

The ESOP does not constitute a share option scheme under Chapter 17 of the Listing Rules.

As some Core Connected Persons of the Company may subscribe for the Shares of the Company through the ESOP, the Shares of the Company held by the public under Rule 8.08 of the Listing Rules may be slightly reduced by a limited extent. As at the Latest Practicable Date, based on the information available to the public and the knowledge of the Directors, 15.63% H Shares of the Company are held by the public. Whereas the following provisions in the Plan, (i) the total number of H shares to be purchased shall not exceed 1% of the total share capital of the Company; and (ii) the units held by Core Connected Persons of the Company under the ESOP shall not exceed 20% of the total number of ESOP units. The total number of H Shares to be subscribed for by Core Connected Persons of the Company under the Plan will not exceed 0.2% of the total issued Shares of the Company. The Company will keep records of numbers of Shares purchased under the ESOP and each participant's rights and interests under such shares in order to monitor the percentage of H Share public float that changed as a result of implementation of the ESOP.

LETTER FROM THE BOARD

(14) Resolution on proposing at the general meeting to authorise the Board of Directors with full discretion to handle the matters related to the Employee Stock Ownership Plan of the Company for the year 2022

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on proposing at the general meeting to authorise the Board of Directors with full discretion to handle the matters related to the Employee Stock Ownership Plan of the Company for the year 2022.

In order to ensure the smooth implementation of the ESOP of the Company for the year 2022, it is proposed to the general meeting to authorise the Board with full discretion, in accordance with the provisions of relevant laws and regulations and the opinions of the regulatory body, under the framework and principles considered and approved by the general meeting, with the principle of maximising Shareholders' interests, to handle all matters related to the establishment of the ESOP of the Company, including but not limited to:

- (I) To formulate the detailed plan of the ESOP, including but not limited to, to ascertain the number of participants, the qualifications of the participants, the source of funds, the scale of the Plan, the number and price of the Subject Shares, the term, the lock-up period, the management mode and other matters in accordance with the applicable laws, regulations and relevant rules of the regulatory authorities and the resolution(s) of the general meeting of the Company;
- (II) To adjust and deal with the relevant matters in relation to the ESOP (except those to be re-approved at the general meeting of the Company as required by the laws, regulations and the Articles of Association), including considering the amendment, extension, termination (including early termination) of the ESOP, etc. in accordance with the requirements of the regulatory authorities, the changes of policies or the market conditions;
- (III) To apply for all the necessary approval in relation to the ESOP, including but not limited to the approval, filing, registration, declaration procedures, etc. and the formulation, amendment, submission, execution, etc. of the relevant materials in accordance with relevant rules and to disclose information in accordance with the relevant laws, regulations and the listing rules of the stock exchanges at the places where the securities of the Company are listed;
- (IV) To determine the Asset Management Agency and the custodian of the ESOP and assist the Company to implement the ESOP in accordance with the applicable laws, regulations and relevant rules of the regulatory authorities and the resolution(s) of the general meeting;

LETTER FROM THE BOARD

- (V) To deal with all the matters in relation to the lock-up of and unlock of the Shares purchased by the ESOP;
- (VI) To deal with other matters that are necessary for the ESOP; and
- (VII) Subject to the obtaining of the above-mentioned authorisations, to authorise the Board to delegate to the management of the Company to deal with items (III) to (V) above in accordance with the relevant policies and procedures (except those required by the laws, regulations, regulatory documents and the Articles of Association).

The above matters to be authorized to the Board, if required to be approved by the ESOP Holders' Meeting, shall be proposed at the Holders' Meeting or its authorized Management Committee for consideration.

The above authorizations shall be effective from the date of the approval at the general meeting of the Company until the completion of the liquidation of the Plan.

(15) Resolution on the establishment of an assets management subsidiary

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the establishment of an assets management subsidiary.

In order to further seize business opportunities and build a relatively leading assets management platform, the Company proposes to contribute RMB1.0 billion to establish a wholly-owned assets management subsidiary, Guolian Securities Assets Management Co., Ltd.* (國聯證券資產管理有限公司) (tentative name, the "Assets Management Subsidiary"), to conduct securities assets management business, public offering of securities investment funds management business (subject to approval by regulatory authorities) and other businesses approved by regulatory authorities. The name, registered capital, place of registration and business scope of the Assets Management Subsidiary shall be subject to the approval by the registration authority. The Assets Management Subsidiary will take over the securities assets management business of the Company upon its establishment.

It is proposed to authorize the Board at the general meeting, and agree that the Board in turn to delegate its authority to the president and the senior management in charge of the assets management business to individually or jointly deal with related matters such as preparation, approval and establishment of the Assets Management Subsidiary.

The establishment of an Assets Management Subsidiary by the Company shall be subject to approval/ratification by the regulatory authorities and/or competent authorities.

LETTER FROM THE BOARD

The establishment of an Assets Management Subsidiary does not constitute a notifiable transaction under Chapter 14 of the Listing Rules. However, pursuant to the Trial Regulations for Establishment of Subsidiaries by Securities Companies (《證券公司設立子公司試行規定》) issued by the CSRC, such matters shall be proposed to the general meeting for consideration.

(16) Resolution on the changes to the business scope of the Company

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the changes to the business scope of the Company.

As mentioned above, the Assets Management Subsidiary will take over the securities assets management business of the Company upon its establishment, and the Company will make corresponding changes to the business scope, that is, deleting the relevant expressions of “securities assets management” from the existing business scope, so as to avoid operating similar businesses that do not meet the regulatory requirements and would result in conflicts of interest or competition with the Assets Management Subsidiary.

It is proposed to authorize the Board at the general meeting, and agree that the Board in turn to delegate its authority to the president and the senior management in charge of the assets management business to individually or jointly formulate and adjust the specific expressions of business scope of the Company and the Assets Management Subsidiary, in accordance with the resolutions of the Board and general meeting of the Company, the approval or ratification results of the regulatory authorities and specific circumstances, and to deal with the related matters such as the approval for change of business scope of the Company, industry and commerce registration and renewal of operation license of securities business.

The changes to the business scope of the Company shall be subject to approval/ratification by the regulatory authorities and/or competent authorities.

SPECIAL RESOLUTIONS

(17) Resolution on the amendments to the Articles of Association

A special resolution will be proposed at the AGM to consider and approve the resolution on the amendments to the Articles of Association.

References are made to the announcements of the Company dated 28 March 2022 and 29 April 2022 in relation to, among other things, proposed amendments to the Articles of Association.

The Company convened the twenty-fourth meeting of the fourth session of the Board of Directors on 24 March 2022, which considered and approved the Resolution on the Amendments to the Articles of Association. It is proposed to amend the Articles of Association accordingly pursuant to the requirements of the Securities Association of China on “Practical Evaluation for the Cultural Development of Securities Companies (證券公司文化建設實踐評估)” and in light of the operation need of the Company in respect of proposed establishment of a fintech subsidiary. The relevant amended articles shall come into effect from the date of consideration and approval at a general meeting of the Company.

LETTER FROM THE BOARD

As mentioned above, upon the establishment of the Assets Management Subsidiary, the Company will make corresponding amendments to the Articles of Association. Such amended articles of the Articles of Association shall come into effect after consideration and approval at the general meeting of the Company, consideration and approval of establishment of an Assets Management Subsidiary, changes to the business scope of the Company and other related matters at the general meeting, obtaining the approval/ratification from the regulatory authorities and/or competent authorities, and the establishment of Assets Management Subsidiary and obtaining the operation license of securities business.

For details of proposed amendments to the Articles of Association, please refer to Appendix VIII to this circular.

(18) Resolution on the authorisation for debt financing

A special resolution will be proposed at the AGM to consider and approve the resolution on the authorisation for debt financing.

The general meeting of the Company that convened on 17 January 2022 had considered and approved the resolution on the authorisation of corporate onshore and offshore debt financing, which authorised the Company to issue onshore and offshore debt financing instruments with a total balance of not exceeding RMB25.0 billion, and the authorisation shall be valid until 31 December 2022. In 2021, the Company completed the A share placement and its capital position and risk resistant capability were further strengthened. With various businesses rapidly expanding, the size of the corporate debt financing may reach the original maximum limit that was authorised in the general meeting in the future. In order to ensure the continuity and effectiveness of debt financing authorisation, meet the capital needs of various businesses, and guarantee the normal operation of the Company, in accordance with the laws, regulations and regulatory provisions, the Company's risk tolerance, business requirements and taking various factors such as market condition into consideration, the Company proposed to apply for debt financing authorisation, the details of which are as follows:

(i) Issuing Entity, Size and Method of Issuance

The Company or the wholly-owned subsidiaries of the Company will be the issuing entity for the issuance of this corporate onshore and offshore debt financing instruments, and in case debt financing asset-backed securities are issued, the Company will be the originator and asset service agency.

LETTER FROM THE BOARD

The sizes of the onshore and offshore debt financing instruments (calculated based on the balance outstanding on the instruments issued and, in the case of an instrument issued in foreign currency, the amount shall be converted at the central parity rate announced by the People's Bank of China on the date of each issuance) in total shall not exceed the 2.5 times of the audited consolidated net assets of the Company at the end of the latest financial period. The onshore and offshore debt financing instruments will be issued on an one-off or multiple issuances or multi-tranche issuances bases through public offerings or private placements inside and outside the PRC, must be in compliance with the requirements of the maximum limit for the issuance under the relevant laws and regulations, and could be issued on an one-off or multiple issuances or multi-tranche issuances bases.

Specific matters of each issuance of various debt financing instruments, such as the size of issuance, number of tranches, currency, method of issuance as well as listing and trading, will be determined within the aforesaid scope in compliance with the relevant laws and regulations and the opinions and recommendations of the regulatory authorities, the capital needs of the Company and the then market conditions at the time of issuance, and based on the principle of acting in the maximum interests of the Company.

(ii) Types of Debt Financing Instruments

Types of the corporate onshore and offshore debt financing instruments include but are not limited to: short-term financing bonds issued by domestic securities companies, financial bonds, corporate bonds, short-term corporate bonds, subordinated bonds (including perpetual subordinated bonds), subordinated debts, asset-backed securities (notes), refinancing by China Securities Finance Corporation Limited (including refinanced facilities and refinanced securities), income certificates, income right transfer and other types permitted for issuance by the regulatory authorities; overseas debt financing instruments such as foreign currency (such as USD and EUR) corporate bonds and offshore Renminbi corporate bonds issued overseas, subordinated bonds, subordinated debts, medium-term bill plans, bills (including but not limited to commercial bills) and other types permitted for issuance by the regulatory authorities.

The issuance of the debt financing instruments shall not contain provision for conversion into the Shares, and will not be linked to the Shares and any of its equity derivatives of the Company.

The types and specific repayment priorities of the issuance of the corporate onshore and offshore debt financing instruments will be determined in accordance with the relevant requirements and the market conditions at the time of issuance.

LETTER FROM THE BOARD

(iii) Term of Debt Financing Instruments

The term of the corporate onshore and offshore debt financing instruments will not exceed 10 years (inclusive of 10 years), except for the issue of perpetual bonds, which can either be a single term or hybrid type with multiple terms. The specific term structure and size of each type of terms will be determined in accordance with the relevant requirements and the market conditions at the time of issuance.

(iv) Interest Rate of Debt Financing Instruments

The interest rate and its method of calculation and payment of the corporate onshore and offshore debt financing instruments to be issued will be determined by the management of the Company through negotiation and discussion with the underwriter (if any), and in accordance with the then prevailing domestic and overseas market conditions and the relevant requirements on interest rate management for debt financing instruments.

(v) Guarantee and Other Arrangements

This issuance of the corporate onshore and offshore debt financing instruments shall determine the (counter) guarantee, letter of support and/or keep well deed to be provided by the Company or the qualified wholly-owned subsidiaries of the Company and/or third parties in accordance with the requirements of relevant laws and regulations. The specific method is determined according to the structure of each issuance.

(vi) Use of Proceeds

The proceeds raised from the issuance of the corporate onshore and offshore debt financing instruments (after deducting related expenses such as issuance fees) will be used to supplement working capital to meet the business operation needs of the Company, replenish the net capital of the Company, support the growth of business scale, repay the debts of the Company and adjust the debt structure of the Company, and be used for project investment and/or purchase and construction of fixed assets according to law, which is in line with the relevant provisions of the financial industry regulatory authorities or trading platforms.

(vii) Issuing Price

The issuing price of the corporate onshore and offshore debt financing instruments shall be determined in accordance with the prevailing market conditions at the time of issuance and the requirements of relevant laws and regulations.

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(viii) Target of Issue

The target subscribers of the corporate onshore and offshore debt financing instruments shall be the onshore and offshore institutional and/or individual investors and/or other qualified investors, which satisfy the conditions for subscription.

The issuance of the corporate onshore and offshore debt financing instruments can be made through placing to the Shareholders of the Company. The specific placement arrangements (including whether to make placement and the placement proportion, etc.) shall be determined in accordance with the prevailing market conditions at the time of issuance and the requirements of relevant laws and regulations.

(ix) Listing or Transfer of the Debt Financing Instruments

The relevant matters in respect of the application for the listing or transfer (if involved) of the corporate onshore and offshore debt financing instruments shall be determined in accordance with the domestic and overseas laws and regulations, the requirement of the regulatory authorities, the actual conditions of the Company and the prevailing conditions of the domestic and overseas markets at the time of issuance as well as relevant laws and regulations and the requirements of the regulatory authorities.

(x) Safeguard Measures for Repayment of the Debt Financing Instruments

In the event that it is expected that the Company will be unable to repay the principal and interests of the bonds as scheduled, or the Company shall fail to repay the principal and interests of the bonds when they become due, the Company may decide to adopt the following measures in accordance with the mandatory requirements (if applicable) under laws, regulations or regulatory documents:

- (I) suspend to distribute dividends to Shareholders;
- (II) temporarily suspend the implementation of capital expenditure projects, such as material external investments, acquisitions and mergers, etc;
- (III) reduce or cease to pay the salaries and bonus of the Directors and senior management;
- (IV) freeze job transfer of key responsible personnel.

LETTER FROM THE BOARD

(xi) Validity Period of the Resolution

The resolution on the issuance of the corporate onshore and offshore debt financing instruments, upon the consideration and approval at the general meeting, shall be valid for 36 months.

Where the persons as authorized at the general meeting, during the validity period of the resolution, decide the issuance or partial issuance of the corporate onshore and offshore debt financing instruments, and provided that the Company also, during the term of the authorisation, obtains the approval, permission, filing or registration for the issuances from the regulatory authorities (if applicable), the Company may, during the validity period confirmed by such approval, permission, filing or registration, complete the issuance or relevant partial issuance of the corporate onshore and offshore debt financing instruments.

(xii) Authorisation for the Issuances of the Corporate Onshore and Offshore Debt Financing Instruments

To ensure effectively coordination of the issuances of the corporate onshore and offshore debt financing instruments and specific matters in the issuance processes, a resolution will be proposed at the general meeting to authorize the Board, and agree that the Board in turn to authorize the management of the Company with full discretion to deal with all matters in connection with the issuance of the corporate onshore and offshore debt financing instruments in accordance with the requirements of relevant laws and regulations and opinions and suggestions from the regulatory authorities, based upon the general principle of acting in the maximum interests of the Company, including but not limited to:

- (1) formation and adjustment of specific plans for the issuance of the corporate onshore and offshore debt financing instruments in accordance with the applicable laws, regulations and relevant requirements of the regulatory authorities as well as resolution at the general meeting of the Company, and based on the specific conditions of the Company and the relevant debt markets, including but not limited to the suitable issuing entity(ies); amount and method of issuance; the ways in which the nominal value, currency (including offshore RMB) and interest rate are determined; targets and timing of issuance (including whether to issue on a one-off, multiple issuances or multi-tranche issuances and multiple-category issuances basis and, if on multiple issuances, multi-tranche issuances and multiple-category issuances bases, the arrangements of the size and term of each issuance, tranche and category); pricing method, terms, guarantee arrangements, letter of guarantee, letter of support and other credit enhancement arrangements and rating arrangement of issuance; specific methods of application and purchase, specific placement arrangement, whether to incorporate terms of repurchase and redemption, interest rate increase option and investor resale option; raised funds special

LETTER FROM THE BOARD

account, specific investment of raised funds; registration, listing of the corporate onshore and offshore debt financing instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment, and all other matters relating to the issuances of the corporate onshore and offshore debt financing instruments;

- (2) determining and engaging intermediary agencies, signing, executing, amending and completing all agreements and documents relating to the issuances of the corporate onshore and offshore debt financing instruments, including but not limited to the sponsorship agreement, underwriting agreement, letter of (counter) guarantee or (counter) guarantee agreement, letter of support and other credit enhancement agreements, bond indenture, engagement agreement with intermediary agencies, trust management agreement, liquidation management agreement, registration and custody agreement, listing agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and the listing rules of the exchanges on which the Company's securities are listed (including but not limited to the preliminary and final offering memoranda of the debt financing instruments, and all announcements and circulars, etc. in relation to the issuances of the corporate onshore and offshore debt financing instruments);
- (3) selecting and engaging trustee(s) and clearance manager(s) for the issuances of the corporate onshore and offshore debt financing instruments, signing the trust management agreement(s) and clearance management agreement(s) and (if applicable) formulating rules for meetings of the holders of the debt financing instruments;
- (4) undertaking all applications and filings as well as listing matters with regard to the issuances of the corporate onshore and offshore debt financing instruments (if applicable), including without limitation, in accordance with requirements of relevant regulatory authorities, signing, preparing, revising and submitting relevant application and filing materials relating to the issuances and listings of the corporate onshore and offshore debt financing instruments, and application and filing materials in respect of any (counter) guarantee, letter of support and other credit enhancement agreements to be provided by the Company, the issuing entity(ies) and/or a third party, and signing the relevant applications and filing documents and other legal documents (if applicable);

LETTER FROM THE BOARD

- (5) making corresponding adjustments to matters relating to the issuances of the corporate onshore and offshore debt financing instruments according to the opinions from the regulatory authorities, changes in policies or changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuances of the corporate onshore and offshore debt financing instruments in accordance with the actual situation, unless re-approval at the general meeting is otherwise required pursuant to the relevant laws, regulations and the Articles of Association;
- (6) dealing with other relevant matters in relation to the issuances of the corporate onshore and offshore debt financing instruments.

