PROPOSED ADOPTION OF SHARE OPTION SCHEME

AND

PROPOSED IMPLEMENTATION OF EMPLOYEE STOCK OWNERSHIP PLAN

PROPOSED ADOPTION OF SHARE OPTION SCHEME

The board of directors (the “Board”) of Haitong Securities Co., Ltd. (the “Company” and together with its subsidiaries, the “Group”) proposes to adopt a share option scheme (the “Option Scheme”) pursuant to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), to facilitate the establishment and improvement of a medium and long-term incentive mechanism, to motivate the initiative of the management and key employees, to attract and retain talents, to align the interest of the employees with those of the Company and its shareholders, and to promote a long-term and stable development of the Company.

The Option Scheme is subject to, among other things, the approvals of the shareholders of the Company (the “Shareholders”) at an extraordinary general meeting of the Company (“EGM”) and the class meetings to be convened for the purpose of considering and, if thought fit, approving the adoption of the Option Scheme.

I. Expected Principal Terms of the Option Scheme

1. Maximum number of shares available for exercise

   The maximum number of shares of the Company (the “Shares”) which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes shall not in aggregate exceed 10% of the ordinary H Shares in issue as at the date of approval by the Shareholders and as such limit is refreshed by the Shareholders from time to time. The maximum number of H Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option scheme(s) shall not exceed 30% of the ordinary H Shares in issue from time to time.

2. Maximum entitlement of each participant

   The total number of H Shares issued and to be issued upon exercise of the options granted to each participant under the Option Scheme and any other option scheme(s) (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of ordinary H Shares in issue.
3. Exercise period

The exercise period of the options granted under the Option Scheme is to be determined by the Board, and such period shall not exceed a period of 10 years commencing on the date on which an offer of the grant of an option is made by the Board (the “Offer Date”) and expiring on the last day of such period.

4. Exercise price

Subject to any adjustments made pursuant to the terms of the Option Scheme, the exercise price of the options granted under the Option Scheme shall be a price solely determined by the Board and shall be at least the highest of (i) the closing price of the H Shares as stated in The Stock Exchange of Hong Kong Limited’s (the “Stock Exchange”) daily quotations sheet on the Offer Date; (ii) the average closing price of the H Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of an H Share.

5. Duration and termination

The Option Scheme shall be valid and effective for a period of 10 years commencing on the date of its adoption, after which period no further options will be granted but in all other respects the provisions of the Option Scheme shall remain in full force and effect and options which are granted during the term of the Option Scheme may continue to be exercisable in accordance with their terms of issue.

II. Board Resolutions

The Board approved the following resolutions:

1. Approving the adoption of the Option Scheme by the Company.

2. Proposing to Shareholders to authorise the Board to handle and in turn to further authorise the management to handle, with full discretion, all matters in connection with the adoption of the Option Scheme in accordance with relevant laws, regulations and opinions and advices from the regulatory authorities, within the framework and under the principles approved at the general meeting of the Company, and based upon the general principle of acting in the best interest of the Shareholders, including but not limited to:

   1) Formulation and adjustment of specific plans of the Option Scheme in accordance with the applicable laws, regulations and relevant provisions from the regulatory authorities as well as resolutions passed at the general meeting of the Company, and based on the actual conditions of the Company, including but not limited to, participants, timing of grant, valid term, conditions of grant, exercise price, number of exercisable options, methods of exercise and relevant adjustments, etc.

   2) Handling all matters required for the issue of shares upon exercise of any option under the Option Scheme in accordance with the applicable laws, regulations and relevant provisions from the regulatory authorities as well as resolutions passed at the general meeting of the Company.
3) Handling all matters relating to the approval of the Option Scheme in accordance with the applicable rules, including but not limited to going through the domestic and overseas formalities for approval, filing, registration and reporting, as well as the preparation, amendment, delivery and execution of relevant materials, 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.

4) Making relevant adjustments to matters relating to the Option Scheme according to the opinions and changes in the policies of the regulatory authorities or the changes in market conditions, unless re-approval by the Shareholders at general meeting is otherwise required pursuant to relevant laws, regulations and the articles of association of the Company.

5) Handling specific matters in connection with the amendments to the articles of association of the Company and handling relevant registration of amendments based on the actual situations of the Option Scheme, including but not limited to, amendments to articles relating to share capital such as total amount of share capital and shareholding structure.

6) Dealing with other matters in relation to the Option Scheme.

7) Subject to the approval of the above authorisations at the general meeting of the Company, authorising the Board to authorise the management of the Company to further authorise its authorised persons to deal specifically with all matters relating to the Option Scheme jointly or individually on behalf of the Company pursuant to the resolution passed at the general meeting of the Company and the authorisation granted by the Board.

The above authorisation shall be effective on and from the date when the Shareholders at the general meeting and class meetings approve the resolution to the date when the Option Scheme ceases to be effective.
PROPOSED IMPLEMENTATION OF EMPLOYEE STOCK OWNERSHIP PLAN

To facilitate the establishment and improvement of a medium and long-term incentive mechanism, to motivate the initiative of the employees, to attract and retain talents, to align the interest of the employees with those of the Company and the Shareholders, and to promote a long-term and stable development of the Company, the Company intends to establish and implement an employee stock ownership plan ("Ownership Plan"). Please refer to Appendix I to this announcement for the full text of the Ownership Plan (Draft).

