
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about 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 Everbright Securities Company Limited, you should at once hand this circular, together with the form of proxy and reply slip that have been despatched to you, 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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光大證券股份有限公司

Everbright Securities Company Limited

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

(Stock code: 6178)

- (1) Proposal regarding the Election of Mr. Zhao Ling as an Executive Director of the Company**
- (2) Proposal regarding the Election of Mr. Liang Yi as a Supervisor of the Company**
- (3) 2021 Report of the Board of Directors**
- (4) 2021 Report of the Supervisory Committee**
- (5) 2021 Annual Report and Its Summary**
- (6) 2021 Profit Distribution Plan**
- (7) Proposal of Proprietary Trading Businesses Scale in 2022**
- (8) Proposal of Expected Ordinary Related Party (Connected) Transactions in 2022**
- (9) Proposal of Specific Mandate in Relation to External Donation of the Company**
- (10) Report on Performance Appraisal and Remuneration of Directors of the Company for 2021 (Non-voting Matter)**
- (11) Report on Performance Appraisal and Remuneration of Supervisors of the Company for 2021 (Non-voting Matter)**
- (12) Report on Execution of Duty, Performance Appraisal and Remuneration of the Senior Management of the Company for 2021 (Non-voting Matter)**
- (13) Independent Directors' Annual Work Report for 2021 (Non-voting Matter) and**
- (14) Notice of AGM**

The 2021 Annual General Meeting ("AGM") of Everbright Securities Company Limited (the "Company") will be held at 2:30 p.m. on Tuesday, June 14, 2022 at Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC. A notice convening the AGM is set out on pages 8 to 11 of this circular.

Whether or not you are able to attend the AGM, you are advised to read the notice of the AGM and to complete and return the proxy form that has been despatched to you in accordance with the instructions printed thereon as soon as practicable. For H Shareholders, the proxy form or any other authorization documents should be returned to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, in person or by post no later than 24 hours before the time appointed for convening the AGM (i.e. before 2:30 p.m. on Monday, June 13, 2022) or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or at any adjourned meeting if you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited (for H Shareholders) on or before Wednesday, May 25, 2022.

May 19, 2022

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DEFINITIONS

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

ABN	asset-backed notes
A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
Articles of Association	articles of association of the Company
Asset securitization, ABS	financing through issuance of tradable securities backed by specific asset portfolios or cash flows
AUM	Assets under management
Board, Board of Directors	the board of Directors of the Company
China or PRC	the People's Republic of China excluding, for the purpose of this circular, Hong Kong, Macau and Taiwan
Company, our Company, the parent company or Everbright Securities	Everbright Securities Company Limited (光大證券股份有限公司)
connected transaction(s)	has the meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Director(s)	the director(s) of the Company
EBSHK	Everbright Securities Financial Holdings Limited (光大證券金融控股有限公司), a wholly-owned subsidiary of the Company
ETF	exchange-traded fund
Everbright Asset Management	Shanghai Everbright Securities Asset Management Co., Ltd. (上海光大證券資產管理有限公司), a wholly-owned subsidiary of the Company

DEFINITIONS

Everbright Bank	China Everbright Bank Company Limited
Everbright Capital	Everbright Capital Investment Co., Ltd. (光大資本投資有限公司), a wholly-owned subsidiary of the Company
Everbright Development	Everbright Development Investment Co., Ltd. (光大發展投資有限公司), a wholly-owned subsidiary of the Company
Everbright Fortune	Everbright Fortune Investment Co., Ltd. (光大富尊投資有限公司), a wholly-owned subsidiary of the Company
Everbright Futures	Everbright Futures Co., Ltd. (光大期貨有限公司), a wholly-owned subsidiary of the Company
Everbright Group	China Everbright Group Ltd. (中國光大集團股份公司), the largest shareholder of the Company
Everbright Leasing	Everbright Fortune Financial Leasing Co., Ltd. (光大幸福融資租賃有限公司), a controlling subsidiary of the Company
Everbright Limited	China Everbright Limited (中國光大控股有限公司), the second largest shareholder of the Company
Everbright Pramerica	Everbright Pramerica Fund Management Co., Ltd. (光大保德信基金管理有限公司), a controlling subsidiary of the Company
FOF	fund of funds
Group, our Group	the Company and its subsidiaries
H Shares	foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
HK\$ or Hong Kong dollars or HK dollars	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China

DEFINITIONS

Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IPO	initial public offering
maintenance margin ratio	the ratio of all the collateral from the clients of margin financing and securities lending business (including the amount of cash and the market value of securities held in margin securities account) to the margin balance of clients (the sum of the amount of margin loans purchased, the latest market value of securities lent and any accrued interest and fees)
margin financing and securities lending	provision of collateral by investors to securities firms to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
MOF	Ministry of Finance of the PRC (中華人民共和國財政部)
MOM	manager of managers, an asset management investment tool
PB	Prime brokerage
PBOC	People's Bank of China, the central bank of the PRC
REITs	Real estate investment trusts
related party transaction(s)	has the meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time, unless otherwise stated
Renminbi or RMB	RMB, the lawful currency of the PRC. Amounts are in RMB unless otherwise indicated in this report
Reporting Period	the year of 2021 (January 1, 2021 to December 31, 2021)
SAFE	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
Sci-tech Innovation Board	the science and technology innovation board launched by the Shanghai Stock Exchange

DEFINITIONS

SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
SSE	Shanghai Stock Exchange
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
SZSE	Shenzhen Stock Exchange

If there is any inconsistency between the Chinese and English versions of this circular, the Chinese version shall prevail.