The above-mentioned authorisation shall be effective for 36 months from the date of consideration and approval at the general meeting or until the completion of the above-mentioned authorised matters (whichever is earlier) (depending on whether the issuance of the corporate onshore and offshore debt financing instruments has been fully completed). If the Company, during the term of the authorisation, obtains the approval, permission, filing or registration on the issuances from the regulatory authorities (if applicable), the Company may, during the validity period of such approval, permission, filing or registration and confirmation, complete the issuance or partial issuance of the corporate onshore and offshore debt financing instruments. For matters relating to the issuance or partial issuance, the valid period of the above-mentioned authorisation shall be extended to the date of completion of such issuance or partial issuance.

AGM

The AGM will be held at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC at 1:00 p.m. on Friday, 10 June 2022 to consider and approve, if thought fit, the resolutions on the matters set out in the notice of the AGM, which are set out on pages 25 to 28 of this circular.

If you intend to appoint an agent to attend and/or vote at the AGM, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon not later than 1:00 p.m. on Thursday, 9 June 2022 (Hong Kong time).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

LETTER FROM THE BOARD

In order to determine the list of Shareholders who are entitled to attend the AGM, the Company will close the register of members of H Shares during the period from Monday, 6 June 2022 to Friday, 10 June 2022 (both days inclusive), during which no registration of Shares will be made. Shareholders who wish to attend the AGM are required to send all the transfer documents together with the relevant Shares to Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) before 4:30 p.m. on Thursday, 2 June 2022. On Monday, 6 June 2022, Shareholders registered in Computershare Hong Kong Investor Services Limited are entitled to attend the AGM.

In order to determine the entitlement to receive final dividends, which is subject to the approval of the Shareholders of the Company at the AGM, the final dividends will be distributed to Shareholders whose names appear on the register of members of the Company on Thursday, 23 June 2022, and the register of members of the Company will be closed from Monday, 20 June 2022 to Thursday, 23 June 2022 (both days inclusive). In order to qualify for receiving such final dividends, the relevant share certificates accompanied by all transfer documents must be lodged with the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) no later than 4:30 p.m. on Friday, 17 June 2022.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at the AGM must be taken by poll. As such, the chairman of the AGM will exercise his power under the Articles of Association to demand a poll for all resolutions proposed at the AGM. Results of the poll voting will be published on the website of the Company and the HKEXnews website of the Stock Exchange after the AGM.

As at the Latest Practicable Date, to the best knowledge of the Company, Guolian Group, Guolian Trust Co., Ltd., Wuxi Guolian Municipal Electric Power Co., Ltd., Wuxi Minsheng Investment Co., Ltd., Wuxi Cotton Textile Group Co., Ltd. and Wuxi Huaguang Environmental & Energy Group Co., Ltd. had abstained from voting on resolution 11.01. Related enterprises and related natural persons of Directors, supervisors and senior management of the Company and their close family members had abstained from voting on resolution 11.02. Save as disclosed above, no others Shareholders are considered to be required to abstain from voting on the relevant resolutions at the AGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that all resolutions proposed at the AGM are in the interests of the Company and its Shareholders as a whole. As such, the Board recommends the Shareholders to vote in favor of the resolutions proposed at the AGM.

Yours Faithfully,
By order of the Board
Guolian Securities Co., Ltd.
Ge Xiaobo
Executive Director

Wuxi, Jiangsu Province, the PRC

NOTICE OF AGM



国联证券股份有限公司
GUOLIAN SECURITIES CO., LTD.

(a joint stock limited company established in the People's Republic of China with limited liability)

(Stock Code: 01456)

NOTICE OF 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 annual general meeting (the “AGM”) of Guolian Securities Co., Ltd. (the “Company”) will be held at the conference room at 9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC on Friday, 10 June 2022 at 1:00 p.m. to consider and, if thought fit, to pass the following resolutions of the Company. Capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 12 May 2022 unless the context otherwise requires:

ORDINARY RESOLUTIONS

- (1) Work report of the board of directors for the year 2021;
- (2) Work report of the Supervisory Committee for the year 2021;
- (3) Duty report of the independent Directors for the year 2021;
- (4) Annual report for the year 2021;
- (5) Final accounts report for the year 2021;
- (6) Profit distribution plan for the year 2021;
- (7) Resolution on the remuneration distribution of Directors for the year 2021;
- (8) Resolution on the remuneration distribution of Supervisors for the year 2021;
- (9) Resolution on the re-appointment of audit institutions of the Company for the year 2022;
- (10) Resolution on the proprietary business scale of the Company for the year 2022;

NOTICE OF AGM

- (11) Resolution on the estimated ordinary related party transactions of the Company for the year 2022;
 - 11.01 Estimated related party transactions with Wuxi Guolian Development (Group) Co., Ltd. and its associates
 - 11.02 Estimated related party transactions with other related legal persons and related natural persons
- (12) Resolution on the amendments to the Policy on the Management of Proceeds of Guolian Securities Co., Ltd.;
- (13) Resolution on the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the year 2022 (draft) and its summary;
- (14) Resolution on proposing at the general meeting to authorize the board of directors with full discretion to handle the matters related to the Employee Stock Ownership Plan of the Company for the year 2022;
- (15) Resolution on the establishment of an assets management subsidiary;
- (16) Resolution on the changes to the business scope of the Company;

SPECIAL RESOLUTIONS

- (17) Resolution on the amendments to the Articles of Association; and
- (18) Resolution on the authorization for debt financing.

By order of the Board
Guolian Securities Co., Ltd.
Ge Xiaobo
Executive Director

Wuxi, Jiangsu Province, the PRC
12 May 2022

NOTICE OF AGM

Notes:

1. In order to determine the entitlement to attend and vote at the AGM of the Company to be held on Friday, 10 June 2022, the register of H Shareholders of the Company will be closed from Monday, 6 June 2022 to Friday, 10 June 2022 (both days inclusive) during which period no transfer of shares will be effected.

H Shareholders whose names appear on the register of members of the Company on Monday, 6 June 2022 shall be entitled to attend the AGM. In order to attend and vote at the AGM, the relevant share certificates accompanied by all transfer documents must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 2 June 2022.

2. In order to determine the entitlement to receive final dividends, which is subject to the approval of the Shareholders of the Company at the AGM, the final dividends will be distributed to Shareholders whose names appear on the register of members of the Company on Thursday, 23 June 2022, and the register of members of the Company will be closed from Monday, 20 June 2022 to Thursday, 23 June 2022 (both days inclusive). In order to qualify for receiving such final dividends, the relevant share certificates accompanied by all transfer documents must be lodged with the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) no later than 4:30 p.m. on Friday, 17 June 2022.
3. Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and, in the event of a poll, vote on their behalves. A proxy need not be a Shareholder.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his/her attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same.
5. In order to be valid, the form of proxy and other authorisation documents (if any) must be lodged with the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders), before 1:00 p.m. on Thursday, 9 June 2022 (Hong Kong time). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM should they so wish.
6. Shareholders or their proxies shall produce their identity documents and supporting documents in respect of Shares held or the form of proxy signed by the Shareholders or their attorney when attend the AGM.
7. The AGM are expected to be held for less than half a day. Shareholders who intend to attend the AGM shall arrange and bear their own transportation and accommodation expenses.

NOTICE OF AGM

8. The name and address of the Company's H Shares registrar are as follows:

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

9. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the AGM, either in person or by proxy, in respect of such Share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the AGM, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the executive Director of the Company is Mr. Ge Xiaobo; the non-executive Directors of the Company are Mr. Hua Weirong, Mr. Zhou Weiping, Mr. Liu Hailin and Mr. Zhang Weigang; and the independent non-executive Directors of the Company are Mr. Lu Yuanzhu, Mr. Wu Xingyu and Mr. Chu, Howard Ho Hwa.

According to the relevant requirements of laws and regulations and the Articles of Association, the major works of the Board of the Company for the year 2021 and the work arrangements for the year 2022 are hereby reported as follows:

I. OPERATION OF THE COMPANY FOR THE YEAR 2021

Pursuant to the Accounting Standards for Business Enterprises of the PRC, in 2021, the Company achieved an operating income of RMB2.967 billion on a consolidation basis, representing a year-on-year increase of 58.11%. Net profit attributable to shareholders of the parent company of RMB889 million was achieved, representing a year-on-year increase of 51.16%. As at 31 December 2021, total assets of the Company amounted to RMB65.939 billion; and equity attributable to shareholders of the parent company was RMB16.381 billion and the annual weighted average returns on net assets was 7.27%.

II. MAJOR WORKS OF THE BOARD FOR THE YEAR 2021

In 2021, the Board held a total of 9 meetings, considered and approved 65 resolutions, convened 6 general meetings (including 2 shareholders class meetings), and proposed and approved 34 resolutions. The special committees under the Board held a total of 14 meetings, providing good support for the scientific decision-making of the Board. In 2021, the Board of the Company focused on the following works:

(I) Stringent implementation of the resolutions of general meetings

According to the requirements of laws and regulations and the Articles of Association, the Board of the Company performed its duty as a convener of general meetings diligently. In 2021, the Board convened and held 6 general meetings, proposed and approved 34 resolutions. The resolutions of general meetings mainly include the approval of the Company's annual profit distribution plan and the proprietary business scale, amendments to the Articles of Association, matters related to the non-public issuance of A Shares, and re-appointment of audit institutions of the Company.

In stringently implementing the relevant resolutions of general meetings, the Board of the Company reported to general meetings on a regular basis, and implemented various works within the scope of approval or authorisation of general meetings, and there was no circumstance without the approval or beyond the authorisation of general meetings.

(II) Successful completion of non-public issuance of A Shares

Following the A Shares IPO in 2020, the Company completed the non-public issuance of A Shares in the second half of 2021, raising a fund of RMB5.09 billion in total. After the completion of this non-public issuance, the Company's total assets and net assets have grown significantly, capital structure becomes more reasonable and profitability and risk resistance capability have further improved.

(III) Reasonable carrying out debt financing

Upon the authorisation in general meetings, the Company made full use of the various debt financing instruments to expand financing channels, accurately seize market opportunities for issuance, reduce financing costs, and optimise debt structure, thereby ensuring the capital needs for business development, guaranteeing timely repayment of liabilities when due, and maintaining the Company's reasonable leverage level.

In 2021, the Company's cumulative new debt financing (excluding inter-bank borrowing transactions) amounted to RMB14.555 billion, and repaid the principal of matured debt financing of RMB10.075 billion cumulatively. As of the end of the year, the remaining amount of outstanding debt financing of the Company was RMB18.34 billion. In addition, there was outstanding inter-bank credit lending of RMB400 million, and had outstanding borrowings of US\$6 million for the wholly-owned subsidiary in Hong Kong.

(IV) Optimisation of the Company's network and business layout

In 2021, the Board of the Company resolved to establish new branch offices and securities branches in Hainan Province, de-registered 3 securities branches, namely Changzhou North Main Street Securities Branch (常州北大街證券營業部), Yixing Heqiao Town Xiheng Street Securities Branch (宜興和橋鎮西橫街證券營業部) and Yixing Guangming West Road Securities Branch (宜興光明西路證券營業部), and established new first-level departments, namely "Public Offering Business Department", "Training Centers" and "Equity Sales and Trading Departments", so as to continue optimising the Company's branch network and business layout.

(V) Performance of compliance management duties

The Board attached great importance to the compliance of the Company's operation and management, proactively performed compliance management duties, and established a direct communication mechanism with Chief Compliance Officers, thereby ensured the independence of Chief Compliance Officers in performing their duties, considered and approved regular compliance management work reports and annual assessment report of Chief Compliance Officers. In 2021, the Company enriched the compliance and legal team, implemented a normalised learning mechanism, comprehensively optimised the system, process and authorisation mechanism, enhanced the review of important systems and projects of subsidiaries to achieve comprehensive coverage of compliance management. The Company's various compliance management works such as compliance review, compliance inspection, compliance consultation and compliance promotion operated effectively, achieved the Company's compliance management targets, and no material compliance risk exist.

(VI) Implementation of comprehensive risk management requirements

According to the requirements of laws and regulations such as the Regulations for Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》), the Company continued to improve the comprehensive risk management system through enhancing the development of the risk system and constantly improving the standard of risk management, so as to ensure rapid business development. In 2021, the Company steadily propelled the development of credit risk internal rating system, built a unified credit rating model, and initially established an internal rating application mechanism. It also completed the development of phase one risk data mart, improved the major functions of the market and credit risk management systems, and as a result, the Company's risk management automation capabilities were significantly improved. With deepening the management of subsidiaries and the vertical management model of subsidiaries in Hong Kong began to take shape, the Company's various risk control indicators continued to comply with regulatory requirements, and the overall risk was under control.

(VII) Standardised management of related party transactions and external guarantees

The Company managed related party transactions and external guarantees in strict compliance with domestic and overseas regulatory regulations, and carried out relevant information disclosure.

In 2021, in terms of incidental related party transactions, the Board of the Company considered and approved the joint contribution to establish Jiangsu Time-honoured Industrial Investment Fund by its subsidiaries and related parties, and disclosed the transaction and progress in a timely manner. In terms of continuing related party transactions, the Company's various related party transactions are all within the approved annual caps. In the course of the approval process of related party transactions, all related directors had abstained from voting, and independent directors conducted prior approval process and furnished their independent opinions.

In 2021, the Board of the Company agreed to provide a guarantee limit of not exceeding US\$100 million for a wholly-owned subsidiary in Hong Kong and disclosed it in an announcement. The independent directors furnished an unequivocal affirmative independent opinion.

(VIII) Conscientious fulfillment of information disclosure obligations

In 2021, in strict compliance with the requirements of laws and regulations, the listing rules of the location where the shares is listed, and the Information Disclosure Management System of the Company, the Company disclosed information in a timely and impartial manner. The information disclosed was true, accurate and complete, and did not contain any false statement, misleading representation or material omission. All of the information disclosed by the Company were subject to stringent consideration and approval, and announcements were released through the Company's website, the stock exchange website and specified information disclosure media, and had effectively protected investors' informed rights.

(IX) Fulfillment of social responsibilities and demonstration of responsibilities of a state-owned enterprise

In 2021, the Board continued to procure the Company to fulfill its corporate social responsibility, strengthened the results of “One Company, One County” pairing assistance, and carry out a series of activities, namely “Youth Education Assistance”, “Hope Houses” and “Humiao Classroom (護苗課堂)” in 5 counties under pairing assistance. The Company invested RMB8.5 million to set up the “Guolian Securities Red Cross Public Welfare Fund”, which was used to consolidate the results of “One Company, One County” pairing assistance and carry out rural revitalisation public welfare projects. The Company actively organised employees to participate in the “Red Cross Humane Ten Thousand People Donation” and “Charity Day Donation” and other activities to promote common prosperity. Hua Ying Securities, a subsidiary, leveraged its professional strengths to complete 5 corporate bond financing in underdeveloped regions in 2021, with a total underwriting amount of RMB1.7 billion, providing financial support for local economic development.

(X) Strengthening cultural construction and promoting cultural implementation

In 2021, the Company included cultural construction requirements into the Articles of Association, formulated the Management System of Enterprise Culture Construction of Guolian Securities (《國聯證券企業文化建設管理制度》), Implementation Rules for Quality Evaluation of Enterprise Culture Construction of Guolian Securities (Trial) (《國聯證券企業文化建設質量評估實施細則(試行)》) and Cultural Construction Special Assessment Plan of Guolian Securities (《國聯證券文化建設專項考核方案》), and amended the Reputation Risk Management Measures of Guolian Securities (《國聯證券聲譽風險管理辦法》) to constantly establish and improve protection via system and mechanism. Through providing guidance on the business development with culture, and interpreting cultural connotations with business development, the Company integrated the Company’s “general direction” fund investment advisory conference, “China Bond Guolian Securities Yangtze Delta Select Short-term Bond Balance Index” conference and other campaigns, to disseminate the Company’s cultural construction achievements through the articles written by the chairman and president. The Company also organised and carried out the music festival of “Hundred Years of Splendor with Future Investment via Music (百年風華, 樂投未來)”, walkathon activities for prevention of illegal securities promotions, exhibition under the theme of “Finance in the 100th Anniversary of the Founding of the Party (建黨百年看金融)”, wealth management competition at universities and colleges and other influential cultural construction projects, so as to enrich the connotation of cultural concepts.

III. PERFORMANCE OF DIRECTORS FOR THE YEAR 2021

In 2021, in strict compliance with the requirements of laws and regulations, all Directors performed their duties diligently and responsibly in accordance with the provisions of the Articles of Association and the Rules of Procedures of the Board of Directors, actively attended meetings, made independent decisions, earnestly implemented the resolutions of general meetings, enhanced the implementation of the Company's strategic planning, and actively explored the Company's business innovation, transformation and development. By leveraging professional strengths, the special committees under the Board put forward opinions and suggestions on matters such as business strategy, financial reporting, internal control, risk management, senior management's compensation assessment and nomination respectively, playing an important role in the efficient and scientific decision-making of the Board.