The Board approved the following resolutions:

1. Approving the establishment of the Ownership Plan by the Company. The accumulative number of shares involved in the Ownership Plan shall be no more than 10% of the total issued share capital as at the date of approvals at the general meeting of the Company. The underlying shares will be A Shares of the Company obtained and held through purchases from the secondary market (including but not limited to bidding transactions, block trade and transfer agreements), subscription for additional shares through placement and other means as permitted under the laws and regulations. The source of funding of the Ownership Plan will be from employees’ lawful remuneration, self-raised funds and other sources as permitted under the laws and regulations. Target participants of the Ownership Plan will be all employees of the Company and its subsidiaries, who have entered into employment contracts with the Company or its subsidiaries and who work under them on the payroll.

2. Proposing to Shareholders to authorise the Board to handle and in turn to further authorise the management to handle, with full discretion, all matters in connection with the establishment of the Ownership Plan in accordance with relevant laws, regulations and opinions and advices from the regulatory authorities, within the framework and under the principles approved at the general meeting of the Company, and based upon the general principle of acting in the best interest of the Shareholders, including but not limited to:

1) Formulation and adjustment of specific plans of the Ownership Plan in accordance with the applicable laws, regulations and relevant provisions from the regulatory authorities as well as resolutions passed at the general meeting of the Company, and based on the actual conditions of the Company, including but not limited to, participants, lock-up period, term and management model, etc.

2) Engaging qualified entity to assist the Company to implement the Ownership Plan in accordance with applicable laws, regulations and relevant provisions from the regulatory authorities as well as resolutions passed at the general meeting of the Company.

3) Handling all matters relating to the approval of the Ownership Plan in accordance with the applicable rules, including but not limited to going through the domestic and overseas formalities for approval, filing, registration and reporting, as well as the preparation, amendment, delivery and execution of relevant materials, 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.
4) Making relevant adjustments to matters relating to the Ownership Plan according to the opinions and changes in the policies of the regulatory authorities or the changes in market conditions, unless re-approval by the Shareholders at general meeting is otherwise required pursuant to relevant laws, regulations and the articles of association of the Company.

5) Dealing with other matters in relation to the Ownership Plan.

6) Subject to the approval of the above authorisations at the general meeting of the Company, authorising the Board to authorise the management of the Company to further authorise its authorised persons to deal specifically with all matters relating to the Ownership Plan jointly or individually on behalf of the Company pursuant to the resolution passed at the general meeting of the Company and the authorisation granted by the Board.

The above authorisation shall be effective on and from the date when the Shareholders at the general meeting and class meetings approve the resolution to the date when the Ownership Plan ceases to be effective.

This resolution is subject to approval at the general meeting and class meetings as a special resolution. The implementation of the Ownership Plan will be subject to acceptance of domestic and overseas regulatory authorities.

**OPINIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The independent non-executive directors of the Company are in the view that the Option Scheme and the Ownership Plan are in compliance with the laws and regulations, and are in the interests of the Company and the Shareholders as a whole.

**CIRCULAR**

A circular containing key terms of the Option Scheme and finalised details of the Ownership Plan and the notice of the Shareholders’ general meeting and class meetings will be dispatched to the Shareholders in due course.

By order of the Board
Haitong Securities Co., Ltd.
WANG Kaiguo
Chairman

Shanghai, the PRC
21 July 2015

As at the date of this announcement, our executive directors are Mr. WANG Kaiguo and Mr. QU Qiuping; our non-executive directors are Ms. YU Liping, Mr. CHEN Bin, Mr. XU Chao, Mr. WANG Hongxiang, Ms. ZHANG Xinmei and Mr. SHEN Tiedong; and our independent non-executive directors are Mr. LIU Cheeming, Mr. XIAO Suining, Mr. LI Guangrong, Mr. LYU Changjiang and Mr. FENG Lun.

* For identification purpose only
APPENDIX I

FULL TEXT OF THE OWNERSHIP PLAN (DRAFT)
EMPLOYEE STOCK OWNERSHIP PLAN (DRAFT)
OF
HAITONG SECURITIES CO., LTD.

July 2015
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Statement

The Company and all members of the Board of Directors hereby represent that the information contained in this Employee Stock Ownership Plan (hereinafter referred to as the “Plan”) is true, accurate and complete, as well as free from false or misleading statements, or material omissions.

Special Notice

I. The Plan of Haitong Securities Co., Ltd. (hereinafter referred to as “Haitong Securities” or the “Company”) is formulated in accordance with the requirements of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China and the Guiding Opinion on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies, relevant laws, administrative regulations, rules, normative documents, and the Articles of Association.

II. The accumulative number of shares involved in the Plan shall be no more than 10% of the total issued share capital as at the date of approvals at the general meetings of the Company. The number of the Underlying Shares acquired by any Plan Holder shall not exceed 1% of the total share capital of the Company. The source of funding should be from employees’ lawful remuneration, self-raised funds, and other sources as permitted under the laws and regulations.

III. The Plan will be managed by Asset Management Plan set up by the entrusted Asset Management Agency upon establishment. The investment scope of such Plan is to purchase and hold the A shares of the Company.