LETTER FROM THE BOARD



光大证券
EVERBRIGHT SECURITIES

光大證券股份有限公司

Everbright Securities Company Limited

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

(Stock code: 6178)

Mr. Liu Qiuming (*Executive Director, President*)

Mr. Song Bingfang (*Non-executive Director*)

Mr. Fu Jianping (*Non-executive Director*)

Mr. Cai Minnan (*Non-executive Director*)

Mr. Chan Ming Kin (*Non-executive Director*)

Mr. Tian Wei (*Non-executive Director*)

Mr. Yu Mingxiong (*Non-executive Director*)

Mr. Wang Yong (*Independent Non-executive Director*)

Mr. Po Wai Kwong (*Independent Non-executive Director*)

Mr. Ren Yongping (*Independent Non-executive Director*)

Mr. Yin Junming (*Independent Non-executive Director*)

Mr. Liu Yunhong (*Independent Non-executive Director*)

Registered office and

principal place of

business in the PRC:

No. 1508 Xinzha Road,
Jing'an District, Shanghai,
the PRC

Place of business in Hong Kong:

12/F, Everbright Centre,
108 Gloucester Road, Wanchai,
Hong Kong

May 19, 2022

To the Shareholders

Dear Sir or Madam,

- (1) Proposal regarding the Election of Mr. Zhao Ling as an Executive Director of the Company**
- (2) Proposal regarding the Election of Mr. Liang Yi as a Supervisor of the Company**
- (3) 2021 Report of the Board of Directors**
- (4) 2021 Report of the Supervisory Committee**
- (5) 2021 Annual Report and Its Summary**
- (6) 2021 Profit Distribution Plan**
- (7) Proposal of Proprietary Trading Businesses Scale in 2022**
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- (9) Proposal of Specific Mandate in Relation to External Donation of the Company**
- (10) Report on Performance Appraisal and Remuneration of Directors of the Company for 2021 (Non-voting Matter)**
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- (12) Report on Execution of Duty, Performance Appraisal and Remuneration of the Senior Management of the Company for 2021 (Non-voting Matter)**
- (13) Independent Directors' Annual Work Report for 2021 (Non-voting Matter) and**
- (14) Notice of AGM**

I. INTRODUCTION

On behalf of the Board, I would like to invite you to attend the AGM to be held at 2:30 p.m. on Tuesday, June 14, 2022 at Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC. The purpose of this circular is to give you notice of the AGM and to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

II. BUSINESSES TO BE CONSIDERED AT THE AGM

Details of the businesses to be considered at the AGM are set out on pages I-1 to I-6 of this circular.

The proposals to be presented as ordinary resolutions for consideration and approval at the AGM include: (1) Proposal regarding the Election of Mr. Zhao Ling as an Executive Director of the Company; (2) Proposal regarding the Election of Mr. Liang Yi as a Supervisor of the Company; (3) 2021 Report of the Board of Directors; (4) 2021 Report of the Supervisory Committee; (5) 2021 Annual Report and Its Summary; (6) 2021 Profit Distribution Plan; (7) Proposal of Proprietary Trading Businesses Scale in 2022; (8) Proposal of Expected Ordinary Related Party (Connected) Transactions in 2022; and (9) Proposal of Specific Mandate in Relation to External Donation of the Company.

In order to enable you to have a further understanding of the proposals to be presented at the AGM and obtain sufficient and necessary information to make decisions, we have provided detailed information to Shareholders in Appendix I to this circular, including the information and explanation of the proposals to be adopted at the AGM.

Report on the Performance Evaluation and Remuneration of the Directors of the Company for 2021, Report on the Performance Evaluation and Remuneration of the Supervisors of the Company for 2021, Report on the Execution of Duty, Performance Evaluation and Remuneration of the Senior Management of the Company for 2021, and Independent Directors' Annual Work Report for 2021 will be presented at the AGM, but no Shareholders' approval is required. To provide detailed information to Shareholders, the aforementioned reports are set out in Annex D, Annex E, Annex F and Annex G to this circular, respectively, for the inspection by the Shareholders.

III. AGM

The AGM will be held at 2:30 p.m. on Tuesday, June 14, 2022 at Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC, to consider and, if thought fit, approve the proposals mentioned above. The notice of AGM is set out on pages 8 to 11 of this circular.

A form of proxy for use at the AGM has been dispatched to you. Whether or not you are able to attend the AGM, you are advised to read the notice of AGM and to complete and return the proxy form that has been dispatched to you in accordance with the instructions printed thereon as soon as practicable. For H Shareholders, the proxy form or any other authorization documents should be returned to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, in person or by post no later than 24 hours before the time appointed for convening the AGM (i.e. before 2:30 p.m. on Monday, June 13, 2022) or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or at any adjourned meeting if you so wish.

If you intend to attend the AGM in person or by proxy, you are required to return the completed and signed reply slip to the Company's H share registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders), on or before Wednesday, May 25, 2022 in person, by mail or by fax.

LETTER FROM THE BOARD

The Company's Board office is located at No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC (Postcode: 200040, Telephone: (86) 21 2216 9914, Fax: (86) 21 2216 9964). Computershare Hong Kong Investor Services Limited, the Company's H share registrar, is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Telephone: (852) 2862 8555).

IV. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote by Shareholders at a general meeting must be taken by poll. Therefore, the resolutions to be proposed at the AGM will be voted by poll. Results of the poll voting will be posted on the website of the Shanghai Stock Exchange at www.sse.com.cn and on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the AGM.

V. RECOMMENDATION

The Board considers that all the aforesaid proposals are in the best interests of the Company and the Shareholders as a whole and accordingly recommends you to vote in favor of such resolutions to be proposed at the AGM.