The independent directors performed their duties diligently, proactively attended various meetings, made various decisions independently, and were not affected by substantial shareholders and other interested parties or individuals of the Company, and actively safeguarded the interests of the Company and minority shareholders.

In 2021, the attendance of the Directors of the Company at the meetings of the Board, special committees and general meetings was as follows:

Name of Directors	Meetings attended/held during the term of office					General Meetings
	Board	Audit and Nomination Committee	Remuneration and Nomination Committee	Risk Control Committee	Strategy Committee	
Yao Zhiyong	8/8	N/A	N/A	4/4	2/2	6/6
Ge Xiaobo	9/9	N/A	N/A	N/A	2/2	6/6
Hua Weirong	9/9	N/A	3/3	4/4	2/2	5/6
Zhou Weiping	9/9	N/A	N/A	4/4	2/2	5/6
Liu Hailin	9/9	N/A	N/A	4/4	N/A	6/6
Zhang Weigang	9/9	N/A	N/A	N/A	N/A	5/6
Lu Yuanzhu	9/9	5/5	3/3	N/A	N/A	6/6
Wu Xingyu	9/9	5/5	3/3	4/4	N/A	6/6
Chu, Howard Ho Hwa	9/9	5/5	N/A	N/A	2/2	6/6

Notes:

1. Mr. Yao Zhiyong was the chairman from 13 June 2019 to 7 December 2021, and was also the chairman of the Strategy Committee and the Risk Control Committee.
2. Mr. Ge Xiaobo is the chairman (acting) since 7 December 2021 to date and is also the chairman of the Strategy Committee and the Risk Control Committee.
3. Mr. Lu Yuanzhu is the chairman of the Remuneration and Nomination Committee.
4. Mr. Wu Xingyu is the chairman of the Audit Committee.

IV. MAJOR WORK ARRANGEMENTS FOR THE YEAR 2022

In 2022, the Board will further implement the Company's strategic targets of the "14th Five-Year Plan" and accelerate the transformation and development of the Company while strictly adhering to the bottom line of compliance and risk control. In this regard, the Board will focus on the following aspects:

- (I) The Board will closely focus on the Company's annual business targets, strengthen the implementation of business strategies to enhance the Company's industry competitiveness in an all-round way, promote the sound and orderly development of the Company and strive to create value for all Shareholders;
- (II) The Board will continue to strengthen its construction through carrying out the session re-election of the Board of the Company in accordance with laws and regulations, facilitate the establishment of the Board with reasonable structure, diversity and complementarity, and select senior management personnel to form the new session of operating management;
- (III) The Board will perfect the scientific assessment and evaluation of professional managers, explore and implement the H Shares employee stock ownership plan of the Company, and comprehensively stimulate organisation vibrancy and development momentum to facilitate the long-term, sustainable and sound development of the Company, and maximise the interests of the Company, Shareholders and employees;

- (IV) The Board will adhere to compliance bottom line, advocate compliance culture, strengthen compliance team and capacity development to improve compliance management efficiency and compliance guidance capability, effectively improve compliance awareness of all employees, deepen the full coverage of compliance management, strictly control violations and avoid material compliance incidents;
- (V) The Board will continue to strengthen corporate comprehensive risk management, and aim at consolidated management to improve the quality and efficiency of risk management, and gradually realise the unification of the Company's risk management system across specialised subsidiaries and business lines, so as to ensure the overall risks of the Company are under control;
- (VI) The Board will strengthen the Party building and enterprise culture construction, further leverage the dual advantages of Party leadership and modern corporate governance, promote the development of a cultural system with Guolian Securities' characteristics guided by the industry culture of "compliance, integrity, professionalism and stability", and boost the Company's transformation and reform, break through bottlenecks, and improve quality and efficiency with strong cultural construction;
- (VII) The Board will continue to improve the relevant systems of listed companies by benchmarking against the standards of A+H listed companies, further improve the quality of information disclosure, strengthen the constructive interactions with investors, and maintain the Company's healthy image in the capital market.

During the year 2021, the Supervisory Committee of the Company conducted comprehensive and pragmatic supervision on the decision-making process, operation and management, financial conditions and performance of duties of Directors and senior management of the Company according to law and effectively protected the interests of the Company and all Shareholders in strict compliance with the relevant laws and regulations including the Company Law, the Securities Law, the Rules for Governance of Securities Companies, the Rules Governing the Listing of Securities on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the requirements of the Articles of Association and the Rules of Procedures of the Supervisory Committee of Guolian Securities Co., Ltd. The main works of the Supervisory Committee for the year 2021 are hereby reported as follows:

I. WORK OF THE SUPERVISORY COMMITTEE

- (I) In 2021, the Supervisors of the Company attended 6 general meetings according to law (including 2 shareholders class meetings) and 9 Board meetings as non-voting attendees, and conducted supervision on the convening and decision-making process of Board meetings, and considered that the Board has earnestly implemented the resolutions of general meetings and faithfully performed their fiduciary duties, and that the resolutions of the Board were in line with the requirements of the Company Law and other laws and regulations as well as the Articles of Association. There was no occurrence of behaviors that were detrimental to the interests of the Company and its Shareholders.

By attending the relevant meetings of the operating management, the Supervisors of the Company kept abreast of the Company's operation and management, supervised the operating management to fully implement the resolutions of the general meeting and the Board in a timely manner, so as to ensure the objective and impartial supervision over the performance of duties by the senior management of the Company. The Supervisory Committee believes that the operating management of the Company is able to fully implement the resolutions of the Board, organize and implement the Company's development plan and yearly business plan, and strive to promote the transformation of various businesses, and have achieved good results.

(II) Meetings of the Supervisory Committee of the Company for the Year 2021

The Supervisory Committee of the Company convened six meetings during the year 2021:

The eighth meeting of the fourth session of the Supervisory Committee was convened on 5 February 2021, which considered and approved the followings: Resolution on the Fulfilment of Conditions for the Non-public Issuance of A Shares by the Company (《關於公司符合非公開發行A股股票條件的議案》), Resolution on the Proposed Non-public Issuance of A Shares of the Company (《關於公司非公開發行A股股票方案的議案》), Resolution on the Plan for the Non-public Issuance of A Shares of the Company (《關於公司非公開發行A股股票預案的議案》), Resolution on the Feasibility Report for the Use of Proceeds from the Non-public Issuance of the A Shares of the Company (《關於公司非公開發行A股股票募集資金使用的可行性報告的議案》), Resolution on the Report on the Use of Proceeds Previously Raised by the Company (《關於公司前次募集資金使用情況的報告的議案》), Resolution on the Dilution of Current Returns by the Non-public Issuance of A Shares and Remedial Measures of the Company (《關於公司非公開發行A股股票攤薄即期回報及填補措施的議案》) and Resolution on the Plans of the Shareholders' Return in the Next Three Years (《關於未來三年股東回報規劃的議案》).

The ninth meeting of the fourth session of the Supervisory Committee was convened on 18 March 2021, which considered and approved the followings: Annual Report for the Year 2020 (《2020年年度報告》), Social Responsibility and Environmental, Social and Governance Report for the Year 2020 (《2020年度社會責任暨環境、社會及管治報告》), Resolution on the Estimated Ordinary Related Party Transactions of the Company for the Year 2021 (《關於預計公司2021年度日常關聯交易的議案》), Final Accounts Report for the Year 2020 (《2020年度財務決算報告》), Profit Distribution Proposal for the Year 2020 (《2020年度利潤分配預案》), Resolution on the Special Report regarding Deposit and Actual Use of Proceeds of the Company for the Year 2020 (《關於公司2020年度募集資金存放與實際使用情況的專項報告》), Report on Comprehensive Risk Management for the Year 2020 (《2020年度全面風險管理報告》), Report on the Compliance Management for the Year 2020 (《2020年度合規管理工作報告》), Report on Anti-Money Laundering for the Year 2020 (《2020年度反洗錢工作報告》), Internal Control Evaluation Report for the Year 2020 (《2020年度內部控制評價報告》), Resolution on the Proposal for Considering the Special Audit Report on Major Related Party Transactions of the Company for the Year 2020 (《關於提請審議公司2020年度重大關聯交易專項審計報告的議案》), Work Report of the Supervisory Committee for the Year 2020 (《2020年度監事會工作報告》), Resolution on the Remuneration Distribution of Supervisors for the Year 2020 (《2020年度監事薪酬分配議案》) and Resolution on Nomination of Mr. Xu Faliang as the Candidate for Supervisor of the Fourth Session of the Supervisory Committee of the Company (《關於提名徐法良先生為公司第四屆監事會監事候選人的議案》).

The tenth meeting of the fourth session of the Supervisory Committee was convened on 29 April 2021, which considered and approved the followings: 2021 First Quarterly Report of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2021年第一季度報告》).

The eleventh meeting of the fourth session of the Supervisory Committee was convened on 7 May 2021, which considered and approved the followings: Resolution on Election of Mr. Xu Faliang as the Chairman of the Supervisory Committee of the Company (《關於選舉徐法良先生為公司監事會主席的議案》).

The twelfth meeting of the fourth session of the Supervisory Committee was convened on 24 August 2021, which considered and approved the followings: 2021 Interim Report of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2021年半年度報告》) and Resolution on Consideration of 2021 Interim Report on Comprehensive Risk Management of Guolian Securities Co., Ltd. (《關於審議國聯證券股份有限公司2021年度中期全面風險管理報告的議案》).

The thirteenth meeting of the fourth session of the Supervisory Committee was convened on 28 October 2021, which considered and approved the followings: 2021 Third Quarterly Report of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2021年第三季度報告》), Resolution on Purchasing Liability Insurance for Directors, Supervisors and Senior Management (《關於購買董監高責任險的議案》) and Resolution on the Amendments to the Rules of Procedures of the Supervisory Committee (《關於修訂〈監事會議事規則〉的議案》).

During the reporting period, the attendance of the Supervisors of the Company at the meetings of the Supervisory Committee was as follows:

Name	Position	Number of required attendances at the Supervisory Committee	Number of actual attendances	Number of attendances in person	Number of attendances by communication	Number of attendances by proxy
Xu Faliang	Chairman of Supervisory Committee	3	3	3	0	0
Jiang Zhiqiang	Former Chairman of Supervisory Committee	3	3	3	0	0
Zhou Weixing	Supervisor	6	6	6	4	0
Ren Jun	Supervisor	6	6	6	5	0
Shen Ying	Employee Representative Supervisor	6	6	6	0	0
Yu Lei	Employee Representative Supervisor	6	6	6	0	0
Number of Supervisory Committee meetings convened during the year						6
Of which: Number of on-site meetings combined with meetings by communication						6

**II. OPINIONS OF SUPERVISORY COMMITTEE ON THE RELEVANT MATTERS OF
THE COMPANY FOR THE YEAR 2021**

During the reporting period, by attending general meetings and Board meetings as non-voting attendees, the Supervisory Committee of the Company inspected the finance of the Company, reviewed the regular reports of the Company, supervised the conduct of Directors and senior management in performing duties of the Company, the following independent opinions were formed:

(I) Opinions on the Operation in Compliance with Laws of the Company

During the reporting period, the Company was able to regulate the operation and compliance management in accordance with the laws and regulations including the Company Law, the Securities Law and the Articles of Association as well as the systemic requirements of the Company. All significant decision-making or major operating activities of the Company were approved by competent authorities, and the decision-making procedures were legal and valid. According to the requirements of the relevant laws and regulations, the Company established a comprehensive internal control system and all management systems were effectively implemented. During the reporting period, there was no significant violation of the laws and regulations by the Company, nor was the subject of any major administrative penalty or public censure. None of the Directors, Supervisors or senior management of the Company was found to violate the laws, regulations or the Articles of Association or to cause damages to the interests of the Company during the course of performing their duties.

(II) Opinions on the Financial Conditions of the Company

The Company's financial conditions were sound, and the financial system was complete and efficient. The 2021 financial report of the Company was prepared in accordance with Accounting Standards for Business Enterprises of the PRC and International Financial Reporting Standards, and was audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu respectively. The aforementioned auditors have issued auditors' reports with unqualified opinions. The financial report truly, accurately and completely reflected the financial conditions and operating results of the Company.

(III) Opinions on Regular Reports and Profit Distribution of the Company

The Supervisory Committee of the Company reviewed the regular reports prepared by the Board and was of view that the Company operated in strict compliance with the accounting standards, and the regular reports fairly reflected the financial position and operating results during the reporting period. The preparation and review procedures of the regular reports of the Company have complied with the relevant laws, regulations, various requirements of the Articles of Association and internal management systems of the Company. The content of the reports gave a true, accurate and complete reflection of the actual situation of the Company. There was no violation of the confidentiality requirements for inside information by those involved in the preparation and review of the report. In addition, the Supervisory Committee considered the Profit Distribution Proposal for the Year 2020 (《2020年度利潤分配預案》), and was of view that the profit distribution proposal of the Company has complied with the relevant laws, regulations, regulatory documents and the relevant requirements of internal systems such as the Articles of Association, and was in line with the actual conditions of the Company, the interests of Shareholders as a whole and their long-term interests, which are beneficial to its long-term development.

(IV) Opinions on Internal Control and Risk Management

The Company has established a relatively sound internal control system, which is in line with relevant laws and regulations and regulatory requirements of the PRC as well as the actual situation of the Company's operation and management, and the internal control system has been effectively implemented. During the reporting period, there were no major defects in the Company's internal control system construction and implementation, and the Company has established and effectively maintained the internal control related to financial statements in accordance with the Fundamental Norms on Enterprise Internal Control (《企業內部控制基本規範》) and relevant requirements in all material aspects.

In 2021, the Company further implemented the requirements of laws and regulations such as Norms for Overall Risk Management of Securities Companies (《證券公司全面風險管理規範》), continued to improve the comprehensive risk management system and operational mechanism, constantly carried out risk monitoring and evaluation, carried out all new businesses in a regulated and prudent manner, strengthened the risk management of existing projects, actively promoted risk incident response and disposal, and continuously improved risk management level.

(V) Opinions on Compliance Management

According to the requirements of the Measures for Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》), the Guidelines on Effectiveness Evaluation of Compliance Management of Securities Companies (《證券公司合規管理有效性評估指引》) of the Securities Association of China and other laws, regulations and standards, the Supervisory Committee of the Company took the lead in establishing an interdepartmental compliance management effectiveness evaluation team to evaluate the compliance management effectiveness of the Company for 2021.

In the process of evaluating the compliance management effectiveness, the evaluation team evaluated the compliance management situation of various business and management departments by adopting the interview, system and business documents review, sampling analysis, walk through test and other evaluation methods, which provided necessary evaluation basis for assessing the effectiveness of the Company's compliance management.

According to the evaluation, the Company has developed and effectively implemented corresponding management systems for the businesses and issues subject to assessment during the reporting period, and its targets for compliance management were fulfilled. There was no material compliance risk in all aspects.

(VI) Opinions on Information Disclosure

The Supervisory Committee closely monitored the information disclosure of the Company. In strict compliance with the requirements of the relevant laws and regulations such as the Administrative Measures for Information Disclosure of Listed Companies, the Company disclosed information in a timely and fair manner to ensure that the information disclosed is true, accurate and complete, and there are no false record, misleading statement or major omission, which secured the legitimate rights and interests of shareholders and investors.

(VII) Opinions on the Use of Proceeds

In 2021, as approved by CSRC, the Company completed the non-public issuance of A Shares, with a total amount of proceeds of RMB5,089,999,800, which has been all utilized. The Supervisory Committee also considered the Resolution on the Special Report regarding Deposit and Actual Use of Proceeds of the Company for the Year 2020 (《關於公司2020年度募集資金存放與實際使用情況的專項報告》). The deposit and use of the proceeds of the Company have complied with the relevant regulations of the CSRC and the Shanghai Stock Exchange on the deposit and use of the proceeds of listed companies, without any changes in the use of the proceeds in a disguised way and any prejudice to the interests of Shareholders as well as violations in the use of proceeds.

(VIII) Opinions on Debt Financing

In 2021, through various types of credit debt financing (excluding inter-bank borrowing transactions), the Company obtained the cumulative principal amounts of RMB14.555 billion, and recorded a cumulative principal repayment of maturing debt financing of RMB10.075 billion, with a net increase of RMB4.48 billion in the balance of debt financing as compared with that of the end of the previous year. The Company conducted debt financing within the limit authorised at the general meetings and there was no case without or beyond the approval of the general meetings.

(IX) Opinions on the Related Party Transactions

In 2021, the Board of the Company considered and approved the resolutions such as Resolution on the Estimated Ordinary Related Party Transactions of the Company for the Year 2021 (《關於預計公司2021年度日常關聯交易的議案》) and Resolution on Contribution to the Establishment of Jiangsu Time-honoured Brand Industrial Investment Fund and Related Party Transactions (《關於出資設立江蘇老字號產業投資基金暨關聯交易的議案》).

The Supervisory Committee considered that, the related party transactions met the needs of business development of the Company and were conducive to promoting its business growth. The pricing principles of related party transactions were fair and reasonable, and the necessary review procedures have been performed in a standardized manner, without any circumstances that are detrimental to the interests of the Company and all Shareholders, especially the interests of minority Shareholders.