IV. The Asset Management Agency will acquire and hold the Underlying Shares by purchasing from the secondary market and participating in the private placement and other methods permitted by laws and regulations. If the Company carries out a private placement, it will undertake the relevant procedures for examination and approval pursuant to laws and regulations, approval requirements of the CSRC and the listing rules of the stock exchanges on which such shares are listed.

V. The Company will send the notice of convening general meetings to consider the Plan after the unanimous approval by the Board of Directors of the Company for implementation of the Plan. The general meetings for considering the Plan will be conducted by a combination of network voting
and poll taking onsite. The implementation of the Plan will be subject to the acceptance by domestic and overseas regulatory authorities after approvals by shareholders at the general meetings of the Company.

VI. The implementation of the Plan will not led to the shareholding structure of the Company fails to comply with the requirements of listing conditions.
Definitions

Unless otherwise specified, the following terms used herein shall have the meanings set out below:

<table>
<thead>
<tr>
<th>Terms</th>
<th>Meaning</th>
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</thead>
<tbody>
<tr>
<td>Haitong Securities/Company/The Company</td>
<td>Haitong Securities Co., Ltd.</td>
</tr>
<tr>
<td>The Plan</td>
<td>the Employee Stock Ownership Plan of Haitong Securities Co., Ltd.</td>
</tr>
<tr>
<td>This Draft Plan or This Plan</td>
<td>the Employee Stock Ownership Plan of Haitong Securities Co., Ltd. (draft)</td>
</tr>
<tr>
<td>Plan Holder(s) or Holder</td>
<td>the employee(s) of the Company participating in the Plan with actual contributions</td>
</tr>
<tr>
<td>Holders’ Meeting</td>
<td>the meeting of the Plan Holders</td>
</tr>
<tr>
<td>Management Committee</td>
<td>the Management Committee of the Plan</td>
</tr>
<tr>
<td>senior management</td>
<td>senior management personnel of the Company as stipulated in the Articles of Association</td>
</tr>
<tr>
<td>Asset Management Plan</td>
<td>the asset management plan established in respect to the Plan, managed by the Asset Management Agency or Asset Manager</td>
</tr>
<tr>
<td>Underlying Shares</td>
<td>A shares of Haitong Securities Co., Ltd. purchased, obtained and held legally by the Asset Management Agency or Asset Manager of the Asset Management Plan</td>
</tr>
<tr>
<td>Plan Entitlement(s) or Entitlement(s)</td>
<td>the equal portions of the Plan divided in accordance with the amount of the Underlying Shares held under the Plan, while each Entitlement corresponds to one Underlying Share (such one share of Underlying Share includes the cash assets (if any) corresponding to the Plan), and the Entitlements shall be recorded by the Asset Management Agency entrusted by the Company</td>
</tr>
<tr>
<td>Asset Management Agency or Asset Manager</td>
<td>qualified asset management companies or other similar institutions in respect of the implementation of the Plan as selected by the Board of Directors or its authorized persons</td>
</tr>
<tr>
<td>Initial Entitlement(s)</td>
<td>the Plan Entitlements prior to the vesting determined by the Company</td>
</tr>
<tr>
<td>vesting</td>
<td>the action by the Company to ascertain the actual</td>
</tr>
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</table>
entitlements of the Plan Holders to the Plan Entitlements according to the Plan

Vested Entitlement(s) | the Plan Entitlements of the Plan Holders after the vesting determined by the Company
---|---
CSRC | China Securities Regulatory Commission
RMB, RMB ten thousand, and RMB one hundred million | RMB, RMB100,000, and RMB100,000,000

**Company Law** | **Company Law of the People’s Republic of China**
**Securities Law** | **Securities Law of the People’s Republic of China**
**Guiding Opinion** | **Guiding Opinion on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies**
**Articles of Association** | the Articles of Association of Haitong Securities Co., Ltd.
**Hong Kong Listing Rules** | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Any discrepancy between the total amount and the sum of each amount herein is due to rounding.
I. Purposes

This Draft Plan of the Company is formulated in accordance with the requirements under the Company Law, the Securities Law, the Guiding Opinion, the Hong Kong Listing Rules, and other laws, administrative rules, regulations, normative documents, and the Articles of Association.

The employees of the Company participate in and comply with the Plan voluntarily and lawfully. The purposes of holding shares of the Company are to establish and improve the benefit-sharing mechanism between the employees and the shareholders, and to improve the corporate governance of the Company. In addition, the Plan will enhance the cohesion of the employees and corporate competitiveness, and advocate the concept of collective sustainable development of the Company and individual employees, while effectively mobilizing the initiative of the management and the employees of the Company, which in return will attract and retain outstanding management talents and the quality employees for business operations. As a result, the Company will facilitate its long-term, consistent, and healthy development.

II. Basic Principles

(I) Legal compliance

The Company implements the Plan and follows the procedures in strict compliance with the requirements under the laws and administrative rules, which require the Company to disclose true, accurate and complete information in a timely manner. No person is permitted to engage in insider trading, manipulation of the securities market, and other fraudulent actions through the Plan.