Yours faithfully,
By order of the Board
Everbright Securities Company Limited
Liu Qiuming
Executive Director, President

Shanghai, the PRC
May 19, 2022

NOTICE OF AGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



光大证券
EVERBRIGHT SECURITIES

光大證券股份有限公司

Everbright Securities Company Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6178)

NOTICE OF 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 annual general meeting (the “AGM”) of Everbright Securities Company Limited (the “Company”) will be held at 2:30 p.m. on Tuesday, June 14, 2022 at Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC, to consider and, if thought fit, approve the following resolutions.

ORDINARY RESOLUTIONS

1. To consider and approve the Proposal regarding the Election of Mr. Zhao Ling as an Executive Director of the Company.
2. To consider and approve the Proposal regarding the Election of Mr. Liang Yi as a Supervisor of the Company.
3. To consider and approve the 2021 Report of the Board of Directors.
4. To consider and approve the 2021 Report of the Supervisory Committee.
5. To consider and approve the 2021 Annual Report and its summary.
6. To consider and approve the 2021 Profit Distribution Plan.
7. To consider and approve the Proposal of Proprietary Trading Businesses Scale in 2022.
8. To consider and approve the Proposal of Expected Ordinary Related Party (Connected) Transactions in 2022.
9. To consider and approve the Proposal of Specific Mandate in relation to external donation of the Company.

NOTICE OF AGM

To Hear the Relevant Reports

10. To hear the Report on Performance Appraisal and Remuneration of Directors of the Company for 2021.
11. To hear the Report on Performance Appraisal and Remuneration of Supervisors of the Company for 2021.
12. To hear the Report on Execution of Duty, Performance Appraisal and Remuneration of the Senior Management of the Company for 2021.
13. To hear the Independent Directors' Annual Work Report for 2021.

By order of the Board
Everbright Securities Company Limited
Liu Qiuming
Executive Director, President

Shanghai, the PRC
April 29, 2022

As at the date of this notice, the Board of the Company comprises Mr. Liu Qiuming (Executive Director, President), Mr. Song Bingfang (Non-executive Director), Mr. Fu Jianping (Non-executive Director), Mr. Cai Minnan (Non-executive Director), Mr. Chan Ming Kin (Non-executive Director), Mr. Tian Wei (Non-executive Director), Mr. Yu Mingxiong (Non-executive Director), Mr. Wang Yong (Independent Non-executive Director), Mr. Po Wai Kwong (Independent Non-executive Director), Mr. Ren Yongping (Independent Non-executive Director), Mr. Yin Junming (Independent Non-executive Director), Mr. Liu Yunhong (Independent Non-executive Director).

NOTICE OF AGM

Notes:

1. In accordance with the provisions of the Rules of the Shareholders' General Meeting of Listed Companies formulated by the CSRC, independent Directors shall present a work report at the AGM. The report will be submitted to and heard at the AGM, but Shareholders need not to make a resolution on it. The work report by Independent Directors for 2021 is set out in the circular of the Company's AGM for inspection by Shareholders.

2. **Eligibility for Attending the AGM and Closure of Register of Members for H Shares**

The H Share register of members of the Company will be closed for the purpose of determining H Shareholders' entitlement to attend the AGM from Saturday, May 14, 2022 to Tuesday, June 14, 2022 (both days inclusive), during which period no transfer of H Shares will be registered. In order to attend the AGM, H Shareholders should ensure that share certificates, accompanied with transfer documents, are lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, May 13, 2022 to complete registration.

The Company will announce separately on the Shanghai Stock Exchange for details of A Shareholders' eligibility for attending the AGM.

3. **Proxy**

- (1) Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote at the meeting on his or her behalf. A proxy need not be a Shareholder.
- (2) The instrument appointing a proxy must be in writing by the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity, either under seal of the legal entity or signed by a director or a duly authorized attorney.

To be valid, for H Shareholders, the form of proxy or other documents of authorization must be delivered to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 24 hours before the time fixed for the AGM (i.e. at 2:30 p.m. on Monday, June 13, 2022) (enclosed is the form of proxy for use at the AGM).

Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the AGM or at any adjourned meeting if they so wish.

4. **Reply Slip**

Shareholders (for H Shareholders) who intend to attend and vote at the AGM in person or by proxy are required to return the completed and signed reply slip to the Company's H share registrar on or before Wednesday, May 25, 2022. Reply slip may be sent to the Company's H share registrar, Computershare Hong Kong Investor Services Limited (located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) in person, by mail or by fax (for H Shareholders).

Completion and return of the reply slip does not affect the right of Shareholders entitled to attend and vote at the AGM. However, if Shareholders have not returned their reply slips, and the number of shares entitled to vote as held by the Shareholders indicating in the reply slips to attend the AGM accounts for less than half of the total number of shares of the Company entitled to vote at the AGM, the Company will, in accordance with the Articles of Association, inform the Shareholders again in writing within 5 days of the matters to be considered as well as the place of such meeting, date and time by way of an announcement. After notice by such announcement, the Company may hold such general meeting.

5. **Voting by Poll**

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Chairman of the AGM will exercise his power under the Articles of Association to demand a poll in relation to all the resolutions to be proposed at the AGM. Results of the poll voting will be posted on the website of the Shanghai Stock Exchange at www.sse.com.cn and on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the AGM.

6. **Distribution of Final Dividend of H Shares**

The Board of the Company has proposed to pay the final cash dividend of RMB2.28 (tax inclusive) for every 10 shares for the year ended December 31, 2021 to all A Shareholders and H Shareholders, which is expected to be RMB1,051,259,581.69 (tax inclusive) in total, with a total share capital of 4,610,787,639 A Shares and H Shares as at December 31, 2021. Cash dividend is denominated and declared in RMB, and paid to A Shareholders in RMB and to H Shareholders in HKD. The actual distribution amount in HKD would be calculated at the rate of average benchmark exchange rate of RMB against HKD published by the People's Bank of China for one week (including the date of the annual general meeting) prior to the AGM. If the Company's proposal of the profit distribution plan of 2021 is approved at the AGM, the cash dividend will be distributed by the Company within two months from the date of the AGM.