III. WORK PLAN OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022

- (I) To convene the meetings of the Supervisory Committee in strict compliance with the requirements of the Company Law, the Articles of Association and the relevant laws and regulations. To attend general meetings and various meetings of the Board and management as non-voting attendees as required in fulfilling their supervisory duties.
- (II) To complete the re-election of Supervisors for the new session of the Supervisory Committee, earnestly review the materials of nominator of supervisor, supervise and review procedures, so as to ensure that all members of the new session of the Supervisory Committee meet the criteria for holding the designated positions, and the process for re-election of Supervisors for the new session of the Supervisory Committee are in compliance with the laws, regulations and regulatory documents, with a view to promote the further improvement of the governance structure of the Supervisory Committee and enhance performance efficiency.
- (III) To conscientiously fulfill the duties of the Supervisory Committee, supervise the implementation of the resolutions adopted at general meetings and Board meetings and strengthen the supervision and management regarding the financial position, risk control and regulatory indicators of the Company. To carefully review the regular reports, accounting statements and related financial information of the Company, pay attention to the preparation and review procedures of the Company's financial reports, and ensure that the contents of the regular reports of the Company can reflect the operation and management and financial position of the Company in a true, accurate and complete manner.
- (IV) To supervise and inspect the duty and responsibility performance of the Board and management in overall risk management, and rectification of defects.
- (V) To strengthen self-building and improve self-capabilities of duties performance. All Supervisors will actively study and master the latest regulatory policies in depth, participate in the professional seminars and training organized by securities regulatory authorities, self-regulatory organizations and other institutions and use the excellent supervision and management experience of the same industry as a reference to constantly improve their knowledge reserve.

According to the requirements of the Rules for Independent Directors of Listed Companies (《上市公司獨立董事規則》), the Guidelines on the Governance of Listed Companies, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, Guidelines No. 2 on Self-Regulatory and Supervision for Listed Companies on Shanghai Stock Exchange – Business Handling (《上海證券交易所上市公司自律監管指南第2號—業務辦理》) of CSRC, the Articles of Association and the Independent Director System of the Guolian Securities Co., Ltd., all independent Directors of Guolian Securities Co., Ltd. (hereinafter referred as the “Company”) fulfilled their duties diligently and responsibly, actively attended relevant meetings and earnestly reviewed every resolution to effectively safeguard the interests of the Shareholders as a whole, especially the legitimate interests of minority Shareholders. The duty report for the year 2021 is set out as follows:

I. BASIC INFORMATION OF INDEPENDENT DIRECTORS

The fourth session of Board of the Company is comprised of a total of 3 independent Directors, namely Mr. Lu Yuanzhu, Mr. Wu Xingyu and Mr. Chu, Howard Ho Hwa respectively. The basic information of independent Directors are as follows:

(I) Working experience and professional background

Mr. Lu Yuanzhu (盧遠矚), born in 1977, Chinese nationality with no right of permanent residency abroad, holds a doctoral degree in economics. He is currently a professor at the School of Economics and Management of University of Science and Technology Beijing, independent director of Beijing Global Safety Technology Co., Ltd* (北京辰安科技股份有限公司)(300523.SZ) and Beijing Tianyishangjia New Material Corp., Ltd.* (北京天宜上佳新材料股份有限公司)(688033.SH). He has been an independent Director of the Company since March 2017 to date. He previously served as an assistant professor, associate professor and professor of China Economics and Management Academy of the Central University of Finance and Economics* (中央財經大學中國經濟與管理研究院), independent director of eFuture Holding Inc.* (北京富基融通科技有限公司) and a professor at the School of International Finance of Sun Yat-sen University.

Mr. Wu Xingyu (吳星宇), born in 1976, Chinese nationality with no right of permanent residency abroad, holds a master's degree, the non-practising member certificate of Chinese Public Accountant, the PRC lawyer's qualification certificate and USA Chartered Financial Analyst (CFA) certificate. He is currently the director and chief financial officer of Land Space Technology Corporation Ltd.* (藍箭航天空間科技股份有限公司), independent director of Shanghai PRET Composites Co., Ltd. (上海普利特複合材料股份有限公司) (002324.SZ) and Sailvan Times Technology Co., Ltd.* (賽維時代科技股份有限公司). He has been an independent Director of the Company since November 2018 to date. He previously served as the deputy general manager and chief financial officer of Aotecar New Energy Technology Co., Ltd. (奧特佳新能源科技股份有限公司) (002239.SZ), independent director of Anhui Tongfeng Electronics Company Limited (安徽銅峰電子股份有限公司) (600237.SH), Hubei Jumpcan Pharmaceutical Co., Ltd. (湖北濟川藥業股份有限公司) (600566.SH), vice president and secretary to the board of Shanying International Holdings Co., Ltd. (山鷹國際控股股份公司) (600567.SH) and independent director of Beijing Tongrentang Co., Ltd. (北京同仁堂股份有限公司) (600085.SH).

Mr. Chu, Howard Ho Hwa (朱賀華), born in 1964, a resident of Hong Kong, China, holds a master's degree in business administration. He is currently a fund partner of Go Capital Limited and an independent director of BOE Varitronix Limited (0710.HK). He has been an independent Director of the Company since June 2019 to date. He previously served as the director of ABN AMRO Asia Corporate Finance Ltd., co-CEO and co-founder of Hong Kong MyRice.com, director of HSBC Investment Bank, chief investment officer of Shanghai Century Acquisition Corporation, assistant to chairman of United Energy Group Limited (0467.HK), chief financial officer of Trony Solar (2468.HK, delisted), independent director of Directel Holdings Limited (8337.HK), independent director of China Kingstone Mining Holdings Limited (1380.HK), chief financial officer of China Smart Electric Group Limited* (中國智能電氣集團有限公司), independent director of Weichai Power Co., Ltd. (2338.HK) and the chief executive officer of mReferral Corporation (HK) Limited.

(II) Positions in entities other than the Company

Name	Position	Positions in other organizations	
		Name of organization	Position
Lu Yuanzhu	Independent Director	University of Science and Technology Beijing	Professor
		Beijing Global Safety Technology Co., Ltd* (北京辰安科技股份有限公司)	Independent Director
		Beijing Tianyishangjia New Material Corp., Ltd.* (北京天宜 上佳高新材料股份有限公司)	Independent Director
Wu Xingyu	Independent Director	Land Space Technology Corporation Ltd.* (藍箭航空 間科技股份有限公司)	Director and Chief Financial Officer
		Shanghai PRET Composites Co., Ltd. (上海普利特複合材料 股份有限公司)	Independent Director
		Sailvan Times Technology Co., Ltd.* (賽維時代科技股份有限公司)	Independent Director
Chu, Howard Ho Hwa	Independent Director	BOE Varitronix Limited	Independent Director
		Go Capital Limited	Fund partner

(III) Independence

None of the independent Directors of the Company holds any position in the Company other than independent Directors, or holds any position in the substantial Shareholders of the Company. None of the independent Directors has been subject to any punishment by CSRC or other related departments, or reprimand by any stock exchanges. None of the independent Directors themselves or those who have immediate family relationships with them holds, directly or indirectly, 1% or more of the interests in the issued shares of the Company or rank among the top ten Shareholders of the Company. As such, the independence is not affected.

II. FULFILLMENT OF RESPONSIBILITIES OF INDEPENDENT DIRECTORS

(I) Attendance at meetings

1. Attendance at Board meetings and general meetings

During the reporting period, the Company convened 6 general meetings, including 1 annual general meeting, 3 extraordinary general meetings and 2 class meetings. The Board convened 9 on-site voting meetings combined with meetings by communication. The attendance of independent Directors at the Board meetings and general meetings is as follows:

Name	Number of required attendances	Board meetings			Number of absence	Number of attendances at general meetings
		Number of attendances in person	Number of attendances by communication	Number of attendances by proxy		
Lu Yuanzhu	9	9	9	0	0	6
Wu Xingyu	9	9	9	0	0	6
Chu, Howard Ho Hwa	9	9	9	0	0	6

Note: All independent Directors have earnestly reviewed the resolutions considered by the Board, and all voted in favour of the resolutions.

2. Attendance at Special Committees meetings of the Board

There are four special committees under the Board of the Company, including Strategy Committee, Remuneration and Nomination Committee, Audit Committee and Risk Control Committee.

- (1) *The appointments of independent Directors under the special committees of the Company are as follows:*

Name	Appointment
Lu Yuanzhu	Chairman of Remuneration and Nomination Committee, member of Audit Committee
Wu Xingyu	Chairman of Audit Committee, member of Remuneration and Nomination Committee, member of Risk Control Committee
Chu, Howard Ho Hwa	Member of Audit Committee, member of Strategy Committee

- (2) *The attendance of the Company's independent Directors at the meetings is as follows:*

During the reporting period, the Company convened 2 Strategy Committee meetings, 3 Remuneration and Nomination Committee meetings, 5 Audit Committee meetings and 4 Risk Control Committee meetings. The attendance of independent Directors at the meetings is as follows:

Name	Strategy Committee		
	Number of required attendances	Number of actual attendances	Number of absence
Chu, Howard Ho Hwa	2	2	0

Name	Remuneration and Nomination Committee		
	Number of required attendances	Number of actual attendances	Number of absence
Lu Yuanzhu	3	3	0
Wu Xingyu	3	3	0

Name	Audit Committee		Number of absence
	Number of required attendances	Number of actual attendances	
Lu Yuanzhu	5	5	0
Wu Xingyu	5	5	0
Chu, Howard Ho Hwa	5	5	0

Name	Risk Control Committee		Number of absence
	Number of required attendances	Number of actual attendances	
Wu Xingyu	4	4	0

Note: Independent Directors have earnestly reviewed the resolutions considered by the relevant special committees, and all voted in favour of the resolutions.

(II) Performance of duties

During the reporting period, the independent Directors fulfilled their duties in an objective, independent, and prudent manner. They actively participated in the meetings of the Board and various special committees, carefully considered each topic in a professional and independent manner. They focused on the corporate governance of the Company, the protection of Shareholders' interests, risk control, compliance management, related party transactions, major investment and financing, actively participated in the discussions and made constructive professional recommendations, they played an active role in realizing scientific decision-making by the Board and practically safeguarded the lawful rights and interests of the Company and all Shareholders. The Company shall actively cooperate with independent Directors to perform their duties, provide necessary support and assistance, and communicate with independent Directors through various channels, and organize independent Directors to participate in relevant training and study laws and regulations and regulatory cases.

**III. AREAS FOCUSED BY THE INDEPENDENT DIRECTORS DURING THEIR
PERFORMANCE OF DUTIES DURING THE YEAR****(I) Related Party Transactions**

On 18 March 2021, the sixteenth meeting of the fourth session of the Board of the Company considered and approved the Resolution on the Estimated Ordinary Related Party Transactions of the Company for the Year 2021 (《關於預計公司2021年度日常關聯交易的議案》). All independent Directors are of the opinion that the pricing principle of relevant related party transactions is fair and reasonable. There is no circumstance that will jeopardise the interests of the Company and all the Shareholders of the Company as a whole or will affect the independence of the Company. It is expected that these estimated ordinary related party transactions are in line with the business development needs of the Company, conducive to promote the business growth of the Company, and are in the interests of the Company and its Shareholders as a whole. During the voting process of this resolution, the related directors had abstained from voting, and the decision-making procedures were legal and in compliance with the regulations.

On 18 March 2021, the sixteenth meeting of the fourth session of the Board of the Company considered and approved the Resolution on Contribution to the Establishment of Jiangsu Time-honoured Brand Industrial Investment Fund and Related Party Transactions (《關於出資設立江蘇老字號產業投資基金暨關聯交易的議案》). All independent Directors are of the opinion that this related transaction is beneficial for the development of the private equity fund business of the Company and is in the interest of the Company and its Shareholders as a whole. There is no circumstance that will jeopardise the interests of the Company and its minority Shareholders or will affect the independence of the Company. During the voting process of this resolution, the related directors had abstained from voting, and the decision-making procedures were legal and in compliance with the regulations. The aforesaid related party transaction was approved.

(II) External Guarantee and Funds Appropriation

On 18 March 2021, in accordance with the relevant regulations and requirements, the independent Directors, based on their understanding of the relevant situation of the Company, have given the following explanations and independent opinions regarding the external guarantees of the Company as of 31 December 2020: as of 31 December 2020, no external guarantee was provided by the Company and its subsidiaries. The Company manages external guarantees in strict accordance with the relevant laws and regulations and regulatory documents, and specifies the management requirements for external guarantees in the Articles of Association, the Policy on the Management of the External Guarantee of Guolian Securities Co., Ltd. (《國聯證券股份有限公司對外擔保管理制度》) and other rules and regulations to strictly control the risks of external guarantees, fully protects the legitimate rights and interests of the Company and all Shareholders.

On 24 August 2021, the twentieth meeting of the fourth session of the Board of the Company considered and approved the Resolution on Providing Guarantee for Guolian Securities (Hong Kong) Co., Ltd. (《關於為國聯證券(香港)有限公司提供擔保的議案》), which approved the Company to provide guarantee for Guolian Securities (Hong Kong) Co., Ltd. and its wholly-owned subsidiaries with a total amount of no more than US\$100 million. After earnestly reviewing the relevant resolution, all independent Directors, based on independent judgment, have given independent opinions of consent regarding the necessity of guarantee, meeting consideration and voting procedures.

(III) Use of Proceeds Raised

In 2021, the Company successfully completed the non-public issuance of A shares, all the relevant proceeds raised have been utilized for the specified purposes, and all the special bank accounts for the proceeds raised have no balance and have been cancelled.

(IV) Nomination and Remuneration of Senior Management

On 18 March 2021, the sixteenth meeting of the fourth session of the Board of the Company considered and approved the Resolution on the Remuneration Distribution of Directors and Senior Management for the Year 2020 (《2020年度董事、高管薪酬分配議案》). All independent Directors reviewed the above resolution and related documents, and considered that the remuneration distribution plan of Directors and senior management of the Company for the year 2020 was in line with the assessment methods and remuneration system as well as the actual operation of the Company, which are beneficial to its long-term development.

On 27 May 2021, the eighteenth meeting of the fourth session of the Board of the Company considered and approved the Resolution on Change of Chief Risk Officer (《關於首席風險官變更的議案》). After earnestly reviewing the relevant resolution, all independent Directors, based on independent judgment, have given independent opinions regarding the terms of appointment, nomination and appointment procedures of Mr. Jiang Zhiqiang (江志強), and agreed to appoint Mr. Jiang Zhiqiang (江志強) as chief risk officer of the Company.

(V) Engagement or Change of Accounting Firms

On 18 March 2021, the sixteenth meeting of the fourth session of the Board of the Company considered and approved the Resolution on the Reappointment of Audit Institutions for the Year 2021 (《關於續聘2021年度審計機構的議案》). All independent Directors expressed their independent opinions: the Company will reappoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the external audit institutions of the Company, and the engagement procedures of which have complied with the relevant laws and regulations. Consent was given to reappoint them as the external audit institutions of the Company for the year 2021 to audit the financial report and the effectiveness of internal control of the Company in 2021 and issue an audit report.

(VI) Cash Dividend and Other Investors' Return

On 18 March 2021, the sixteenth meeting of the fourth session of the Board of the Company considered and approved the Profit Distribution Proposal for the Year 2020 (《2020年度利潤分配預案》), which proposed to distribute a cash dividend of RMB1.20 for every 10 Shares (tax inclusive) held by adopting the cash dividend distribution method. All independent Directors were of view that the profit distribution proposal has complied with the relevant laws, regulations, regulatory documents and the relevant requirements of internal systems such as the Articles of Association, and was in line with the actual conditions of the Company, the interests of Shareholders as a whole and their long-term interests, which are beneficial to its long-term development.

(VII) Fulfilment of Commitments by the Company and its Shareholders

The commitments of the Company and its Shareholders are fully disclosed in the Company's prospectus and relevant periodic reports. In 2021, the Company and its Shareholders strictly complied with relevant laws and regulations, and there was no violation of the commitments.

(VIII) Implementation of Information Disclosure

In 2021, the Company strictly complied with the relevant requirements of information disclosure to ensure the truthfulness, accuracy, completeness, timeliness and impartiality in the disclosure of information. There was no false record, misleading statement or major omission, which secured the interest of investors and enhanced the transparency of the Company.

(IX) Implementation of Internal Control

The sixteenth meeting of the fourth session of the Board of the Company considered and approved the Internal Control Evaluation Report for the Year 2020 (《2020年度內部控制評價報告》). The Company has maintained effective internal control over financial reporting in all material aspects in accordance with the requirements of the corporate internal control system and related provisions, free from any material defect in internal control over financial reporting, and no major material defect in internal control over non-financial reporting were discovered.

In accordance with the Fundamental Norms on Enterprise Internal Control (《企業內部控制基本規範》), Guidelines for the Evaluation of Enterprise Internal Control (《企業內部控制評價指引》) and Guidelines for Internal Control of Securities Companies (《證券公司內部控制指引》) and other laws, regulations and regulatory requirements, the Company formulated and further improved the internal control evaluation of the Company under the guidance of independent Directors, and comprehensively evaluated the design and operation of internal control, which have improved the quality and efficiency of internal control evaluation, standardized internal control evaluation procedures and evaluation reports, and identified and prevented operational risks.

(X) Non-public Issuance of A shares

The fifteenth meeting of the fourth session of the Board of the Company considered and approved the resolutions on the non-public issuance of A shares of the Company. After earnestly reviewing the relevant materials and listening to the explanation of the management, all independent Directors, based on an independent and fair perspective, have given independent opinions of consent on the plans for share issuance, pricing method, use of proceeds, Shareholders' return, review procedures and other related matters of the Company. During the Reporting Period, the non-public issuance of A shares of the Company has been successfully completed, which further enriched capital strength, improved capital structure, and enhanced risk resistance capability.

(XI) Operation of the Board and Its Special Committees

There are four special committees established under the Board of Directors of the Company, namely Audit Committee, Remuneration and Nomination Committee, Risk Control Committee and Strategy Committee, and all the 3 independent Directors are members of the special committees. In 2021, each of the special committee of the Company reviewed the matters regarding the strategic development, annual report, related party transaction, staff appointment and remuneration assessment, internal control report of the Company in accordance with the requirements of related working rules, and put forward corresponding proposals to the Board.