(II) Voluntary participation

The implementation of the Plan is subject to the discretionary decisions of the Company, and voluntary participation of the employees. The Company is not permitted to force the employees to participate in the Plan in such forms as apportionment and mandatory distribution.

(III) Voluntary risk undertaking

The participants under the Plan will undertake their own risks for gains or losses, and their equity rights rank pari passu with those of other investors.
III. Target Participants and Determining Criteria

(I) Legal basis for determining target participants

The target participants under the Plan are determined according to the relevant requirements under the Company law, the Securities Law, the Guiding Opinion, the Hong Kong Listing Rules, other relevant laws, regulations, rules, and the Articles of Association. The employees of the Company participate in the Plan based on the principles of legal compliance, voluntary participation, and voluntary risk taking.

The scope of participation of the Plan covers all employees of the Company and its subsidiaries. The target participants are those who have entered into a labor contract with the Company or its subsidiaries, and who work under them on the payroll.

Eligible employees must participate in the Plan based on the principles of legal compliance, voluntary participation, and voluntary risk taking, the list of which will be determined by the Board of Directors and verified by the supervisory committee.

(II) Information of Plan Holders

There is no limitation on the total number of participants under the Plan, but the total number of the Underlying Shares to be acquired by any Plan Holder through the Plan shall not exceed 1% of the total share capital of the Company. Each person must subscribe for a minimum amount of RMB100,000.

IV. Sources of Funding and Shares

(I) Source of funding

The funds for participation in the Plan come from the employees’ lawful remuneration, self-raised funds, and other sources as permitted under the laws and regulations. Holders must pay the subscription monies based on the subscribed Entitlements in a timely manner. In the event that a Holder fails to pay the full subscription monies in a timely manner, the relevant subscription right will automatically lapse, and his proposed subscribed Entitlements may be subscribed for by other eligible target participants. In the event that the applications for subscription exceed the number of unsubscribed Entitlements, the Management Committee will determine the subscribers and the subscription amount.
Following the establishment, the Plan will be managed by the Asset Management Agency or the Asset Manager under the Asset Management Plan. The investment scope of the Asset Management Plan is to purchase and hold the A shares of the Company.

(II) Source of the Underlying Shares

The Asset Management Agency or the Asset Manager under the Asset Management Plan will obtain and hold the Underlying Shares through purchases made on the secondary market (including but not limited to bidding transactions, block trade, and transfer agreements), subscription for additional shares through placement, and other means as permitted under the laws and regulations. The accumulative number of shares obtained and held shall not exceed 10% of the total share capital of the Company, and the total number of the Underlying Shares to be acquired by any Plan Holder shall not exceed 1% of the total share capital of the Company. In the event of private placement, the Company shall complete the relevant review and approval procedures in accordance with the approval requirements as set forth under the laws and regulations and the requirements of CSRC as well as the listing rules as stipulated by the stock exchange where the shares are listed. The total Underlying Shares under the Plan exclude the shares obtained, purchased, or received by the Holders prior to the initial public offering by the Company, from the secondary market, or under any share incentive scheme. In the event of any changes in the relevant laws, administrative regulations, rules, or normative documents in the future, the new requirements shall prevail. Subject to the requirements as set forth under the Plan, the Asset Manager will acquire the Underlying Shares through purchases made on the secondary market, subscription for additional shares through placement, and other means as permitted under the laws and regulations following the approval of the Plan at the general meetings of the Company and the acceptance of domestic and overseas regulatory authorities.

V. Lock-Up Period, Term, and Management Model

(I) Lock-up period

1. The lock-up period of the Plan refers to the lock-up period of the Asset Management Plan.

Under the Asset Management Plan, the Underlying Shares to be obtained through purchases made on the secondary market, subscription for additional shares through placement, and other means as permitted under the laws and
regulations have a lock-up period of 12 months, with effect from the date when the Company announces that the latest purchased Underlying Shares are transferred and registered under the name of the Holder under the Asset Management Plan.

2. Vesting and disposal of Entitlements upon expiration of the lock-up period

The Plan Holders are entitled to the Initial Entitlements in proportion to their respective capital contribution under the Plan. Upon expiration of the lock-up period of the Plan, the corresponding cash assets (if any) in respect of the Initial Entitlements by each of the Plan Holders shall be transferred by the Company in a lump sum to the bank account of such Plan Holder, while the corresponding Underlying Shares will be disposed of in any of the following manners through application by such Plan Holder:

(1) The Company makes an application to the Asset Management Agency, the Shanghai Stock Exchange ("SSE") and the China Securities Depository and Clearing Corporation Limited ("CSDC") on his/her behalf for transferring all of the Underlying Shares to an individual account of such Plan Holder in a lump sum, provided that it is supported by the then prevailing systems and rules of the SSE and the CSDC;

(2) The Asset Management Agency is entrusted by the Company to dispose of all the Underlying Shares in a lump sum during the term of the Plan and to deliver proceeds from the disposal to the Plan Holder; the Plan Holder shall specify the range of selling price and the time slot to sell in his/her application. If the time slot selected by the Plan Holder falls within the period when selling of the shares of the Company is prohibited by laws and regulations, the Articles of Association, the Hong Kong Listing Rules or the requirements of the Plan, the Company is entitled to require the Plan Holder to revise his/her choice, otherwise the application shall be invalid.