The Company will publish separate announcement on the record date and book closure period for the payment of the dividends to the H Shareholders, as well as the record date and the date for the payment of the dividends to A Shareholders.

NOTICE OF AGM

7. Tax Matters

Pursuant to the Notice of the PRC State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the dividend and bonus income received by the overseas resident individual shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax in accordance to the items of “interests, dividend and bonus income”, which shall be withheld by the withholding agents in accordance to the relevant laws. The overseas resident individual shareholders who hold the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China or the tax arrangements between Mainland China 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 dividend, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) for citizens from countries under tax agreements to be entitled to tax rates 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, over withheld tax amounts will be refunded; (2) for citizens from countries under tax agreements to be entitled to tax rates 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 dividend (bonus), 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 dividend. Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to Holders of H Shares Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall be subject to the enterprise income tax withheld at a uniform rate of 10%.

Withholding of income tax on H Shareholders of Hong Kong Stock Connect

In accordance with the relevant provisions of the Notification on Relevant Tax Policies for Pilot Operation of Transaction Interconnection Mechanism of Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81), which has been implemented since November 17, 2014:

- For the dividend income obtained by mainland individual investors from investment in H Shares of the Company through HK-Shanghai Stock Connect, the Company shall withhold the income tax as per the 20% tax rate. For the dividend income obtained by mainland securities investment funds from investment in H Shares of the Company through HK-Shanghai Stock Connect, the income tax shall be levied in accordance with the above provisions; and
- For the dividend income obtained by mainland enterprise investors from investment in H Shares of the Company through HK-Shanghai Stock Connect, the income tax on the mainland enterprises shall not be withheld by the Company, and the tax payable shall be declared and paid by the mainland enterprises.

In accordance with the Notification on Relevant Tax Policies for Pilot Operation of Transaction Interconnection Mechanism of Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) put into force on December 5, 2016:

- For the dividend income obtained by mainland individual investors from investment in H Shares of the Company through HK-Shenzhen Stock Connect, the Company shall withhold the income tax as per the 20% tax rate. For the dividend income obtained by mainland securities investment funds from investment in H Shares of the Company through HK-Shenzhen Stock Connect, the income tax shall be levied in accordance with the above provisions; and
- For the dividend income obtained by mainland enterprise investors from investment in H Shares of the Company through HK-Shenzhen Stock Connect, the income tax on the mainland enterprises shall not be withheld by the Company, and the tax payable shall be declared and paid by the mainland enterprises.

If the H Shareholders of the Company have any questions regarding the above arrangements, they may consult their tax advisers on the tax implications in Mainland China, Hong Kong and other countries (regions) from owning and disposing of the H Shares of the Company.

8. Others

- (1) For joint Shareholders, a vote by a preferred joint Shareholder, whether in person or by a proxy, is to be accepted as representing the remaining joint Shareholders if the joint Shareholders present in person or by proxy are more than one. In regard thereof, the priority of the Shareholders shall be determined by the rankings of the relevant joint Shareholders in the register of members of the Company in relation to the relevant Shares.
- (2) The duration of the AGM is expected not to exceed half a day. All Shareholders who attend the AGM shall arrange for their own transportation and accommodation at their own expenses.
- (3) The address of Computershare Hong Kong Investor Services Limited is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Telephone: (852) 2862 8555, Fax: (852) 2865 0990).
- (4) The location of the Company's Board office is at No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC (Postcode: 200040, Telephone: (86) 21 2216 9914, Fax: (86) 21 2216 9964).

ORDINARY RESOLUTIONS

1. Proposal regarding the election of Mr. Zhao Ling as an executive Director of the Company

Reference is made to the announcement of the Company dated April 20, 2022, and the announcement dated April 28, 2022 in relation to the nomination of candidate for executive Director and nomination of candidate for Supervisor. On April 19, 2022, Mr. Yan Jun resigned, due to work adjustment, as the Chairman, an executive Director and the convener of the Strategies and Development Committee of the Board of the Company. Pursuant to the Articles of Association, the Board of Directors consists of 13 Directors; Shareholders holding 3% or above equity interest of the Company shall have the right to nominate candidate for directorship. The Company has received the written letter of recommendation from China Everbright Group Ltd., the single largest Shareholder of the Company. The 13th meeting of the sixth session of the Board of the Company held on April 28, 2022 has considered and passed the proposal on the nomination of Mr. Zhao Ling (“**Mr. Zhao**”) as a candidate for executive Director of the Board of the Company.

The biographical information of Mr. Zhao is as follows:

Mr. Zhao Ling, born in 1972, is proposed to be appointed as an executive Director of the Company. He is currently a member of the CPC Committee, deputy president and secretary to the board of directors of China Everbright Bank Company Limited (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601818, Hong Kong Stock Exchange stock code: 6818). He had served as a staff member of the treasury department, a deputy director of trading office, the director of the investment and trading division, an assistant to the general manager, a deputy general manager, an executive deputy general manager, the general manager, the general manager of the financial market department and chief business officer at China Everbright Bank Company Limited. He had also held directorship at Sun Life Everbright Asset Management Co., Ltd., CEB International Investment Corporation Limited and China Everbright Bank (Europe) S.A., respectively. Mr. Zhao holds a doctoral degree in management.