IV. OVERALL EVALUATION AND SUGGESTIONS

All independent Directors had complied with the relevant requirements under the laws, regulations, Articles of Association and the Independent Director System of Guolian Securities Co., Ltd., and had adequate time and commitment to perform their duties during their terms of office. They were not affected by the substantial Shareholders of the Company and other interested units or individuals of the Company when making their independent judgments in the decision-making of the Company and had protected the legitimate interest of the Company and the Shareholders.

In 2022, all independent Directors will continue to fulfill their duties faithfully and diligently, and fully devote their roles as independent Directors to safeguard the overall interest of the Company and the legitimate rights and interests of all Shareholders and promote the sustainable and healthy development of the Company.

In 2021, the global COVID-19 epidemic situation remained acute. Under the active and effective epidemic prevention and control measures in China, the economy maintained a sound recovery momentum. The overall volatility of the A Share market has increased with intensified differentiation in style. According to the statistics of WIND, the stocks and funds trading volume on the market increased by 25% year-on-year as compared with 2020. Following the A-share IPO in 2020, the Company successfully completed the non-public issuance of A Shares, and raised RMB5.09 billion. As a result, the Company's capital strength continued to expand, new products and new services have been continuously innovated, the overall business layout has become more reasonable, diversified and stable, and profitability grew rapidly. The Company actively adapted itself to the new industry layout and market situation, strictly upheld the bottom line of compliance and risk control and promoted the in-depth strategic transformation and market reform.

According to the financial report prepared in accordance with the Accounting Standards for Business Enterprises of the PRC, as at the end of the reporting period, the total assets in the consolidated financial statement of the Company amounted to RMB65.939 billion and total shareholder interests amounted to RMB16.381 billion. During the reporting period, operating income amounted to RMB2.967 billion and net profit of RMB889 million.

The final accounts during the reporting period are set out as follows:

Financial Position and Business Performance

Unit: RMB'0,000

Item	Consolidated			Parent Company		
	As at the end of 2021	As at the end of 2020	Year-on-year Change	As at the end of 2021	As at the end of 2020	Year-on-year Change
Total assets	6,593,924	4,621,995	43%	6,462,312	4,509,304	43%
Total liabilities	4,955,817	3,562,578	39%	4,855,429	3,464,109	40%
Total shareholder interests	1,638,107	1,059,417	55%	1,606,883	1,045,195	54%
Operating income	296,663	187,634	58%	222,099	157,158	41%
Total operating expenses	178,685	108,762	64%	127,693	81,785	56%
Operating profit	117,978	78,872	50%	94,406	75,373	25%
Total profit	117,337	78,792	49%	93,766	75,307	25%
Net profit	88,864	58,787	51%	71,172	56,792	25%
Total consolidated income	108,928	56,989	91%	91,927	57,129	61%
Weighted average returns on net assets	7.27%	6.41%	13%	5.94%	6.29%	-6%
Net assets/liabilities	42.69%	40.28%	6%	43.00%	41.29%	4%
Gearing ratio	70.08%	71.28%	-2%	69.93%	70.78%	-1%
Basic earnings per share (RMB/share)	0.36	0.28	29%			
Net asset value per share attributable to Shareholders of the Company	5.78	4.45	30%			

I. BALANCE SHEET

As at the end of the reporting period, total assets of the Company were RMB65.939 billion; total liabilities were RMB49.558 billion; total shareholder interests were RMB16.381 billion. Of which, total assets of parent company were RMB64.623 billion; total liabilities were RMB48.554 billion; total shareholder interests were RMB16.069 billion. On the basis of stringent risk control, the Company implemented improvement of financial statements in a stable manner to improve its profitability effectively.

Condensed Balance Sheet:

Unit: RMB'0,000

Item	Consolidated			Parent Company		
	As at the end of 2021	As at the end of 2020	Year-on-year Change	As at the end of 2021	As at the end of 2020	Year-on-year Change
Total assets	6,593,924	4,621,995	43%	6,462,312	4,509,304	43%
Of which: Monetary capital	1,057,355	1,073,038	-1%	962,515	999,730	-4%
Clearing settlement funds	326,812	251,161	30%	324,614	250,799	29%
Refundable deposits	32,730	23,664	38%	32,569	23,426	39%
Financial assets held for trading	2,771,009	1,695,509	63%	2,444,979	1,356,807	80%
Derivative financial assets	48,504	7,764	525%	48,504	7,764	525%
Other debt investments	624,045	167,804	272%	624,045	167,804	272%
Investment in other equity instruments	257,920	-	-	257,920	-	-
Margin accounts receivable	1,079,134	841,307	28%	1,079,134	841,307	28%
Financial assets purchased under agreements to resell	295,813	412,752	-28%	276,452	384,557	-28%
Other assets	46,729	95,724	-51%	44,100	94,124	-53%
Total Liabilities	4,955,817	3,562,578	39%	4,855,429	3,464,109	40%
Of which: Amount of agency sales of securities	1,118,258	932,720	20%	1,118,258	932,720	20%
Financial liabilities held for trading	142,971	89,928	59%	97,156	31,199	211%
Derivative financial liabilities	43,077	11,658	270%	43,077	11,658	270%
Financial assets sold under repurchase agreements	1,279,601	870,769	47%	1,265,506	850,466	49%
Short-term financing instrument payables	212,512	478,142	-56%	212,512	478,142	-56%
Short-term borrowings	3,827	-	-	-	-	-
Bonds payable	1,610,730	899,834	79%	1,608,168	897,238	79%
Loans from other banks	85,031	30,007	183%	85,024	30,007	183%
Remuneration payable to employees	58,424	33,824	73%	37,714	22,460	68%
Tax payable	11,659	5,088	129%	7,287	4,157	75%
Other liabilities	315,160	154,035	105%	314,066	153,468	105%
Total shareholder interests	1,638,107	1,059,417	55%	1,606,883	1,045,195	54%

As at the end of the reporting period, the Company had total assets of RMB65.939 billion, representing an increase of RMB19.719 billion, or 43% as compared with the end of last year. The increase was mainly attributed to the following factors: 1) financial assets held for trading, other debt investments, investment in other equity instruments and derivative financial assets increased by RMB18.304 billion year-on-year as the Company closely followed the market trend and proactively participated in business innovation to enrich trading varieties and optimize the portfolio structure; 2) margin accounts receivable increased by RMB2.378 billion year-on-year as the Company strengthened risk management for credit business, continuously improved its professionalism and customer service capabilities, with constant increase in the scale of margin financing and securities lending business; the scale of stock pledge business expanded in an orderly manner as the Company focused on equity incentive exercising financing of listed companies; financial assets held under resale agreements decreased by RMB1.169 billion year-on-year as a result of a year-on-year decrease in the scale of bond pledge repurchase business; 3) the securities market became more active, and as a result, the transaction volume of stocks and funds increased by 25% year-on-year, and monetary capital, clearing settlement funds and refundable deposits increased by RMB690 million year-on-year; 4) other assets decreased by RMB490 million as a result of a decrease in the margin deposits of derivative contracts.

As at the end of the reporting period, the Company had total liabilities of RMB49.558 billion, representing an increase of RMB13.932 billion, or 39% as compared with the end of last year. The increase was mainly attributed to the following factors: 1) current short-term financing instrument payables, bonds payable, loans from other banks, short-term borrowings and financial assets sold under repurchase agreements increased by RMB9.129 billion year-on-year as the Company had expanded its financing channels in supporting the growth of business scale; 2) other liabilities of the margin deposits payable of derivative contracts increased by RMB1.611 billion year-on-year as the Company developed OTC derivatives business; 3) the amount of agency sales of securities, financial liabilities held for trading and derivative financial liabilities increased by RMB2.70 billion year-on-year as the Company strengthened the efforts of introduction of clients' funds and enriched trading varieties; 4) tax payable and remuneration payable to employees increased by RMB312 million year-on-year as a result of rapid growth in the Company's profitability.

II. FINANCIAL INCOME AND EXPENDITURE

During the reporting period, the Company recorded an operating income of RMB2.967 billion. Total operating expenses incurred were RMB1.787 billion. Total profit recorded was RMB1.173 billion. Net profit attributable to shareholders of parent company was RMB889 million. Basic earnings per share were RMB0.36. Of which, operating income of parent company was RMB2.221 billion. Total operating expenses incurred were RMB1.277 billion. Total profit recorded was RMB938 million. Net profit was RMB712 million. The Company's profitability grew rapidly and recorded a year-on-year growth in income from various businesses.

Condensed Profit and Loss Statement:

Unit: RMB'0,000

Item	Consolidated			Parent Company		
	2021	2020	Year-on-year Change	2021	2020	Year-on-year Change
Operating Income	296,663	187,634	58%	222,099	157,158	41%
Net fee and commission income	134,557	87,548	54%	85,334	63,391	35%
Of which: Net fee income from brokerage business	60,914	52,625	16%	60,914	52,625	16%
Net fee income from investment banking business	50,939	27,502	85%	257	2,705	-90%
Net fee income from asset management business	14,060	7,159	96%	14,605	7,798	87%
Net interest income	21,574	30,562	-29%	16,689	26,746	-38%
Investment gains	121,638	59,229	105%	106,946	60,041	78%
Gains on change in fair value	17,952	8,727	106%	11,990	5,710	110%
Total operating expenses	178,685	108,762	64%	127,693	81,785	56%
Of which: Taxes and surcharges	1,998	1,498	33%	1,629	1,278	27%
Operating and administrative expenses	173,728	106,043	64%	123,138	79,403	55%
Credit/asset impairment losses	2,960	1,221	142%	2,926	1,104	165%
Operating profit	117,978	78,872	50%	94,406	75,373	25%
Total profit	117,337	78,792	49%	93,766	75,307	25%
Net profit	88,864	58,787	51%	71,172	56,792	25%
Of which: Net profit attributable to shareholders of parent company	88,864	58,787	51%			
Basic earnings per share (Unit: RMB)	0.36	0.28	29%			

During the reporting period, the Company recorded an operating income of RMB2.967 billion, representing a year-on-year increase of RMB1.090 billion, or an increase of 58%. The increase was mainly due to: 1) a year-on-year increase of RMB716 million in the income generated from proprietary trading business as the Company adhered to the prudent value investment operation strategy, closely followed market changes, proactively participated in business innovation, enriched trading varieties and optimised investment portfolios; 2) the investment banking equity and debt financing business went hand in hand, with an underwriting scale of RMB56.6 billion, representing a year-on-year increase of 76%. The business structure became more balanced, and income from investment banking business increased by RMB234 million year-on-year; 3) benefiting from the introduction of institutional clients, the market share steadily increased, and income from brokerage business increased by RMB83.0 million year-on-year as the Company made greater efforts in promoting product sales; 4) in terms of asset management, the Company continued to strengthen its active management capabilities with entrusted assets exceeded RMB100 billion, representing a year-on-year increase of RMB64.4 billion, and income from asset management business increased by RMB69.0 million year-on-year; 5) an interest income of RMB609 million was recorded from margin accounts receivable, representing an increase of RMB180 million year-on-year as the Company continued to optimise the structure of credit business; a year-on-year increase in interest expenses and a year-on-year decrease in net interest income as the Company expanded financing channels in supporting the growth of business scale.

During the reporting period, 1) the Company recorded operating and administrative expenses amounting to RMB1.737 billion, representing a year-on-year increase of RMB677 million, or an increase of 64%, in support of business transformation, introducing high-end talents, strengthening system construction and optimising network layout; 2) the Company accrued credit/asset impairment losses of RMB30.0 million, representing a year-on-year increase of RMB17.0 million, or an increase of 142%, in strengthening risk management while expanding its business scale.

During the reporting period, the Company recorded total profits amounting to RMB1.173 billion, representing a year-on-year increase of RMB385 million, or an increase of 49%.

III. SHAREHOLDER INTERESTS AND NET CAPITAL

As at the end of the reporting period, total shareholder interests of the Company were RMB16.381 billion, representing an increase of RMB5.787 billion as compared with the end of last year. The increase was mainly due to the corresponding increase in shareholder interests of RMB4.983 billion as a result of the completion of the non-public issuance of A Shares by the Company, realisation of net profit which resulted in a corresponding increase in shareholder interests of RMB889 million, investment in other equity instruments which resulted in an increase in shareholder interests of RMB201 million, and dividends to shareholders in 2020 which resulted a decrease in shareholder interests of RMB285 million.

Due to the supplement of net capital for non-public issuance of A Shares during the reporting period, the net capital of the Company at the end of the period was RMB14.801 billion, increased by RMB4.822 billion as compared with the end of last year.

At the end of the period, the ratio of net capital divided by net assets of the Company was 92.11% and each risk control indicator has complied with the requirements of the Administrative Measures for Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》). The asset structure of the Company remained sound and the liquidity was strong.

During the reporting period, the Company closely kept up the pace with the market to expand the scale of capital and asset continuously, with reasonable and sound financial leverage, rapid growth in profitability and more diversified business structure, costs and expenses linked to performance, and all indicators remained at reasonable position.

Looking forward into 2022, the Company will proactively seize reform and market opportunities, further facilitate traditional business transformation, and promote the further development of new businesses. The Company will focus on serving the real economy and strive to become a leading customer-oriented investment bank that provides comprehensive financial solutions and the most important investment and financing arranger, transaction organizer, wealth manager and liquidity provider in local regional market and even the national market (in certain sectors), thus contributing to the economic and social development of Wuxi and Southern Jiangsu district.

I. IMPLEMENTATION OF ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR THE YEAR 2021

The 2020 annual general meeting of the Company considered and approved the Resolution on the Estimated Ordinary Related Party Transactions of the Company for the Year 2021 (《關於預計公司2021年度日常關聯交易的議案》), which approved the Company to conduct related party transactions with Wuxi Guolian Development (Group) Co., Ltd. (無錫市國聯發展(集團)有限公司)(hereinafter referred to as “Guolian Group”) and its associates, other related legal persons, related natural persons, and the implementation is as follows.

(I) Related party transactions with Guolian Group and its associates*Unit: RMB'0,000*

Type of transactions	Content of transactions	Annual cap for 2021	Actual amount in 2021
Securities and Financial Product Services	Income from securities brokerage service	Due to uncertainties of the occurrence and volume	860.29
	Income from asset management	of such business, the	258.87
	Underwriting income	estimated cap will be the	226.42
	Income from financial advisory fee	actual transaction amount.	160.45
	Income from investment consultancy fee		277.08
	Expenses of futures trading fee		32.81
	Expenses of futures investment consultancy fee		113.21
Securities and Financial Product Transactions	Subscription of income certificates of the Company	Due to uncertainties of the occurrence and volume	400.00
	Subscription of pledged dealer-quoted repurchase products of the Company	of such business, the estimated cap will be the actual transaction amount.	Maximum balance of RMB155,403,000 in a single day
	Placements from banks and other financial institutions		10,000.00
Property Leasing and Related Services	Rental income	Incomes will not exceed RMB3 million; Expenses	68.22
	Rental expenses	will not exceed RMB33.7 million ^{Note 1} .	1,460.04 ^{Note 2}
	Property and related expenses		799.09

Notes: 1. Lease property expenses include rental expenses (including interest expenses on lease liabilities) and depreciation expenses of related right-of-use assets.

2. The Company has implemented IFRS 16 since 1 January 2019. The actual amount of leased properties includes rental expenses (including interest expenses on lease liabilities) and depreciation expenses for related right-of-use assets. In 2021, the total depreciation expenses of relevant right-of-use assets was be RMB12.1746 million.

(II) Related party transactions with other related legal persons*Unit: RMB'0,000*

Type of transactions	Content of transactions	Related legal persons	Annual cap for 2021	Actual amount in 2021
Securities and Financial Product Services	Income from securities brokerage service	Zhonghai Fund Management Co., Ltd.	Due to uncertainties of the occurrence and volume of such business, the estimated cap will be the actual transaction amount.	170.57
		Others		0.22
	Income from asset management	Wuxi Rural Commercial Bank Co., Ltd.		19.48
		Wuxi Weifu High-technology Co.,Ltd.		18.11
	Income from investment consultancy fee	Wuxi Rural Commercial Bank Co., Ltd.		52.00
		Others		0.01

(III) Related party transactions with related natural persons

The Company obtained income of RMB26,500, RMB94,000 and RMB45,900 from the provision of securities brokerage services, investment consultancy services and asset management services for related natural persons, respectively. The maximum balance for subscription of pledged dealer-quoted repurchase products of the Company by related natural persons in a single day is RMB200,000.

II. ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY
IN 2022

(I) Estimated related party transactions with Guolian Group and its associates

Type of transactions	Content of transactions	Caps for and descriptions of estimated transactions
Securities and Financial Product Services	The Company provides securities brokerage (including seat leasing) services, futures IB services, securities asset management services, agency sales of financial products services, financial advisory services, underwriting and sponsorship services, securities investment consultancy services and other financial services approved by CSRC to related parties.	Due to uncertainties of the occurrence and volume of such business, the estimated cap will be the actual transaction amount.
	Related parties provide management services of trust schemes, futures brokerage services, futures investment consultancy services, commercial insurance services and other financial services approved by CSRC and CBIRC to the Company.	

Type of transactions	Content of transactions	Caps for and descriptions of estimated transactions
Securities and Financial Product Transactions	The Company conducts sales under repurchase agreements in the inter-bank and exchanges market with related parties; subscribes for the trust schemes and other products issued by related parties; related parties subscribe for the income certificates, bonds, asset backed securities and pledged dealer-quoted repurchase products issued by the Company; inter-bank borrowings.	Due to uncertainties of the occurrence and volume of such business, the estimated cap will be the actual transaction amount.
Property Leasing and Related Services	<p>Related parties lease properties from the Company.</p> <p>The Company lease properties from related parties and related parties provide relevant services, including but not limited to equipment leasing, property management, security and flower leasing services</p>	Incomes will not exceed RMB3 million; Expenses will not exceed RMB33.7 million ^{Note} .