If no application is proposed by the Plan Holder in accordance with the aforementioned requirements, the Plan Holder is deemed to agree to entrust the Asset Management Agency to continue to hold the aforementioned Underlying Shares during the term of the Plan.

3. After all corresponding Underlying Shares in respect of the Plan Entitlements entitled to a Plan Holder are transferred to an account under the name of the Plan Holder in accordance with the above Sub-clause 2(1) or are fully disposed of in accordance with Sub-clause 2(2) with proceeds being delivered to the Plan Holder in its entirety, the Plan Holder shall withdraw from the Plan automatically.
4. The Asset Manager of the Asset Management Plan, as well as the directors, the supervisors, the senior management, and the relevant employees (as defined under the Hong Kong Listing Rules) participating in the Plan, is not permitted to deal with the shares of the Company within the following periods:

(1) the shorter of 60 days prior to the publication date of the annual results, or the period commencing from the relevant financial year and ending on the publication date of the results; the shorter of 30 days prior to the publication date of the quarterly results (if any) or 30 days prior to the publication date of the interim results, or the period commencing from the quarter or interim period and ending on the publication date of the results. If the publication date of results is postponed due to special reasons, the abovementioned lock-up period will be extended to the actual publication date;

(2) 10 days prior to the announcement of the results highlight or the preliminary results of the Company;

(3) the period commencing from the date when they are aware that significant matters that may have a material effect on the trading price of the shares of the Company have occurred or are under the decision-making process or the date when the inside information comes to their knowledge, and ending on two trading days after the disclosure is made according to the law;

The Asset Manager, the directors, the supervisors, the senior management, and the relevant employees (as defined under the Hong Kong Listing Rules) participated in the Plan shall promptly consult the secretary of the Board of Directors about whether the trading of the shares fall within the sensitivity period when making decision to deal with the shares of the Company.

5. Rights attached to the Underlying Shares

(1) Prior to the vesting by the Company under the Plan and the transfer of the Underlying Shares in respect of the Vested Entitlements to the account of the Plan Holder according to the aforesaid Sub-clause 2, such Plan Holder and the Underlying Shares under the Plan shall not be entitled to voting rights and power. Following the transfer of the Underlying Shares to the account of the Plan Holder or the disposal of the Underlying Shares to any third party, respectively, the voting rights and power and other shareholders’ rights attached to the said shares held by such Plan Holder or such third party shall rank pari passu with those of the other shareholders of the Company.
(2) During the term, in the event of share dividend distribution or share capital transfer and increase by the Company, the Plan shall hold additional shares derived from the Underlying Shares it held, and shall update the status of the Plan Entitlements based on the original Plan Entitlements of each of the Plan Holders and increase the number of Underlying Shares corresponding to their Plan Entitlements.

(3) During the term, the Plan shall hold the cash dividend distributed by the Company as derived from the Underlying Shares held under the Plan, which shall be first applied to pay for the relevant management fees charged by the entrusted Asset Management Agency and custodian bank. The remaining portion of the proceeds shall be used to increase the amount of cash assets corresponding to the Plan Entitlements of each of the Plan Holders based on their original Plan Entitlements.

(II) Term of the Plan

The term of the Plan is 10 years, with effect from the date when the Plan is approved at the general meetings of the Company. Upon expiration of the term, the Plan will be terminated automatically, or terminated earlier or extended by an approval at the general meeting(s) or the requirements as set forth under the relevant laws and regulations.

(III) Management Model and Management Agency

As the management agency of the Plan, the Asset Manager manages the Plan according to the relevant business rules promulgated by the CSRC and other regulatory authorities and the agreements under the legal documents related to the Plan. In addition, the Asset Manager protects the legal rights of the Plan, and ensures the safety of the assets under the Plan.

VI. Rights and Obligations of Holders, Holders’ Meeting and Voting Procedures

(I) Rights and obligations of the Holders

1. The Holders are entitled to:

(1) the rights to participate in the Holders’ Meetings and cast a vote;

(2) the voting rights at the Holders’ Meetings in proportion to the amount contributed under the Plan;
(3) the Plan Entitlements and the corresponding proprietary interests according to the Plan;

(4) other rights as stipulated under the laws and regulations and the Plan.

2. The Holders are obliged to:

(1) make capital contributions for the subscription amount as agreed under the Plan within the agreed period;

(2) assume the risks arising from the Plan to the extent of the contribution amount made under the Plan.

(II) Holders’ Meeting

1. The Holders’ Meeting represents the ultimate authority of the internal management under the Plan. Where Holders entitled to over 10% of the total Entitlements request for a meeting, a Holders’ Meeting shall be convened. All Holders are entitled to participate in such Holders’ Meeting. The Holders may in person attend such Holders’ Meeting and cast a vote, or appoint proxies to attend such Holders’ Meeting and cast a vote. The travel expenses, accommodation fees, and other expenses incurred by such Holders and their proxies for attending such meeting shall be borne by themselves.