If appointed, Mr. Zhao will enter into a Director’s service agreement with the Company, with his term of office commencing on the date when the resolution on his appointment as an executive Director is approved at the AGM and ending on the expiry of the term of the sixth session of the Board, and he shall be eligible for re-election and re-appointment upon the expiry of the term. The remuneration of the executive Directors of the Company is determined in accordance with the remuneration system of the Company.

Save as disclosed in this circular, in the last three years, Mr. Zhao did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas. He does not have any relationship with any Director, Supervisor, senior management or substantial or controlling shareholder of the Company or their respective subsidiaries, nor does he hold any position with the Company or any of its subsidiaries. Mr. Zhao does not have any interest in any shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) as at the date of this circular.

Save as disclosed in this circular, Mr. Zhao has confirmed that there is no information that is required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules, nor is there any matter that needs to be brought to the attention of the Shareholders. Mr. Zhao has also confirmed that he has not been subject to any penalty by the CSRC or other relevant departments or punishment by any stock exchanges.

2. Proposal regarding the election of Mr. Liang Yi as a Supervisor of the Company

Reference is made to the announcement of the Company dated April 20, 2022, and the announcement dated April 28, 2022 in relation to the nomination of candidate for executive Director and nomination of candidate for Supervisor. On April 19, 2022, Mr. Liu Jiping resigned, due to work adjustment, as the chairman of the Supervisory Committee, a Supervisor and a member of the Corporate Governance Supervisory Committee of the Supervisory Committee of the Company. Pursuant to the Articles of Association, the Supervisory Committee consists of 9 Supervisors; Shareholders holding 3% or above equity interest of the Company shall have the right to nominate candidate for supervisorship. The Company has received the written letter of recommendation from China Everbright Group Ltd., the single largest Shareholder of the Company. The 10th meeting of the sixth session of the Supervisory Committee of the Company held on April 28, 2022 has considered and passed the proposal on the nomination of Mr. Liang Yi (“**Mr. Liang**”) as a candidate for Supervisor of the Supervisory Committee of the Company.

The biographical information of Mr. Liang is as follows:

Mr. Liang Yi, born in 1966, is proposed to be appointed as a Supervisor of the Company. He is currently a senior specialist at the risk management and internal control department/legal department and a member of the headquarters disciplinary committee of China Everbright Group Ltd., and a director of Everbright Jin’ou Asset Management Co., Ltd. Since joining China Everbright Group Ltd. in 2000, he had successively served as a deputy director of the legal division under the legal department, the director of the legal division, an assistant to the director of the legal department, a deputy director of the legal department and a deputy general manager of the risk management and internal control and compliance department/legal department. Mr. Liang obtained his master’s degree in law from Renmin University of China and is a corporate counsel.

If appointed, Mr. Liang will enter into a service agreement with the Company, with his term of office commencing on the date when the resolution on his appointment as a Supervisor is approved at the AGM and ending on the expiry of the term of the sixth session of the Supervisory Committee, and he shall be eligible for re-election and re-appointment upon expiry of the term. The remuneration of the Supervisors of the Company is determined in accordance with the remuneration system of the Company.

Save as disclosed in this circular, in the last three years, Mr. Liang did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas. He does not have any relationship with any Director, Supervisor, senior management or substantial or controlling shareholder of the Company or their respective subsidiaries, nor does he hold any position with the Company or any of its subsidiaries. Mr. Liang does not have any interest in any shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) as at the date of this circular.

Save as disclosed in this circular, Mr. Liang has confirmed that there is no information that is required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules, nor is there any matter that needs to be brought to the attention of the Shareholders. Mr. Liang has also confirmed that he has not been subject to any penalty by the CSRC or other relevant departments or punishment by any stock exchanges.

3. To consider and approve the 2021 Report of the Board of Directors

Pursuant to the provisions of the Company Law and the Articles of Association, considering and approving the 2021 Report of the Board of Directors is the authority of the general meeting of the Company. Pursuant to the Rules for Shareholders' General Meeting of Listed Companies issued by the CSRC, the Board of Directors shall report to the Shareholders on its work over the past year at the AGM.

2021 Report of the Board of Directors of Everbright Securities Company Limited was considered and approved by the Board of Directors on March 24, 2022, and is hereby presented to the AGM for consideration and approval.

The details of the above 2021 Report of the Board of Directors are set out in Annex A of this circular.

4. To consider and approve the 2021 Report of the Supervisory Committee

Pursuant to the relevant regulations and the requirements in the Articles of Association, considering and approving the 2021 Report of the Supervisory Committee is the authority of the general meeting of the Company. Pursuant to the Rules for Shareholders' General Meeting of Listed Companies issued by the CSRC, the Supervisory Committee shall report to the Shareholders on its work over the past year at the AGM.

2021 Report of the Supervisory Committee of Everbright Securities Company Limited was considered and approved by the Supervisory Committee on March 23, 2022, and is hereby presented to the AGM for consideration and approval.

The details of the above 2021 Report of the Supervisory Committee are set out in Annex B of this circular.

5. To consider and approve the 2021 Annual Report and its summary

The 2021 Annual Report was considered and approved by the Board of Directors on March 24, 2022, and is hereby presented to the AGM for consideration and approval. Please refer to the 2021 Annual Report, which was published on the HKExnews website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) on April 28, 2022 for details.

6. To consider and approve the 2021 Profit Distribution Plan

Pursuant to the Profit Distribution Plan of 2021 of Everbright Securities Company Limited considered and approved by the Board of Directors on March 24, 2022, the profit distribution plan of the Company for the year of 2021 is as follows:

In the year of 2021, the Company recorded consolidated net profit attributed to the shareholders of the listed company of RMB3,484,000,000.