Note: Lease property expenses include rental expenses (including interest expenses on lease liabilities) and depreciation expenses of related right-of-use assets.

The related transactions between the Company and the Guolian Group and its associates stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited are conducted under Securities and Financial Framework Agreement and Property Leasing and Related Services Framework Agreement entered into by the Company and the Guolian Group in December 2020, and in accordance with the annual caps for 2021 to 2023 as determined by the fourteenth meeting of the fourth session of Board of the Company.

(II) Estimated related party transactions with other related legal persons

Type of transactions	Content of transactions	Caps for and descriptions of estimated transactions
Securities and Financial Product Services	The Company provides securities brokerage (including seat leasing) services, futures IB services, securities asset management services, agency sales of financial products services, financial advisory services, underwriting and sponsorship services, securities investment consultancy services and other financial services approved by CSRC to related parties.	Due to uncertainties of the occurrence and volume of such business, the estimated cap will be the actual transaction amount.

Type of transactions	Content of transactions	Caps for and descriptions of estimated transactions
Securities and Financial Product Transactions	The Company conducts held under resale agreements or sales under repurchase agreements in the inter-bank and exchanges market with related parties; proprietary bond in the inter-bank and exchanges market with related parties; over-the-counter derivatives transactions with related parties in the over-the-counter market or trading venues recognized by the regulatory authorities; transfer of income rights with related parties; subscribe for funds, wealth management products, income certificates or trust schemes issued by related parties; related parties subscribe for asset management plans, wealth management products, income certificates, bonds, asset-backed securities and pledged dealer-quoted repurchase products issued by the Company; inter-bank lending; and transfer transactions of listed stocks with related parties in the national share transfer system.	Due to uncertainties of the occurrence and volume of such business, the estimated cap will be the actual transaction amount.

(III) Estimated related party transactions with related natural persons

During the ordinary course of business of the Company, the related natural persons accept financial services approved by the CSRC, such as securities brokerage services and asset management services provided by the Company, or subscribe for wealth management products, income certificates, and pledged dealer-quoted repurchase products of the Company according to the laws, regulations and regulatory requirements. Due to uncertainties of the occurrence and volume of such business, the estimated cap will be the actual transaction amount.

III. INTRODUCTION OF RELATED PARTIES AND RELATED RELATIONSHIP**(I) Guolian Group and related companies**

Guolian Group and its related companies include: Guolian Group; companies directly or indirectly controlled by Guolian Group other than the Company and its holding subsidiaries; important upstream and downstream companies of Guolian Group and its controlled companies; companies that are directly or indirectly controlled by the directors, supervisors and senior management of Guolian Group, or they serve as directors or senior management of companies other than the Company and the holding subsidiaries of the Company.

(II) Other related legal persons

Legal persons or other organizations that are directly or indirectly control by the directors, supervisors and senior management of the Company and their close family members, or they serve as directors (excluding independent Directors of both parties), senior management other than the Company, the holding subsidiaries and other entities controlled (excluding the above listed related parties).

(III) Related natural persons

The Directors, Supervisors and senior management of the Company and their close family members; the directors, supervisors and senior management of the Guolian Group.

IV. PRICING PRINCIPLES AND BASIS FOR RELATED PARTY TRANSACTIONS**(I) Securities and financial product services**

Service fees and commissions for securities and financial products shall be determined based on arms' length negotiations according to the relevant laws and regulations and by reference to market price.

(II) Securities and financial product transactions

Securities and financial product transactions will be conducted on arms' length negotiations between the mutual parties at the market price or market rate applicable to that type of securities and financial products at the time.

(III) Property leasing and related services

The rents of the leased properties of both parties refer to the current market rent levels of properties with similar location and scale to the relevant leased properties, and are determined on arms' length negotiations between the mutual parties.

V. THE PURPOSE OF RELATED PARTY TRANSACTIONS AND THE IMPACT ON THE COMPANY

- (I) Relevant related transactions are part of the normal business of the Company, which could generate certain income for the Company and contribute to the development of the Company's business.
- (II) Relevant related transactions are priced with reference to market prices, which are fair, and there is no situation that harms the interests of the Company and the shareholders of the Company as a whole.
- (III) The principal business of the Company does not rely on related parties due to the above-mentioned related transactions, and relevant related transactions do not affect the independence of the Company.

Original article and content	New article and content	Reasons for or the basis of the amendments
<p>Article 1 In order to regulate the use and management of proceed raised of Guolian Securities Co., Ltd. (the “Company”), increase utilising efficiency of proceeds raised, prevent risks in fund use, ensure safety of fund use and protect interest of investors, these Rules are formulated in accordance with the requirements under the PRC Company Law, the Securities Law of the PRC, the Administrative Measures on Initial Public Offerings and Listing of Shares, the Administrative Measures on Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》), the Rules Governing the Utilization Report on the Proceeds from the Previous Fund Raising Activity (《關於前次募集資金使用情況報告的規定》), the Guideline No. 2 on Supervision and Administration of Listed Companies – Regulatory Requirements on Management and Use of Proceeds of Listed Companies (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》), and other relevant laws and regulations, rules and regulatory documents and the Articles of Association of Guolian Securities Co., Ltd., with reference to actual situation of the Company.</p>	<p>Article 1 In order to regulate the use and management of proceed raised of Guolian Securities Co., Ltd. (the “Company”), increase utilising efficiency of proceeds raised, prevent risks in fund use, ensure safety of fund use and protect interest of investors, these Rules are formulated in accordance with the requirements under the PRC Company Law, the Securities Law of the PRC, the Administrative Measures on Initial Public Offerings and Listing of Shares, the Administrative Measures on Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》), the Rules Governing the Utilization Report on the Proceeds from the Previous Fund Raising Activity (《關於前次募集資金使用情況報告的規定》), the Guideline No. 2 on Supervision and Administration of Listed Companies – Regulatory Requirements on Management and Use of Proceeds of Listed Companies (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》), and other relevant laws and regulations, rules and regulatory documents and the Articles of Association of Guolian Securities Co., Ltd., with reference to actual situation of the Company.</p>	<p>Amended according to the actual situation since the Company has already listed on Shanghai Stock Exchange.</p>

Original article and content	New article and content	Reasons for or the basis of the amendments
<p>Article 5 The Company's proceeds shall be deposited into a designated account (the "Designated Account for Proceeds") as opened by the Board of Directors for centralised administration.</p> <p>The Designated Account for Proceeds shall not be used for deposit of funds other than the proceeds or for other purposes.</p>	<p>Article 5 The Company's proceeds shall be deposited into a designated account as opened by the Board of Directors in a centralised manner to facilitate supervision and management. <u>The board of directors of the Company authorises the management to prudently select a commercial bank and open a designated account for the proceeds</u> (the "Designated Account for Proceeds"), <u>and the proceeds shall be deposited into the Designated Account for Proceeds</u> for centralised administration.</p> <p>The Designated Account for Proceeds shall not be used for deposit of funds other than the proceeds or for other purposes.</p>	Amended according to the division of management functions of the Company.
<p>Article 10 The use of proceeds is based on the proposal for use of proceeds, which shall be applied and approved in accordance with the following procedures: (V) The general manager will report to the Board with respect to the use of proceeds on quarterly basis.</p>	<p>Article 10 The use of proceeds is based on the proposal for use of proceeds, which shall be applied and approved in accordance with the following procedures: (V) The general manager will report <u>The use of proceeds shall be reported</u> to the Board with respect to the use of proceeds on quarterly basis on a semi-annual and annual basis.</p>	Amended according to Article 11 of Regulatory Guidance on Listed Companies No. 2 (《上市公司監管指引第2號》).
<p>Article 11 The use of proceeds will be applied and approved in accordance with the following procedures:</p> <p>(I) An application made by a specific department;</p>	<p>Article 11 The use of proceeds will be applied and approved in accordance with the following procedures:</p> <p>(I) An application made <u>filed</u> by a specific department;</p>	Amended according to the division of labour of each department of the Company.

Original article and content	New article and content	Reasons for or the basis of the amendments
(II) Signed opinion from the Chief Financial Officer;	(II) Signed review opinion from the Chief Financial Officer heads of Capital Operation Department or Financial and Accounting Department according to the purpose of use of proceeds;	
(III) Review and approval by the general manger;	(III) Review and approval by the general manger;	
(IV) Execution by the financial department.	(IV) Execution by the financial department Payment of proceeds by the Operation Management Headquarter or Financial and Accounting Department according to the purpose of use of proceeds.	
	<u>Article 28 The Capital Operation Department shall set up ledger for the use of proceeds, recording in details the expense of proceeds and the input into projects financed by proceeds.</u>	Amended according to Article 6.3.5 of the Guidelines No. 1 for the Self-regulation on the Shanghai Stock Exchange has relevant requirements for ledger for the use of proceeds and internal auditing.
	<u>The Auditing Department shall conduct at least one on-site survey for the deposit and use of proceeds semi-annually and promptly make report on the survey results to the Audit Committee.</u>	

Original article and content	New article and content	Reasons for or the basis of the amendments
	<p><u>In the event of non-compliance or material risks existed in the management of the proceeds as considered by the Audit Committee of the Company or the internal auditing department fails to provide report on the survey results in accordance with the provisions of the preceding paragraph, a report thereon shall be made to the Board on a timely basis. The Board shall report to the Stock Exchange and make an announcement upon the receipt of the report.</u></p>	
	<p><u>Chapter 6 Accountability for the Use of Proceeds</u></p>	Supplemented according to corporate governance, Administrative Measures for Penalties for Violations and Compliance Accountability and other internal systems.
	<p><u>Article 31 The directors, supervisors, senior management and relevant personnel of the Company shall use and manage the proceeds in accordance with these policies. In the event of violation of these policies, depending on the specific circumstances, accountability and punishment shall be carried out with reference to the Administrative Measures for Penalties for Violations and Compliance Accountability and other internal systems. The company shall report to the Stock Exchange and the CSRC for investigation in serious cases.</u></p>	

Original article and content	New article and content	Reasons for or the basis of the amendments
<p>Article 32 These Rules will be considered and approved at the general meeting of the Company, and shall come into effect and be implemented on the date of listing of shares of the Company on the applicable domestic stock exchange.</p>	<p><u>Article 32 If the investment project financed by the proceeds is implemented through a subsidiary of the Company, the Company shall ensure that such subsidiary abides by the policy on management of proceeds, and if it uses the proceeds in violation of these policies, the Company shall investigate and affix legal liability of the relevant responsible persons by exercising the shareholders' rights.</u></p> <p>Article 325 These Rules will be considered and approved at the general meeting of the Company, and shall come into effect and be implemented on the date of listing of shares of the Company on the applicable domestic stock exchange <u>consideration and approval at the general meeting of the Company, and the original Policy on the Management of Proceeds of Guolian Securities Co., Ltd. (Guo Lian Zheng Fa [2020] No. 386) shall be simultaneously abolished.</u></p>	<p>Amended according to the actual situation of the Company.</p>

Note: The serial numbers of certain articles shall be renumbered and adjusted accordingly according to the amendments.

**EMPLOYEE STOCK OWNERSHIP PLAN OF
GUOLIAN SECURITIES CO., LTD.
FOR THE YEAR 2022**

(DRAFT)

APRIL 2022

RISK ALERT

- (I) The Employee Stock Ownership Plan (the “ESOP”) shall be implemented upon approval by the general meeting of the Company. It is uncertain as to whether the ESOP will be approved at the general meeting of the Company;
- (II) The detailed amount of contribution and implementation plan of the ESOP are preliminarily decided. It is uncertain as to whether the implementation can be completed;
- (III) Upon establishment, the ESOP will be entrusted to an asset management agency for management, however it is uncertain as to whether the scale and objective of the ESOP can be achieved as expected;
- (IV) The Company will disclose relevant progress according to the regulations, and investors are advised to exercise caution when making decision and pay attention to investment risks.

SPECIAL NOTICE

The abbreviations used herein shall have the same meanings as defined in the “Definitions”.

1. The Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the year 2022 is prepared in accordance with the requirements of the Company Law, the Securities Law, the Guidance, the Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》) and relevant laws, administrative regulations, rules, regulatory documents, and the Articles of Association.
2. The ESOP follows the principle of independent decision by the Company and voluntary participation of employees, and No employees are forced to participate in the ESOP, such as mandatory distribution and allocation.
3. Upon establishment, the ESOP will be entrusted to a professional institution with asset management qualifications for management by establishing the Asset Management Scheme which complies with the requirements of relevant laws and policies. The ESOP will fully subscribe the units under the Asset Management Scheme, and the Asset Management Scheme will purchase and hold the H Shares of the Company in the secondary market through the Shanghai-Hong Kong Stock Connect (the “Shanghai-Hong Kong Stock Connect”) and/or the Shenzhen-Hong Kong Stock Connect (the “Shenzhen-Hong Kong Stock Connect”). The purchase and number of the Subject Shares are subject to actual implementation of the plan and hence involve uncertainty.
4. The personnel qualified to participate in the ESOP include directors, supervisors, senior management, employees at VP level and above and core backbone personnel who have entered into formal labor contracts with the Company or its controlling subsidiaries as of 31 March 2022, and the specific number of participants will be determined according to the actual payment of employees.

5. The total amount of funds for the ESOP shall not exceed RMB72.0 million (inclusive). In particular, the portion to be subscribed by the directors, supervisors and senior management of the Company shall be no less than 20% of the total number of units under the ESOP, and the portion to be subscribed by other employees shall be no more than 80% of the total number of units under the ESOP. The units held by directors, supervisors and chief executives of the Company and its subsidiaries and other core connected persons under the ESOP shall not exceed 20% of the total number of units under the Plan. The units subscribed by the participants under the ESOP and the amounts of corresponding units shall be subject to actual implementation.
6. The source of funds for the ESOP shall be derived from the personal legal remuneration and other self-raised funds of the employees obtained by other methods permitted by laws and administrative regulations.
7. The term of the ESOP shall be 5 years with effect from the date on which the Plan is considered and approved at the general meeting of the Company. The lock-up period of the Subject Shares purchased under ESOP shall be 12 months with effect from the date on which the Company announces that the latest purchased Subject Shares are transferred and registered.
8. After consideration and approval by the board of directors of the Company, a notice will be made to convene and hold a general meeting for the purpose of considering the ESOP. The ESOP shall be implemented upon approval at the general meeting of the Company.
9. Matters of finance, accounting treatment and taxation in relation to the implementation of the ESOP will be dealt with according to the relevant finance rules, accounting standards and tax policies. Relevant individual income tax payable regarding the implementation of the ESOP shall be borne by employees themselves.
10. The shareholding structure will remain in compliance with the listing requirements after the implementation of the ESOP.

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I. DEFINITIONS

Unless otherwise required by the context, the following abbreviations and terms shall have the following meanings in this draft:

Company, the Company or Guolian Securities	Guolian Securities Co., Ltd.
Draft of the Employee Stock Ownership Plan, Draft of the ESOP or Draft of the Plan	employee stock ownership plan of Guolian Securities for the year 2022 (Draft)
Employee Stock Ownership Plan, ESOP or the Plan	employee stock ownership plan of Guolian Securities for the year 2022
Holder(s)	employees actually participating in the ESOP and being entitled to the relevant equity interests
ESOP Subscription Agreement or Subscription Agreement	the subscription agreement of the ESOP of Guolian Securities for the year 2022
CSRC	The China Securities Regulatory Commission
SFC	the Securities and Futures Commission of Hong Kong
Holders' Meeting	meeting of Holders of the ESOP of Guolian Securities for the year 2022
Management Committee	the management committee of the ESOP of Guolian Securities for the year 2022
Asset Management Agency, Entrusted Management Agency or Asset Manager	the qualified asset management agency selected to implement the ESOP for the year 2022

Asset Management Scheme	the asset management scheme established in respect of the Plan by the Asset Management Agency entrusted under the Plan
Subject Shares	the H Shares of Guolian Securities
ESOP unit(s) or unit(s)	the subscription units under the ESOP of RMB1.00 each
Participation	the act of the participants of the Plan to apply for purchase of ESOP units
Withdrawal	the act of the Holders of the Plan to redeem all or part of the entrusted assets according to the conditions and requirements set out in the contract of the ESOP for the year 2022
RMB or RMB'0,000	Renminbi 1 Yuan, Renminbi 10,000 Yuan
Company Law	the Company Law of the PRC
Securities Law	the Securities Law of the PRC
Guidance	the Guidance on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies (CSRC Announcement [2014] No. 33) (《關於上市公司實施員工持股計劃試點的指導意見》中國證券監督管理委員會公告[2014]33號) issued by the CSRC
Articles of Association	the Articles of Association of Guolian Securities Co., Ltd.

II. BACKGROUND, PURPOSE AND PRINCIPLES OF THE ESOP**(I) Background of the ESOP**

In June 2014, the CSRC published the Guidance on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies (《關於上市公司實施員工持股計劃試點的指導意見》) which stated that the pilot implementation of employee stock ownership plan by listed companies can facilitate the establishment and improvement of benefit sharing mechanism between employees and employers, improve the corporate governance standard, enhance the cohesion among employees and competitiveness of the listed companies, and realise optimal deployment of social capital through capital market. In May 2019, the Institution Department under the CSRC issued the Notice on Supporting the Implementation of Employee Stock Ownership Plan and Share Incentive Scheme by Securities Firms according to Relevant Laws (《關於支持證券公司依法實施員工持股、股權激勵計劃的函》) to support securities firms to implement employee stock ownership plan, and stated that listed securities firms shall implement employee stock ownership plan by way of asset management scheme according to the requirements of relevant laws.