2. Any of the following matters are subject to consideration at the Holders’ Meeting:

(1) a member is elected to or removed from the Management Committee;

(2) change and termination of the Plan and the extension of its term, which is subject to the proposal by the Board of Directors for the consideration and approval at the general meeting(s);

(3) when the Company raises fund through rights issue, issuance of new shares, convertible bonds, and other means within the term of the Plan, the Asset Management Agency and the Management Committee shall discuss as to whether or not to participate in the financing arrangement, and submit such proposal for consideration at the Holders’ Meeting.

(4) the Management Committee is authorized to supervise the daily management of the Plan;
(5) the Management Committee is authorized to exercise the shareholders’ right or the Asset Management Agency is authorized to exercise such shareholders’ right;

(6) the Management Committee is authorized to take responsibility for the coordination with the Asset Management Agency;

(7) other matters that are considered by the Management Committee to be necessary for consideration by convening a Holders’ Meeting.

3. The first Holders’ Meeting shall be convened and chaired by the secretary of the Board, and subsequent Holders’ Meetings will be convened by the Management Committee and chaired by the head of the Management Committee. If the head of the Management Committee fails to perform his/her duties, a member of the Management Committee as designated by the same will chair such meeting.

4. To convene a Holders’ Meeting, the Management Committee shall issue a five-day prior written notice through direct service, mailing, fax, e-mail, or other means to all Holders. The written notice shall at least include the following:

(1) Time and place of the meeting;

(2) The way to convene the meeting;

(3) Proposed matters for consideration (proposals) at the meeting;

(4) The convener of the meeting and the chairperson, the proposer of the extraordinary meeting and its written proposal;

(5) The meeting materials necessary for voting at the meeting;

(6) The requirements for the Holders to attend the meeting in person or appoint other Holders as proxies to attend the meeting;

(7) Contact person and contact information; and

(8) Issuance date of the notice.

Oral notice for the meeting shall at least include information as set forth under items (1) and (2) above and explanations on the circumstances necessary to convene a Holders’ Meeting on an urgent basis.
5. Voting procedures of the Holders’ Meeting

(1) After each proposal has been fully discussed, the chairperson shall timely submit it to Holders present at the meeting for voting. The chairperson may also decide to submit all proposals to Holders present at the meeting for voting upon the completion of discussion of all proposals presented at the meeting. Voting is carried out by paper ballot.

(2) Plan Holders shall have one vote for each share held corresponding to the Plan Entitlements of the Plan Holders.

(3) Voting intention of Holders consists of the affirmative vote, negative vote and abstention. The Holders present at the meeting shall choose one of them. If any Holder fails to choose or chooses two or more options at the same time, it shall be deemed as abstention. The Holders who refuse to choose or fail to return after leaving the meeting without making any choice shall be deemed to have abstained from voting. Votes made after the chairperson of the Holders’ Meeting announced the voting results or after the specified deadline for voting expired shall not be counted.

(4) The chairperson of the Holders’ Meeting shall announce the voting results immediately for physical meetings. Every resolution shall be deemed as having been passed and becoming the valid resolution of the Holders’ Meeting only after more than 50% (excluding 50%) of the votes from Holders present at the meeting were cast in favour of such resolution.

(5) In the event that a resolution of Holders’ Meeting must be proposed to the Company’s Board of Directors or shareholders’ general meeting for consideration and approval, it shall be submitted to the Company’s Board of Directors or shareholders’ general meeting for consideration and approval in accordance with the requirements of the Articles of Association.

(6) The chairperson of the meeting shall be responsible for making records of Holders’ Meeting.

6. Employees who in aggregate hold more than 10% of voting rights of the Plan may submit an extraordinary proposal to Holders’ Meeting and such proposal must be submitted to the Management Committee three days prior to the convening of a Holders’ Meeting.

VII. Appointment Procedures of Holders’ Representative or Agent
(I) Management Committee

1. The Plan shall establish a Management Committee as the day-to-day supervisory and administrative body of the Plan to exercise the rights of shareholders on behalf of the Holders. The Management Committee shall be responsible for the Plan.

2. The Management Committee comprises five members, namely four members and one head of the Management Committee. All members of the Management Committee shall be chosen from the Holders and be elected by Plan Holders presenting more than 50% (excluding 50%) voting rights of the Holders present at the Holders’ Meeting, and persons receiving the highest number of votes in descending order shall be elected. The term of office of members of the Management Committee shall be the term of the Plan (including extension period).

3. Members of the Management Committee shall comply with laws and administrative regulations and shall perform duty of loyalty to the Plan as follows:

   (1) not to abuse his position to accept bribes or other illegal income or embezzle the properties of the Plan;

   (2) not to misappropriate the capital of the Plan;

   (3) not to set up accounts in his own name or in any other name to deposit any of the assets or capital of the Plan without the consent of the Management Committee;

   (4) not to take advantage of his position to prejudice the interests of the Plan. Members of the Management Committee shall be accountable by indemnifying the Plan against any losses incurred by the Plan due to the violation of duty of loyalty.