Taking into account the interests of the Shareholders and the operation and development needs of the Company, the profit distribution plan of the Company for the year of 2021 is proposed as follows: for the share capital of A Shares and H Shares of 4,610,787,639 shares in total as at December 31, 2021, a cash dividend of RMB2.28 (tax inclusive) for every 10 Shares, amounting to RMB1,051,259,581.69 in total, will be distributed to all A Shareholders and H Shareholders. Cash dividend is denominated and declared in RMB, and paid to A Shareholders in RMB and to H Shareholders in HKD. The actual distribution amount in HKD would be calculated at the average benchmark exchange rate of RMB against HKD published by People's Bank of China for one week (including the date of the AGM) prior to the 2021 AGM.

According to the above profit distribution plan, the total amount of cash dividends proposed to be distributed by the Company accounts for 30.17% of consolidated net profit attributed to the Shareholders of the listed company, which complies with the requirements of the Self-regulatory Guideline No. 1 for Listed Companies and the Articles of Association.

The above profit distribution plan of 2021 was considered and approved by the Board of Directors on March 24, 2022, and is hereby presented to the AGM for consideration and approval. If the final dividend of 2021 is approved by the Shareholders at the AGM, the Company's final dividend for the year ended December 31, 2021 will be paid in cash within two months from the date of the AGM. Meanwhile, it is also requested to authorize the Board of Directors and agree that the Board of Directors may authorize the management of the Company to handle the matters related to profit distribution accordingly at the AGM.

The Company will publish separate announcement on the record date and book closure period for the payment of the dividends in respect of its H Shares, and the record date and the specific date for the payment of the dividends in respect of its A Shares.

7. To consider and approve the Proposal of Proprietary Trading Businesses Scale in 2022

Proprietary investment is one of the main businesses of the Company. According to the provisions of Article 6 of the CSRC's Provisions on Strengthening the Supervision of Listed Securities Companies (2020 Revision, CSRC Announcement [2020] No. 62), "if any major external investment of a listed securities company, including proprietary securities trading, exceeds a certain amount which may require timely disclosure and approval at the

shareholders' general meeting, the total amount of proprietary trading investment may be deliberated and disclosed by the shareholders' general meeting each year. In case of any change in the course of proprietary trading investment, the shareholders' general meeting may, in compliance with the articles of association, authorize the board of directors to vote and make an announcement thereon". The Company has made analysis on the scale of proprietary investment for 2022, based on the proprietary investment business development in 2021 and its business plan and prediction on the market condition for 2022:

- (1) The maximum investment scale for proprietary trading of non-equity securities and their derivatives in 2022 is 300% of the net capital (500% of the net capital under the regulatory requirements).

The "non-equity securities and their derivatives" include: bonds, non-equity funds, treasury bond futures, bond forwards, interest rate swaps, foreign exchange derivatives, targeted, collective and trust products, spot commodities and derivatives, non-equity options, credit derivatives, etc. Investment scale measurement caliber is subject to regulatory standards. In case of any change in regulatory measurement standard, the measurement caliber shall be adjusted in accordance with the latest regulatory standard.

- (2) The maximum investment scale for proprietary trading of equity securities and its derivatives in 2022 is 50% of the net capital (100% of the net capital under the regulatory requirements).

The "equity securities and their derivatives" include: stocks, depository receipts, equity funds, stock index futures, equity swaps, equity options, etc. Investment scale measurement caliber is subject to regulatory standards. In case of any change in regulatory measurement standard, the measurement caliber shall be adjusted in accordance with the latest regulatory standard.

- (3) The Board of Directors requires the management to exercise caution in a strict manner when conducting the proprietary business. In case of any change in the process of implementation of proprietary investment by the Company, the Company shall submit a proposal to the general meeting to authorize the Board of Directors to adjust the proprietary investment limit and publish relevant announcement subject to the requirements of the Articles of Association.

The above proposal has been considered and approved by the Board of Directors on April 28, 2022, and is hereby presented to the AGM for consideration and approval.

8. To consider and approve the Proposal of Expected Ordinary Related Party (Connected) Transactions in 2022

The above proposal has been considered and approved by the Board of Directors on March 24, 2022 and is hereby presented to the AGM for consideration and approval. Please refer to Annex C of this circular for the details of the above proposal.

9. To consider and approve the Proposal of Specific Mandate in relation to External Donation of the Company

According to Article 107 of the Guidelines for the Articles of Association of Listed Companies newly amended by the CSRC at the beginning of 2022, the Board of Directors shall exercise the following power: (VIII) to determine, within the range of authorization granted by the general meeting, the matters such as the external investments, acquisitions and disposals of assets, pledge of assets, external guarantees, entrusted wealth management product, related-party transactions and external donations. Among which, external donations were newly included, and in the Explanation on the Amendments, the CSRC further provided that the board of directors of listed companies shall have an explicit authorization from the shareholders' general meeting before approving resolutions in respect of external donations.

The Company, as a state-owned financial enterprise, always actively performs its social responsibilities in strict accordance with the deployment of the CPC Central Committee and superior Party committees. To further implement the relevant regulatory requirement, standardize the management on the external donations of the Company, and continue to consolidate the leading role of listing companies in active performance of corporate social responsibilities, the following authorization in respect of the external donations is proposed for shareholders' consideration and approval: under the principle of protecting the interests of the Company and the Shareholders as a whole, the Board shall have the right to determine donations, in the name of the Company and its subsidiaries, with a single sum of less than RMB25 million (inclusive), and accumulative amount in each year accounting for less than 0.1% (inclusive) of the latest audited net assets.

The above proposal has been considered and approved by the Board of Directors on March 24, 2022 and is hereby presented to the AGM for consideration and approval.