(II) Purpose of the ESOP

The Company drafted the Plan in accordance with the requirements of the Company Law, the Securities Law, the Guidance, the Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws, administrative regulations, rules, regulatory documents and the Articles of Association.

The purpose of implementation of the ESOP by the Company is to establish and improve the benefit sharing mechanism between employees and the Company, enhance the cohesion among employees and competitiveness of the Company, and attract and retain talents, so as to promote the long-term, sustainable and healthy development of the Company and maximize the benefits of the Company, its shareholders and employees as a whole.

(III) Principles for Implementation of the ESOP**1. *The Principle of Compliance with Laws and Regulations***

The Company will strictly comply with the requirements of relevant laws, regulations, departmental rules, regulatory documents and the Articles of Association, diligently perform relevant decision-making procedures, disclose information in a truthful, accurate, complete, timely and fair manner, and adopt strict prevention and control measures to prevent insider trading, market manipulation and other unlawful action related to securities transactions.

2. *The Principle of Voluntary Participation*

The Company shall implement the Plan under the principles of independent decision by the Company and voluntary participation of employees. The Company shall not force employees to participate in the Plan by way of apportionment or forced distribution.

3. *The Principle of Risk Taking*

The participants of the ESOP are responsible for their own profits or losses at their own risks and rank pari passu with other investors in respect of relevant rights and benefits.

III. PARTICIPANTS OF THE ESOP**(I) Scope of Participants**

The participants of the Plan shall be selected with reference to the market practice and based on the employees' job grading in the Company and their performance appraisal results. The definite list will be determined according to the employees' employment status as of 31 March 2022 and their employment status as of the last payment date.

The participants of the Plan include directors, supervisors, senior management, employees at VP level and above and core backbone personnel who have entered into formal labor contracts with the Company or its controlling subsidiaries.

(II) Limitation on Participants

The employee shall not participate in the ESOP if any of the following circumstances applies:

- (1) the employee has been publicly condemned or declared unfit by a stock exchange in the last three years;
- (2) the employee has been subject to administrative penalty by the CSRC for serious violation of laws or regulations in the last three years;
- (3) the employee has caused material damage to the interest, reputation and corporate image of the Company due to non-compliance with the laws and regulations of the PRC, such as divulgence of national secrets or confidential information of the Company, corruption, theft, conversions, accepting or giving bribe, neglect of duty, dereliction of duty, or due to acts in violation of public order and good practice, professional ethics and conduct in the last three years;
- (4) the circumstance under which the board of directors of the Company determines that the employee is not qualified to be the Holder under the Plan;
- (5) other circumstance as stipulated by relevant laws, regulations or regulatory documents under which the employee is not qualified to be the Holder under the Plan.

(III) Proposed Subscription by the Participants under the ESOP

The total amount for subscription of the ESOP units shall not exceed RMB72.0 million (inclusive). In particular, the portion to be subscribed by the directors, supervisors and senior management of the Company (being Ge Xiaobo, Xu Faliang, Yin Hongwei, Li Qin, Ma Qunxing, Wang Jie, Wang Jinling, Jiang Zhiqiang, Dai Jiechun, Shen Ying and Yu Lei) shall be no less than 20% of the total number of units under the ESOP. It is expected that the total number of other employees participating shall not exceed 350, and the portion to be subscribed by them shall be no more than 80% of the total number of the ESOP units. The units held by directors, supervisors and chief executives of the Company and its subsidiaries and other core connected persons under the ESOP shall not exceed 20% of the total number of units under the Plan. The units subscribed by the participants under the Plan and the amounts of corresponding units shall be subject to actual implementation.

The number of Subject Shares associated with the ESOP units held by any individual Holder shall not, in aggregate, exceed 0.1% of the Company's total share capital.

IV. SOURCE OF FUNDS AND SOURCE OF SHARES OF THE ESOP**(I) Source of Funds of the ESOP**

The source of funds for the ESOP shall be derived from the personal legal remuneration and other self-raised funds of the employees obtained by other methods permitted by laws and administrative regulations. The Company shall not provide advances, guarantees, loans and other financial assistance to the Holders.

The maximum amount of funds of the ESOP shall not exceed RMB72.0 million (inclusive) which shall be subscribed in "units" at RMB1.00 each per unit. The minimum number of units to be subscribed by an employee shall be 10,000 units (i.e. the minimum subscription amount shall be RMB10,000), and the portion exceeding such minimum amount shall be subscribed in whole units of 1,000 each. The specific number of units held by a Holder of the ESOP is subject to the amount of his/her actual payment.

(II) Source of Shares of the ESOP

The shares of the ESOP shall be the H Shares of the Company directly purchased in the secondary market by the Entrusted Management Agency according to the implementation arrangements of the ESOP through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect and other methods as permitted under the laws and regulations. If the Entrusted Management Agency fails to complete the purchase of shares within 6 months after the ESOP is considered and approved at the general meeting due to market or other factors, the board of directors will authorize the Management Committee to extend the period for purchase of shares as appropriate.

(III) Size of the ESOP

The total amount subscribed by the participants of the ESOP shall not exceed RMB72.0 million (inclusive). After the implementation of the Plan, it is expected that the total number of shares held shall not exceed 1% of the Company's total share capital. The number of shares of the Company associated with the ESOP units held by any individual Holder shall not, in aggregate, exceed 0.1% of the Company's total share capital.

Given that currently the total subscription amount and number of the shares of the Company available for purchasing under the Plan is still uncertain, the final number of shares of the Company held under the Plan shall be subject to actual implementation, and Company will make disclosure in time to fulfill its obligations pursuant to relevant regulations.

V. PARTICIPATION IN THE FINANCING ARRANGEMENTS OF THE COMPANY BY THE ESOP

If the Company raises funds through rights issue, placement, issue of convertible bonds or other financing methods within the term of the Plan, the ESOP may participate pursuant to the number of share placement or the preferential placement proportionate to its shareholding. The Management Committee shall determine if the ESOP participates in such fund raising or not as well as the relevant source of funding in case of participating.

VI. TERM, LOCK-UP PERIOD AND DEALING RESTRICTION OF THE ESOP**(I) Term of the ESOP**

The term of the ESOP shall be 5 years with effect from the date on which the Plan is considered and approved at the general meeting of the Company. The term of the Plan can be extended upon approval at a Holders' Meeting and consideration and approval by the board of directors of the Company. The Plan shall be automatically terminated if the term of the Plan is not effectively extended upon expiration.

(II) Lock-up Period of the Subject Shares Purchased under the ESOP

The lock-up period of the Subject Shares purchased under the ESOP shall be 12 months with effect from the date on which the Company announces that the latest purchased Subject Shares are transferred and registered. For shares derived from circumstances such as capitalization of capital reserves, bonus issue and the Plan involved in matters related to refinancing by the Company, the above lock-up arrangement shall also apply. However, cash bonus attributable to shares of the Company are not subject to the aforesaid lock-up period.

(III) Dealing Restrictions of the ESOP

No shares of the Company shall be traded under the ESOP during the following periods:

1. The period starting from 60 days prior to the convening of the Company's board meeting for the consideration of annual report or the date of ending the respective year to the date of release of the annual report (whichever is shorter, but not less than 30 days, both days inclusive);
2. The period starting from 30 days prior to the convening of the Company's board meeting for the consideration of interim report to the date of release of the interim report (both days inclusive);
3. The period starting from 30 days prior to the convening of the Company's board meeting for the consideration of quarterly report or the date of ending the respective quarter to the date of release of the quarterly report (whichever is shorter, but not less than 10 days, both days inclusive);

4. 10 days prior to the release of the Company's results preview or preliminary report (both days inclusive);

Trading of the Company's shares is prohibited during the periods referred to in items 1 to 4 above, which include the extended period for release of the Company's results announcement;

5. The period starting from the date when a material event, which may have a greater impact on the trading prices of the Company's shares and their derivatives, occurs or is in the process of decision-making to the date of the event being disclosed in accordance with the laws;
6. Other periods stipulated by relevant laws, regulations and rules applicable to the Company and the requirements of the CSRC, the SFC and the stock exchanges at the places where the securities of the Company are listed.

VII. MANAGEMENT MODE OF THE ESOP

(I) Management Mode

Employees participate in the Plan by subscribing the ESOP units, and the ESOP is governed by the Holders' Meeting; the Management Committee established for the ESOP is elected by the Holders' Meeting and is responsible for the daily management of the ESOP and exercises the rights of shareholders on behalf of the Holders or authorising Asset Management Agency to exercise the rights of shareholders.

The ESOP entrusts the Asset Management Agency to set up the Asset Management Scheme for investment, operation and daily management.

(II) Responsibilities of the Governing Body of the Company

As the highest governing body of the Company, the general meeting shall be responsible for considering and approving the ESOP.

The board of directors of the Company shall be responsible for formulating the ESOP and submitting the same to the general meeting for consideration and approval and handling other related matters of the ESOP within the scope authorized by the general meeting.

The supervisory committee of the Company shall be responsible for verifying the list of the Holders, and providing opinion on whether the ESOP is conducive to the sustainable development of the Company, whether it will jeopardize the interest of the Company and its shareholders as a whole, whether the Company has forced the employees to participate in the ESOP by means of apportionment, forced distribution or other ways.

The independent directors shall provide independent opinion on whether the ESOP is conducive to the sustainable development of the Company, whether it will jeopardize the interest of the Company and its shareholders as a whole, whether the Company has forced the employees to participate in the ESOP by means of apportionment, forced distribution or other ways.

VIII. SUPERVISORY AND MANAGEMENT BODY OF THE ESOP

(I) Rights and Obligations of the Holders

The Holders of the Plan represent employees actually participating in the ESOP and being entitled to the relevant equity interests.

1. The Holders of the Plan shall be entitled to the following rights:
 - (1) Attending the Holders' Meeting;
 - (2) Being entitled to the voting rights at the Holders' Meeting based on their respective proportion of investment in the ESOP;
 - (3) Being entitled to the ESOP units and corresponding rights and interests according to the provisions of the Plan;
 - (4) Other rights as prescribed by the laws, regulations and the Plan.
2. Holders of the Plan shall assume the following obligations:
 - (1) Contributing to the ESOP within the agreed period based on the amount as agreed in the Subscription Agreement;
 - (2) Assuming relevant risks associated with the Plan based on the units subscribed under the Plan; and

- (3) Other obligations as prescribed by the laws and regulations and the Plan.

(II) Functions and Authorities of the Holders' Meeting

The Holders' Meeting is the organ of authority of the ESOP and has the Management Committee established thereunder. The Holders' Meeting shall be entitled to exercise the following functions and powers:

1. Electing and removing members of the Management Committee;
2. Considering the amendment, termination and extension of the term of the ESOP;
3. Authorising the Management Committee or the authorized Asset Management Agency to exercise shareholders' rights;
4. Authorising the Management Committee to be responsible for the daily management of the ESOP;
5. Authorising the Management Committee to change the Asset Management Agency, formulate and revise relevant administrative rules;
6. Authorising the Management Committee to liaise with the Asset Management Agency;
7. Authorising the Management Committee to determine whether to participate in the Company's refinancing activities such as placement, rights issue or issue of convertible bonds;
8. Authorising the Management Committee to handle the liquidation and distribution of assets under the ESOP; and
9. Other functions and powers that may be exercised by the Holders' Meeting of the ESOP as stipulated by laws and regulations or rules of the CSRC, the SFC and the stock exchanges of places where the Company's securities are listed.

(III) Procedures for Convening Holders' Meetings

1. The first Holders' Meeting shall be convened and presided over by the president of the Company or his authorized person and subsequent Holders' Meetings shall be convened by the Management Committee and presided over by the chairman of the Management Committee; when the chairman of the Management Committee fails to perform his/her duties, he/she shall appoint a Holder to preside over the meeting.
2. In the event of any of the following situations, a Holders' Meeting shall be convened:
 - (1) the amendment and termination of the ESOP and extension of the term of the ESOP;
 - (2) more than three members of the Management Committee leaving office or failing to perform his/her duties for three consecutive months or otherwise that are unfit for the job of a member of the Management Committee;
 - (3) when the Holders holding in aggregate 30% or more of the total number of units require to convene the meeting;
 - (4) other matters having such significant impact on the rights and obligations of the Holders of the ESOP that a Holders' Meeting needs to be convened.
3. To convene a Holders' Meeting, the convener of the meeting shall issue a notice of meeting at least three days (inclusive) prior to the meeting (where there is an urgent matter, the foregoing requirement of three days notification period may be waived) and deliver such notice to all Holders in person, by post, fax, e-mail or other means.
4. A notice of the Holders' Meeting shall at least include the following details:
 - (1) time and venue of the meeting;
 - (2) way of holding the meeting;

- (3) matters (proposals) to be considered at the meeting;
 - (4) the convener and chairman of the meeting and the proposer of extraordinary meeting and his/her written proposals;
 - (5) meeting materials required for voting and the specified arrangement including way and time for voting;
 - (6) requirements for the Holders to attend the meeting in person or appoint other Holders to attend the meeting on his/her behalf;
 - (7) contact person and contact information;
 - (8) date of issuance of the notice
5. The Holders' Meeting can be convened by way of physical presence, teleconferencing, video-conferencing, telecommunication voting, online voting and other means. All Holders are entitled to attend the Holders' Meeting. The Holders shall attend the Holders' Meeting in person and vote or appoint the proxies in writing to attend and vote on their behalf. The expenses of travel, accommodation and meals incurred by Holders and their proxies to attend the Holders' Meeting shall be borne by Holders.

(IV) Procedure for Voting at the Holders' Meeting

1. After each proposed resolution has been fully reviewed by Holders, it shall be submitted to Holders for voting in accordance with the voting method and the voting period as stipulated in the notice of the meeting. Voting shall be made in effective methods such as voting in writing on-site, voting in writing through communication (including mail, fax, etc.) or online voting.
2. Under the Plan, a Holder shall be entitled to one vote for every unit held by him/her, the voting of the Holders' Meeting shall be conducted by open ballot.
3. Holders may choose to vote for or against any resolution or abstain from voting. Holders attending the meeting shall select one of the aforesaid voting options, and any vote with no option or two or more options indicated will be deemed as abstention. Any vote made by Holders after the counting of voting results or lapse of prescribed voting period shall not be counted.

4. Unless otherwise stipulated by the Holders' Meeting and the Plan, each proposed resolution shall only become a valid resolution at the Holders' Meeting after being passed by Holders holding more than 50% (exclusive) of the total number of units under the ESOP.
5. In the event that a resolution of the Holders' Meeting is required to be submitted to the board of directors and the general meeting of the Company for consideration, it shall be submitted to the board of directors and the general meeting of the Company for consideration in accordance with the provisions of the Articles of Association.

(V) Composition of the Management Committee

A Management Committee shall be established for the Plan to take charge of the ESOP and its daily management, and has the right to authorize the Asset Management Agency to exercise the shareholders' rights on behalf of Holders.

The Management Committee comprises five members with one chairman of the Management Committee. All members of the Management Committee shall be Holders and elected at the Holders' Meeting. The chairman of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of members of the Management Committee shall be the term of the Plan (including the extended term).

Members of the Management Committee have the following fiduciary duties to the ESOP and to comply with laws, administrative regulations and relevant administrative measures:

1. Not to take advantage of their functions and powers to accept bribes or other illegal income; and not to occupy any property of the ESOP;
2. Not to misappropriate funds of the ESOP;
3. Without the consent of the Management Committee, not to deposit the assets or funds of the ESOP into the personal account under his or her own name or other persons' names;

4. Not to violate the provisions of the ESOP to lend the funds of the ESOP to other persons or provide guarantee for other persons with the properties of the ESOP without the consent of the Holders' Meeting;
5. Not to take advantage of their functions and powers to jeopardize the interests of the ESOP.

Where a member of the Management Committee causes any loss to the ESOP due to breach of his or her fiduciary duties, such member shall be liable for the loss.

(VI) Duties of the Management Committee

1. Convening the Holders' Meetings;
2. Exercising shareholders' rights on behalf of all Holders or authorizing the Asset Management Agency to exercise the shareholders' rights on their behalf;
3. Implementing the daily management of the ESOP on behalf of all Holders, and formulating relevant management rules;
4. Being responsible for liaising with the Asset Management Agency;
5. Registering for the ESOP units by itself or entrusting the Asset Management Agency to do so;
6. Managing the allocation of benefits of the ESOP;
7. Formulating and implementing plans for participating in refinancing activities of the Company such as placement, rights issue or the issuance of convertible bonds within the subsisting term of the ESOP;
8. Other duties as delegated by the Holders' Meeting.

(VII) Functions and Powers of the Chairman of the Management Committee

1. Presiding over the Holders' Meetings, convening and presiding over the meetings of the Management Committee;
2. Supervising and inspecting the implementation of the resolutions of the Holders' Meeting(s) and the meeting(s) of Management Committee;
3. Other functions and powers as delegated by the Management Committee.

(VIII) Rules of Procedure for the Meetings of the Management Committee

1. The Management Committee meeting shall be convened occasionally by the chairman of the Management Committee. A notice of meeting shall be delivered to all members by e-mail, fax or in person two days prior to the convention of the meeting.
2. Extraordinary meeting of Management Committee can be convened by Holder(s) representing 30% or more of the total number of units or 50% or more of the members of the Management Committee. Chairman of the Management Committee shall convene and preside over the extraordinary meeting of Management Committee within five days after receiving the proposal.
3. A notice of meeting of the Management Committee shall include the following details:
 - (1) the date and venue of the meeting;
 - (2) the duration of the meeting;
 - (3) the reasons for and agenda of the meeting;
 - (4) the date of issuance of the notice.