4. The Management Committee shall have the following functions and responsibilities:

   (1) responsible for convening Holders’ Meetings;

   (2) supervise the daily administration of the Plan on behalf of all Plan Holders;

   (3) to exercise the rights of shareholders on behalf of all Plan Holders or to authorise the Assets Management Agency to exercise the rights of
shareholders;

(4) responsible for the coordination with the Asset Management Agency;

(5) to sign relevant agreements or contracts which the Management Committee is entrusted by the Company to sign for matters in connection with the Plan;

(6) to manage the distribution of interests from the Plan;

(7) to decide on the vesting of the remaining interests and the compulsorily transferred interests under the Plan;

(8) to handle the inheritance and registration of shares under the Plan;

(9) other responsibilities as authorized by the Holders’ Meeting.

5. The head of the Management Committee shall have the following functions and powers:

(1) preside over the Holders’ Meetings and convene and preside over meetings of the Management Committee;

(2) supervise and inspect the implementation of resolutions of Holders’ Meetings and the Management Committee;

(3) other functions and powers as granted by the Management Committee.

6. Meetings of the Management Committee may be convened by the head of the Management Committee from time to time. Notice of meeting shall be sent to all members of the Management Committee three days prior to the convening of the meeting in writing or by post, telephone, facsimile, and other means.

7. Holders representing more than 10% of the voting rights of the Holders and over one-third of members of the Management Committee may propose an extraordinary meeting of the Management Committee. The head of the Management Committee shall convene and preside over the meeting of the Management Committee within five days after receiving such proposal.

8. A notice convening the meeting of the Management Committee shall include the following details:
(1) date and place of the meeting;

(2) term of the meeting;

(3) subject and agenda;

(4) date when the notice is issued.

9. The quorum of meetings of the Management Committee shall be a majority of members of the Management Committee. Any resolution of the Management Committee must only be valid upon passing by more than half of the members of the Management Committee. Each member of the Management Committee has one vote at meetings of the Management Committee.

10. The voting manner for resolutions of the Management Committee shall be vote by open ballot. Meetings of the Management Committee can make resolution by fax under the premise of safeguarding full expression of opinions of members of the Management Committee and with signature of the members of the Management Committee present at the meeting.

11. Meetings of the Management Committee shall be attended by the members in person; if a member fails to attend the meeting for any reason, he may, in writing, appoint any other member to attend the meeting on his behalf. The power of attorney shall set out the name of the proxy, the subject and scope of authorization and the period of the validity of the power of attorney, which shall be signed or officially sealed by the authorizing party. A member appointed as the proxy of another member to attend the meeting shall exercise the rights of a member within the scope of authority conferred by the appointing member. Where a member is unable to attend a meeting of the Management Committee and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

12. The Management Committee shall keep minutes for all decisions made at its meetings in relation to the matters discussed thereat, which minutes shall be signed by members of the Management Committee present at the meeting.

13. The minutes of a meeting of the Management Committee shall include the following:

(1) Date and place of the meeting and name of the convener;
(2) Names of members of the Management Committee who attend the meeting in person either acting for themselves or other members (as proxies);

(3) Meeting agenda;

(4) Highlights of the deliberations of members of the Management Committee at the meeting;

(5) The voting method and result for each resolution (voting results should state the number of each of the affirmative, dissenting or abstaining votes).

VIII. Appointment of Management Agency, Major Terms of Management Agreement, and Management Fees

(I) Appointment of Management Agency

1. The Board of Directors of the Company shall determine and appoint a qualified Asset Manager as the management agency for the Plan.

2. The Company shall, on behalf of the Plan, enter into relevant agreements with the Asset Manager.

(II) Major Terms of Management Agreement

1. Name of the Asset Management Plan: to be determined

2. Type of the Asset Management Plan: defined asset management plan

3. Target size: no cap will be set, except that the accumulative number of Underlying Shares shall not exceed 10% of the total issued share capital of the Company as at the date on which the Plan is approved at shareholders’ general meeting(s) of the Company.

4. Term of the management: the term of the Asset Management Plan is expected to be 10 years (the actual term depends on selloff of the financial assets invested by the Asset Management Plan) and is subject to extension as may be mutually agreed by the Asset Manager, the entrusting party and the custodian.

(III) Provision and Payment of Management Fees

1. Participation fee rate: 0
2. Retreat fee rate: 0

3. Management fee rate: the appropriate management fee rate as agreed by the entrusting party and the Asset Manager

4. Custodian fees: the appropriate custodian fee rate as agreed by the entrusting party and the Asset Manager

5. Performance rewards: no performance-linked rewards will be charged

6. Other fees: other than transaction fees, stamp duty, performance rewards and custodian fees, all other fees shall be charged based on the amounts actually incurred and paid out of the assets under custody of the Asset Manager in accordance with relevant laws and regulations and the specific provisions of respective contracts or agreements.

IX. Participation in Financing Arrangements of the Company

When the Company raises funds through rights issue, issue of new shares, issue of convertible bonds or other financing methods at any time during the term of the Plan, the Asset Management Agency and the Management Committee shall discuss whether or not to participate in such financing arrangement and submit the matter to Holders’ Meeting for consideration.

X. Modification and Termination of the Plan and Decision-Making Procedures

(I) Modification of the Plan

During the term of the Plan, the Management Committee may, based on the specific situations of the Company, formulate and adjust the specific implementation plans for the Plan under the framework and principles as considered and approved at general meetings of the Company and in accordance with applicable laws, regulations and regulatory requirements, and such implementation plans shall be subject to consideration and approval of the Holders’ Meeting and the Board of Directors of the Company.