**2021 Report of the Board of Directors of
Everbright Securities Company Limited¹**

In 2021, by adhering to the leadership of the Party, the Company continued to enhance its capability to serve the development of real economy by focusing on its principal business of brokerage and promoted the rolling optimization of medium and long-term strategies, and gradually improved the business synergy ecosystem, contributing to a solid and effective internal and external collaboration, strengthening strict risk compliance and control, and making the Company's competition advantages observable gradually. The Company also accelerated the transformation and upgrading of traditional business, and made breakthroughs in innovative business, achieving the year-on-year growth of key financial indicators. During the Reporting Period, the Company was awarded AA rating in A class again and shortlisted in the first batch of regulatory "white list" of the CSRC, and obtained Class-A appraisal in the assessment on the practice of cultural construction of securities firms.

I. SUPPORTING INNOVATION-ORIENTED DEVELOPMENT AND EFFICIENTLY CARRYING OUT KEY TASKS

During the Reporting Period, the Board of Directors has promoted the following key tasks in an orderly manner:

(I) Optimizing medium- to long-term strategic planning to improve the development capability

In the new development stage, in order to accurately and comprehensively implement the new development concept and serve the establishment of the new development pattern, the Company, after comprehensively considering the changes in the strategic environment and its own development conditions during the period of the 14th Five-year plan, further promoted the rolling optimization of medium to long term strategic planning under the guidance of the Board. With the strategic goal of "establishing a first-class investment bank" and adhering to the strategic visions of value leading with distinctive characteristics, the Company actively promoted the implementation of strategies through the transformation of mechanism, the optimization of allocation, differentiated operation, technology empowerment, coordinated and ecological operation and other development measures.

(II) Strengthening the building of the Board to improve the ability to perform duties

The Board of the Company attaches great importance to strengthening the building of the Board. As considered and approved by the Board and the general meeting, Mr. Cai Minnan was elected as a director of the sixth session of the Board of the Company. During the Reporting Period, external regulatory policies were frequently updated and directors participated in various trainings organized by the Shanghai Stock Exchange, the China Association for Public

¹ The financial data in this report were prepared in accordance with the PRC Accounting Standards for Business Enterprises.

Companies and the Securities Association of China to understand and master the latest laws and regulations, regulatory policies and important development trends of the industry in a timely manner and further enhance the decision-making capability and level. A total of 27 person-times participated in the trainings during the year.

According to the Listing Rules, the Corporate Governance Code and the Corporate Governance Guide for Boards and Directors revised by the Hong Kong Stock Exchange and came into effect on January 1, 2022, the board shall not be composed of a single gender and a three-year transition has been set up. Based on the opinions of the Remuneration, Nomination and Credentials Committee of the Board, the Board of the Company proposes to further improve the diversity of the Board and elect at least one female director when the change of session is carried out in 2023. It will establish the Board based on diversified scope such as gender, age, culture and educational background.

(III) Optimizing organizational structure to improve the efficiency in resources allocation

Based on the development trends of the industry and the needs in the innovative business of the Company, the Company coordinately promoted the transformation and development of other businesses to further meet the comprehensive demands of institutional customers. During the Reporting Period, as considered and approved by the Board of the Company, the Company made further adjustments to its organizational structure and established the Financial Innovation Business Headquarters. In the meantime, in order to further optimize the layout of branches and enhance the effectiveness of resource allocation, the Company, with the authorization of the Board of Directors, has closed and consolidated several securities branches in accordance with the relevant laws and regulations, and made proper work arrangements for the closed branches, such as the transfer of customers, placement of employees and business closure.

II. PROMOTING REFORM OF THE BUSINESS IN AN ORDERLY MANNER TO ACHIEVE BALANCED DEVELOPMENT OF ALL BUSINESSES OF THE COMPANY

(I) Wealth management business segment

1. Retail business

In 2021, the Company carried out the retail business to accelerate the transformation of the wealth management and established the “financial product system, asset allocation system and securities investment and advisory system” to create core competitiveness for the transformation.

Throughout the year of 2021, the Company has been promoting the transformation and development of the retail business. Firstly, the Company actively built the “Golden Sunshine” service brand and launched three service brands of Golden Sunshine housekeeper, Golden Sunshine investment consulting and Golden Sunshine configuration, to develop a “N+1+1+1” service system, and promote investment advisory information, investment advisory consultancy, investment portfolios, live streaming on investment advisory and other wealth services. Secondly, the Company carried out targeted marketing strategy for the enhancement of marketing organization, with a focus on three tasks of expanding customers for capital increase, product sales and professional investors. The Company paid close attention to the market opportunities and developed key businesses by carrying out marketing activities such as “Wining at the Beginning” and “Striving for the Best”. Thirdly, the Company implemented the account opening project to achieve coordinated linkage. The Company has jointly promoted the “110+ Plan” with China Everbright Bank and launched “Cloud Sharing” and “Benefit Sharing” and other innovative activities to continuously improve efficiency of customer base expansion. Fourthly, the Company improved the professionalism and strengthened the assessment to promote the transformation of the marketing team, and accelerated the recruitment, cultivation and assessment of wealth managers to eliminate inefficient manpower. The Company also carried out research and study of professional skills, practice and competition through a series of competition and training projects such as “Light Source Classroom”, “Special Training Camp for A-level Staff” and “Camp of Core Competence Forging for Regional Wealth Director”, so as to accelerate the cultivation of professional marketing team, thus improving quality and efficiency. Fifthly, the mechanism optimization and management upgrading promoted the implementation of the reform plan of branch management system, and continuously improved the efficiency of network, personnel and operation. Sixthly, the fund investment advisory pilot qualification was officially approved, laying a foundation for in-depth promotion of professional investment advisory services.