4. A Management Committee meeting shall only be held when more than half of the members are present. Resolutions of the Management Committee shall be valid only upon obtaining approval from more than half of all members of the Management Committee. Management Committee meetings shall implement a one-person one-vote system.
5. Voting for resolutions of the Management Committee meetings shall be conducted by way of open ballot. Provided that members of the Management Committee can fully express their views, resolutions of the Management Committee meetings can be voted on and passed by means of fax, e-mail, etc., and shall be signed by members attending the meeting.
6. The meeting of the Management Committee can be convened by way of physical presence, tele-conferencing, video-conferencing, telecommunication voting and other means. The members of the Management Committee shall attend the meeting in person. Where a member of the Management Committee is unable to attend a meeting for any reason, he/she may appoint another member of the Management Committee by a written power of attorney to attend the meeting on his/her behalf. The power of attorney shall set out the name of the representative, subject matters of representation, scope of the authorization and valid period, with the signature or seal of the appointer. A member of the Management Committee who attends a meeting on behalf of another member shall exercise the rights of member of the Management Committee within the scope of authorization. A member of the Management Committee who fails to attend a meeting of the Management Committee and who has not appointed a representative to do so shall be deemed to have waived his/her voting rights in respect of that meeting.
7. The Management Committee shall keep minutes relating to the matters resolved at the meeting, and the members of the Management Committee present at the meeting shall sign the minutes.

**IX. APPOINTMENT OF ASSET MANAGEMENT AGENCY FOR THE ESOP AND
PRINCIPAL TERMS OF MANAGEMENT CONTRACT****(I) Appointment of the Asset Management Agency**

1. With the authorization of the general meeting of the Company, the board of directors authorizes the management to appoint the Asset Management Agency of the Plan. The Company has appointed Industrial Securities Asset Management Co., Ltd. as the Asset Management Agency of the ESOP for the year 2022. After the establishment of the Management Committee under the Plan, the Management Committee shall be responsible for the replacement of the Asset Management Agency for the Plan.
2. The Company will enter into the asset management contract and related agreement and documents with Industrial Securities Asset Management Co., Ltd. on behalf of the ESOP for the year 2022 to stipulate the rights and obligations, safeguard the legitimate rights and interests of the Holders under the ESOP, and ensure independence and safety of assets under the ESOP. Relevant fees incurred by the Asset Management Agency for management of the assets under the ESOP shall be borne by the ESOP for the year 2022.

(II) Principal Terms of the Asset Management Contract

The Company establishes an Asset Management Scheme for holding of shares by the aforementioned persons. The details of the single asset management scheme of ESOP of Guolian Securities for the year 2022 are as follows:

- (1) Name of the Asset Management Scheme: Industrial Securities Asset Management Xinzhong Guolian Securities No.1 Employee Stock Ownership Single Asset Management Scheme (興證資管鑫眾國聯證券1號員工持股單一資產管理計劃)
- (2) Asset investor: Guolian Securities Co., Ltd. (on behalf of the ESOP of Guolian Securities Co., Ltd. for the year 2022)
- (3) Asset Manager: Industrial Securities Asset Management Co., Ltd.
- (4) Asset Custodian: Industrial Bank Co., Ltd. Shanghai Branch

- (5) Investment scope: The Asset Management Scheme mainly invests in the H Shares issued by Guolian Securities Co., Ltd. (stock code: 01456.HK, stock name: Guolian Securities) as prescribed in the ESOP. Idle capital can be invested in liquidity management tools such as bank deposits and government bonds.
- (6) Term: The term of the Asset Management Scheme is 5 years, and may be early terminated or extended depending on market conditions and the contract, if so agreed between the Asset Manager and the asset investor.

(III) Calculation Method, Calculation Standard and Payment Method of Fees

1. Management fee of the Asset Manager: To be determined based on the asset management contract to be executed;
2. Custodial fee of the Asset Custodian: To be determined based on the asset management contract to be executed;
3. Other fees
 - (1) Bank charges for the transfer of entrusted property and bank charges for funds accounts, etc.;
 - (2) Securities, futures transaction fees and account opening fees for entrusted property;
 - (3) Information disclosure fees for Asset Management Scheme after the establishment of the Asset Management Scheme;
 - (4) Accountant fees, audit fees, attorney's fees, arbitration fees, litigation fees, etc. related to the Asset Management Scheme after the establishment of the Asset Management Scheme;
 - (5) Other expenses that may be charged for the entrusted assets in accordance with the laws and regulations and the terms of the asset management contract.

The calculation method, calculation standard and payment method of the above fees shall be implemented in accordance with the relevant laws and regulations and the contract.

(IV) Taxation

The tax liability arising from the operation of the entrusted property shall be borne by the entrusted property. The various gains obtained by the asset investor from the entrusted property shall be handled by the asset investor in accordance with the provisions of national laws and regulations, and shall perform tax declaration and fulfill the tax payment obligations. Asset managers and asset custodians perform their respective tax obligations in accordance with laws and regulations.

X. OWNERSHIP AND DISPOSAL OF SHARE INTEREST UNDER THE ESOP**(I) Ownership of Assets of the ESOP**

The assets of the ESOP are independent from those of the Company and the Asset Management Agency. Neither the Company nor the Asset Management Agency could classify the assets of the ESOP as their own assets. Assets and gains obtained from the operation, utilisation of the Plan or otherwise are classified as the assets of the Plan.

(II) Disposal of Equity Interests of the ESOP

During the term of the Plan, except in the event that the disposal is otherwise stipulated in relevant laws, administrative regulations, the Plan or required by effective judicial adjudication, the Holders shall neither pledge or secure, create guarantee over, settle debt with, nor transfer or otherwise dispose the ESOP units held by them. Upon expiry of the lock-up period of the Plan, the Management Committee may formulate rules on governing the transfer of ESOP units among the employees.

(III) Disposal Measures for Holders who are not Eligible to Participate in the ESOP during the Term of the Plan

1. In the event of leaving office, retirement, disability, incapacity, death and other circumstances of the Holder during the lock-up period of the Plan, no change will be made to his/her entitlements under the Plan and the ESOP units held by the Holder shall be subject to the lock-up period of the Plan and other relevant arrangements.

The above circumstances include:

- (1) the Holder leaves office due to illness, disability, incapacity or other reasons;

- (2) the Holder retires due to reaching the age of retirement as set out by the requirements in the PRC;
- (3) the Holder dies and his/her entitlements under the Plan shall be inherited by his/her lawful successor.

Upon the expiry of the lock-up period, the above Holder or his/her lawful successor may apply for Withdrawal and the Asset Management Agency shall, as agreed in the Plan, sell the shares associated with the units held by the Holder and transfer the proceeds and related income (if any) to the designated account for the ESOP after deducting the relevant expenses in compliance with the laws. The Management Committee shall allocate the corresponding equities based on the units held by the Holder under the ESOP.

2. In event of aforesaid circumstances occur upon the expiry of the lock-up period, the Holder or his/her lawful successor shall apply for Withdrawal and the Asset Management Agency shall, as agreed in the Plan, sell the shares associated with the units held by the Holder and transfer the proceeds and related income (if any) to the designated account for the ESOP after deducting the relevant expenses in compliance with the laws. The Management Committee shall allocate the corresponding equities based on the units held by the Holder under the ESOP.

(IV) Income Distribution of Holders

1. During the lock-up period, in the event of capitalization of capital reserves, bonus issue and refinancing by the Company, the newly acquired shares attributable to shares of the Company held by the Plan shall also be subject to lock-up, and may not be sold in the secondary market or disposed of in other ways. The unlocking period of such new shares is the same as that of the corresponding shares.
2. During the term of the Plan, when the Company distributes share dividends, the cash dividends attributable to shares of the Company held by the Plan belong to the ESOP and will firstly be applied to pay the asset management fee or other management fees, and the Management Committee may decide whether to allocate the remaining interests, if any.

(V) Withdrawal of Units of Holders

Except for the Withdrawal set out in item (III) of this article, upon the expiry of the lock-up period, the Holders may apply for Withdrawal with the Management Committee according to relevant agreements or administrative rules formulated by the Management Committee. In order to make payment for the Withdrawal application of the Holders, the Asset Management Agency shall sell the Subject Shares as agreed under the asset management contract. After selling relevant shares, the Asset Management Agency shall transfer the proceeds and related income (if any) to the designated account for the ESOP after deducting the relevant expenses in compliance with the laws. The Management Committee shall allocate the corresponding equities based on the units held by the Holder under the Plan.

XI. AMENDMENT AND TERMINATION OF THE ESOP**(I) Amendment to the ESOP**

During the term of the Plan, subject to the authorization of the general meeting, the Management Committee may propose amendments to the ESOP based on the actual conditions of the Company and pursuant to applicable laws, regulations and rules issued by relevant regulatory authorities. Such proposed amendments to the ESOP can only come into effect upon being considered and approved at the Holders' Meeting and meeting of the board of directors of the Company.

(II) Termination of the ESOP

In any of the following cases, the Plan shall be terminated in accordance with the requirements of relevant laws, regulations and regulatory documents:

1. The continuing implementation of the Plan will result in non-compliance with relevant national laws, regulations or regulatory documents from time to time, and the termination of the Plan has been considered and approved at the meeting of board of directors;
2. The Company faces material operational difficulties and the termination of the Plan has been considered and approved at the Holders' Meeting and the meeting of board of directors;

3. There are material changes in the market or there are other matters of significance encountered by the Company and the termination of the Plan has been considered and approved at the Holders' Meeting and the meeting of board of directors;
4. The continuing implementation of the Plan will cause the shareholding percentage of all the Holders in aggregate or the total shareholding percentage of a single Holder under the ESOP to exceed relevant limits prescribed by relevant laws and regulations, and the termination of the Plan has been considered and approved at the Holders' Meeting and the meeting of board of directors;
5. The Plan shall be terminated automatically upon expiry of its term;
6. After the expiry of the lock-up period of the Plan, if the assets are all monetary assets during the term of the Plan, the Plan can be terminated and liquidated early after being considered and approved at the meeting of board of directors;
7. Other circumstances where termination of the Plan is required by relevant laws, regulations and regulatory documents and the rules of stock exchanges at the places where the securities of the Company are listed.

XII. MEASURES FOR DISPOSAL UPON EXPIRY OF THE ESOP

After the termination of the Plan, the Asset Manager shall confirm the liquidation plan with the asset investor in a timely manner and complete the liquidation of the Plan as soon as possible. The liquidation period of the Plan due to external factors may exceed 30 working days, at which time the Asset Manager will communicate with the asset investor in advance about the estimated liquidation period. After deducting charges including management fees and custodial fees, the Asset Management Agency shall transfer the assets under the ESOP to the designated account for the ESOP in the form of monetary assets and allocate such assets based on the units held by the Holders under the Plan.

Upon the expiry of the term of the Plan, if the assets held under the Asset Management Scheme still contain Subject Shares, the Management Committee and the Asset Management Agency shall determine the disposal methods through negotiation.

XIII. PROCEDURES FOR IMPLEMENTATION OF THE ESOP

- (I) The board of directors shall consider and approve the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (Draft) and relevant resolutions, and the independent directors shall issue their independent opinions on whether the Plan is conducive to the sustainable development of the Company, whether it will jeopardize the interest of the Company and its shareholders as a whole, and whether the Company has forced the employees to participate in the Plan by means of apportionment, forced distribution or other ways.
- (II) The supervisory committee of the Company shall give the opinions on whether the Plan is conducive to the sustainable development of the Company, whether it will jeopardize the interest of the Company and its shareholders as a whole, and whether the Company has forced the employees to participate in the Plan by means of apportionment, forced distribution or other ways.
- (III) After the consideration and approval of the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (Draft) and relevant resolutions by the board of directors, the Company shall publish the resolutions of the board of directors, the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (Draft) and its summary, opinions from the independent directors and supervisory committee and H Shares announcements in a timely manner.
- (IV) The Company shall convene an employee representative meeting to solicit the views of employees.
- (V) The Company shall engage law firm to issue legal opinion on the Plan.
- (VI) The Company shall issue the notice of convening a general meeting and publish the legal opinion before holding of the general meeting for considering the ESOP for the year 2022.
- (VII) The Company shall convene a general meeting to consider the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (Draft) and its summary and relevant resolutions. The voting of the general meeting shall be taken by combination of physical voting and online voting.

- (VIII) The Holders of the Plan shall convene a Holders' Meeting to elect the members of the Management Committee and specify the details of implementation of the ESOP for the year 2022.
- (IX) To perform other procedures required by the CSRC, the SFC, the stock exchanges at the places where the securities of the Company are listed and relevant competent authorities.

XIV. OTHER IMPORTANT MATTERS

- (I) The Company will disclose the implementation of the ESOP during the reporting periods in periodic reports according to relevant requirements.
- (II) Matters of finance, accounting treatment and taxation in relation to the implementation of the ESOP by the Company will be dealt with according to the relevant finance rules, accounting standards and tax policies.
- (III) The ESOP approved by the board of directors and the general meeting of the Company shall not constitute a commitment made by the Company to its employees in respect of the employment period. The employment between the Company and the Holders shall continue to be governed by the labor contracts entered into by the Company and the Holders.
- (IV) During the period from the date on which the draft of the ESOP is considered and approved by the board of directors or general meeting of the Company to the date on which all participants have contributed to the Plan and the Company makes announcement on establishment of the Plan, if the implementation of the ESOP by the Company is in obvious conflict or practical contradiction with the new laws, regulations, departmental rules and other external requirements published by the state and competent authorities, the Company will terminate or suspend the ESOP based on actual situation after performing necessary internal decision-making procedures.
- (V) The board of directors of the Company reserves the right of interpretation over the Plan.

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 2.01</p> <p>The business objectives of the Company: the Company is committed to offering the shareholders of the Company with considerable return, providing our customers with quality services, and contributing to the sound development of the securities markets in the PRC, through lawful and well-regulated operation in accordance with the Company Law, the Securities Law, the Regulations on Supervision and Management of Securities Companies and other rules and regulations.</p>	<p>Article 2.01</p> <p>The business objectives of the Company: the Company is committed to offering the shareholders of the Company with considerable return, providing our customers with quality services, <u>realizing growth value for employees,</u> and contributing to the sound development of the securities markets in the PRC, through lawful and well-regulated operation, <u>effectively serving the development of the real economy, proactively fulfilling corporate social responsibilities, and protecting the legitimate rights and interests of investors</u> in accordance with the Company Law, the Securities Law, the Regulations on Supervision and Management of Securities Companies and other rules and regulations.</p>	<p>Related expression has been added pursuant to the requirements of the Securities Association of China on “Practical Evaluation for the Cultural Development of Securities Companies (證券公司文化建設實踐評估)”.</p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 2.02</p> <p>The business scope of the Company is as approved by the securities regulatory authorities and the company registration authority.</p>	<p>Article 2.02</p> <p>The business scope of the Company is as approved by the securities regulatory authorities and the company registration authority.</p>	<p>The operation need of the Company for proposed establishment of assets management subsidiary</p>
<p>The business scope of the Company is: securities brokerage, securities investment consultation, financial advisory in relation to securities trading and securities investment activities, proprietary securities trading, securities assets management, the sales of securities investment funds on commission basis, margin financing and securities lending business, provision of intermediary business for futures companies, and the sales of financial products on commission basis. (For projects requiring approval in accordance with the law, commencement of operations is subject to approval by the relevant authorities)</p>	<p>The business scope of the Company is: securities brokerage, securities investment consultation, financial advisory in relation to securities trading and securities investment activities, proprietary securities trading, securities assets management, the sales of securities investment funds on commission basis, margin financing and securities lending business, provision of intermediary business for futures companies, and the sales of financial products on commission basis. (For projects requiring approval in accordance with the law, commencement of operations is subject to approval by the relevant authorities)*</p>	

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
<p>Article 2.03</p> <p>Upon approval by the CSRC, the Company may establish private funds subsidiary to conduct private equity investment fund business and other private fund businesses.</p>	<p>Article 2.03</p> <p>Upon approval by the CSRC, the Company may establish private funds subsidiary to conduct private equity investment fund business and other private fund businesses.</p>	<p>Amended according to Article 27 of the Administrative Measures for Information Technology in Institutions Operating Securities Funds 《證券基金經營機構信息技術管理辦法》 and in light of the operation need of the Company.</p>
...	...	<p><u>The Company may establish professional subsidiaries for information technology to provide information technology services for the Company. Professional subsidiaries for information technology can provide information technology services to other financial institutions after filing with the CSRC.</u></p>

Sequence number and content of original article	Sequence number and content of new article	Reasons for or the basis of the amendments
Article 8.12 Shareholders of the Company and their controlling shareholders and actual controllers shall not perform the following acts:	Article 8.12 Shareholders of the Company and their controlling shareholders and actual controllers shall not perform the following acts:	The operation need of the Company for proposed establishment of assets management subsidiary
...	...	
(4) Illegally require the Company to provide financing or guarantee to them or their related parties, or force, instruct, assist, accept the Company to provide financing or guarantee with the assets of its securities brokerage clients or securities asset management clients;	(4) Illegally require the Company to provide financing or guarantee to them or their related parties, or force, instruct, assist, accept the Company to provide financing or guarantee with the assets of its securities brokerage clients or securities asset management clients ; [*]	
...	...	

Note: In view of the fact that the establishment of an Assets Management Subsidiary and changes to the business scope of the Company shall be subject to approval/ratification by the regulatory authorities and/or competent authorities, the articles marked with * shall come into effect after consideration and approval at the general meeting of the Company, consideration and approval of establishment of an Assets Management Subsidiary, changes to the business scope of the Company and other related matters at the general meeting, obtaining the approval/ratification from the regulatory authorities and/or competent authorities, and the establishment of assets management subsidiary and obtaining the operation license of securities business, and other articles shall come into effect after consideration and approval at the general meeting of the Company.