(II) Termination of the Plan

The Plan shall automatically terminate when its term expires.
The Plan may be terminated in advance after a period of 12 months since its effective date, provided that such termination has been passed at the Holders’ Meeting and considered and approved by shareholders at general meeting(s) as proposed by the Board of Directors of the Company.

After the Plan is considered and approved, the shareholders’ general meeting(s) authorizes the Board of Directors to deal with matters relating to the Plan (including modification, termination (including early termination) and extension of the Plan) and authorizes the Board of Directors to further delegate such authorization to relevant external or internal agency(ies) or person(s).

**XI. Measures to be Taken for Entitlements of Employees Who ceased to be Qualified**

1. Except for certain special circumstances agreed in the Plan, any Entitlements subscribed for by the Holders (other than those being vested under their names) under the Plan shall not be transferred or withdrawn, or used for the purposes of creating any charge, pledge or security thereon or repaying of debts during the term of the Plan.

2. In the event of incapacity of a Holder, the vested shares of such Holder or the Entitlements such Holder has subscribed for and paid subscription monies shall not be affected.

In the event of retirement of a Holder due to reaching the age of statutory retirement, no change shall be made to the vested shares of such Holder or the Entitlements such Holder has subscribed for and paid subscription monies.

In the event of death of a Holder, no change shall be made to the vested shares of such Holder or the Entitlements such Holder has subscribed for and paid subscription monies, which shall be inherited by his/her lawful successor.

3. In the event that a Holder terminates employment with the Company due to expiration of his/her service contract, being held criminally responsible, resignation or dismissal by the Company as a result of violating regulations of the Company during the term of the Plan, the Entitlements he/she has subscribed for and paid subscription monies shall be subject to mandatory assignment.

4. In the event of mandatory assignment of the Entitlements a Holder has subscribed for and paid subscription monies, the assignee shall be determined
by the Management Committee, who shall pay the Holder the consideration of
the assignment which shall be the lower of the subscription costs of such
Entitlements and the corresponding market value.

XII. Measures to be Taken for Shares held after Expiration of the Plan

The term of the Plan may be extended two months in advance prior to its
expiry, provided that such extension shall be subject to consideration and
approval at a Holders’ Meeting and consideration and approval by the
shareholders at general meeting(s) of the Company as proposed by the Board
of Directors of the Company.

In the event that the term of the Plan is not extended upon expiry, liquidation
shall be completed within 15 working days after the expiration and relevant
assets will be distributed to the Holders in proportion to their respective
actual contributions.

XIII. Other Important Matters

1. Procedures for Implementing the Plan

(1) This Draft Plan shall be subject to consideration of the Board of Directors of
the Company, and independent directors and the supervisory committee shall
give their opinions as to whether the Plan is conducive to the sustainable
development of the Company, or whether the Plan would jeopardize the
interests of the Company and its shareholders as a whole, or whether there
exits any circumstance where employees are forced to participate in the Plan
by way of apportionment, compulsory allocation and other methods.

(2) The Company shall make timely announcement on the Board resolutions
and the summary of the Draft Plan, and disclose the full text of the Draft Plan,
opinions of the independent directors, opinions of the supervisory committee
and the asset management agreement entered into with the Asset
Management Agency on the website of the Shanghai Stock Exchange.

(3) The Company shall fully solicit the views of its employees on the Plan
proposed by the Board of Directors of the Company through employee
representatives meeting and other means, and make timely disclosures of the
consultation and relevant resolutions.

(4) A law firm shall be engaged by the Company to issue a legal opinion on
the Plan.
(5) A general meeting shall be convened for shareholders to consider and approve the Plan, at which both onsite and online voting will be adopted. The Plan shall be implemented upon approval by shareholders at the general meeting(s).

(6) A Holders’ Meeting shall be convened for the purposes of electing members of the Management Committee and determining the specific matters relating to implementation of the Plan. The convening of, and resolutions passed at, the meeting shall be disclosed on a timely basis.

(7) Other procedures as required by the CSRC, stock exchanges (including the Shanghai Stock Exchange and the Hong Kong Stock Exchange) and relevant State-owned assets supervision authorities.

2. The consideration and approval of the Plan by the Board of Directors and the general meeting(s) of the Company does not mean that the Holders shall have rights to continue their services with the Company or its subsidiaries nor does it constitute commitments of the Company or its subsidiaries to their respective employment term. The rights and obligations as the employer and employee between the Company or its subsidiaries and relevant Holder shall be performed in accordance with the service contract.

3. The tax burden incurred by any Holder for participating in the Plan shall be governed by relevant tax regulations and borne by the Holder.

4. Shareholders’ general meeting will authorize the Board of Directors to handle the matters relating to the Plan, including, but not limited to, the following:

(1) Authorization to the Board of Directors to handle the registration and settlement matters relating to the Plan;

(2) Authorization to the Board of Directors to handle other necessary matters required for the Plan, other than the rights required to be exercised by general meetings under relevant documents.

5. The power of interpretation of the Plan shall be vested in the Board of Directors of Haitong Securities Co., Ltd.

The Board of Directors of Haitong Securities Co., Ltd.

[*] July 2015