The Company was awarded the “Top Ten ETF Sellers” of SSE in 2021. Branch at Wucheng Main Street, Chengdu, Branch at Sanbei West Street, Cixi and Branch at Hongfu Road, Nancheng, Dongguan were awarded the “Top 100 ETF Branches” of SSE in 2021. The Company’s Golden Sunshine APP was awarded the “Best Professional Intelligent Service App of the Year” of the 7th Brokerage App Billboard.

As all the amount of proxy sales of products, products under management and customer coverage of the Company recorded an effective year-on-year increase, the transformation of the wealth management business continuously has effects. In 2021, the sales amount of the mutual funds (non-monetary funds) increased by 22% year-on-year, and the sales amount of equity private products increased by 127% year-on-year. The sales amount of financial products was RMB47.4 billion, representing a year-on-year increase of 21%. According to the statistics of the Asset Management Association of China as at the end of 2021, the total scale of the stock + hybrid mutual funds of the Company was RMB20.3 billion and the total scale of mutual funds in the non-monetary market was RMB21.7 billion. The Company actively developed broker settlement products for mutual funds, and issued 13 broker settlement products for mutual funds in total, with a total amount of RMB15.4 billion.

As of the end of 2021, the Company's market share (excluding seat leasing) of net income from securities trading on behalf of customers ranked 16th in the market, the same as the end of 2020. 730,000 new accounts were opened throughout the year, representing an increase of 35% year-on-year. The total number of customers reached 4.81 million, representing an increase of 17% from the end of 2020, and customers' total assets increased to RMB1.43 trillion.

2. *Margin financing and securities lending business*

In 2021, the Company's margin financing and securities lending business actively seized market opportunities to strengthen its regional marketing, established a multi-factor pricing mechanism and strictly controlled the business concentration, and continuously optimized the business structure to maintain the growth of business scale. As of the end of 2021, the Company's margin financing and securities lending balance was RMB45.038 billion, representing an increase of 3.20% from the end of 2020. Among them, the margin financing balance was RMB43.962 billion. As at the end of 2021, the maintenance margin ratio of the Company's margin financing and securities lending business was 276.25%.

3. *Stock pledge business*

In 2021, in respect of the stock pledge business, the Company strictly controlled the quality of projects to resolve existing risks. As of the end of 2021, the Company's stock pledge balance was RMB3.658 billion, representing a decrease of 39.01% from the end of 2020, of which, the balance of the Company's own funds was RMB1.784 billion, representing a decrease of 56.74% from the end of 2020. The weighted average performance guarantee ratio of the Company's stock pledge projects was 97.49%, while the weighted average performance guarantee ratio of self-funded projects was 125.64%.

4. *Futures brokerage business*

The Company mainly conducts future brokerage business through its wholly-owned subsidiary, Everbright Futures. In 2021, Everbright Futures firmly seized opportunities in market expansion, adhered to the institutional development strategy, and unswervingly advanced towards the orientation of business innovation and transformation. Customer interests continued hiking and the market share recorded new highs. Everbright Futures has been awarded the Excellent Member Gold Award issued by Dalian Commodity Exchange for the four consecutive years, and won 3 individual awards for OTC market construction, agricultural product service and option market service; Everbright Futures has been accredited as the Excellent Member of the Year by Zhengzhou Commodity Exchange for the five consecutive years and received 14 commendations, including industrial services, institutional services and excellent risk management companies; Everbright Futures has won the Excellent Investment and Research Team Award issued by Shanghai Futures Exchange for the two consecutive years.

In 2021, Everbright Futures achieved an average daily margin of the customers of RMB21.6 billion, representing an increase of 99.63% year-on-year; and a market share of 2.61% in trading volume, representing an increase of 0.17 percentage points from the end of 2020. With the original omission of serving the real economy, it helps enterprises control price risk through warehouse receipt services and OTC options. In 2021, the trading volume of Everbright Futures represented 1.56%, 1.86%, 3.58%, 4.10% and 1.34%, respectively, of the total trading volume of China Financial Futures Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange and the Energy Center. The cumulative market share of stock options trading of Everbright Futures in SSE was 2.21%.

5. Overseas wealth management and brokerage business

The Company conducts overseas wealth management and brokerage business through its Hong Kong subsidiary. By upholding the core service concept of customer orientation, in 2021, Hong Kong subsidiary continued to deepen customer hierarchical management and provide customers with diversified product platforms and professional wealth management services. It was awarded several prizes, such as the prize for outstanding wealth and stock management platform of financial institutions by the Bloomberg Businessweek/Chinese Version, “2021 Junding Award in China Securities Industry” – Junding Award for China Securities Industry Hong Kong Stock Broker, and the Best Hong Kong Broker in The Asset.

As of the end of 2021, the total number of overseas securities brokerage customers was 142,000, representing a year-on-year increase of 3.65%, of which the number of high-net-worth customers was 10,000, representing a year-on-year increase of 8.80%. According to the Hong Kong Stock Exchange, the market share of Hong Kong stock brokerage business was 0.34%, down 0.07 percentage points from the end of 2020.

(II) Corporate financing business segment

1. Equity financing business

In 2021, the Company accelerated professional transformation on the investment banking sector, newly established the manufacturing finance department and emerging industry financing department and made in-depth industry research, to facilitate business development. The Company deep plowed the main area such as Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, focused on strategic emerging industries and high-quality technological innovation enterprises, and provided high-quality investment banking services. In 2021, the Company completed 14 IPO programs and 6 refinancing programs, including programs with market influence such as the IPO of Three Gorges Energy, “the leading enterprise in the new energy power generation”, and non-public offering of shares by China Eastern Airlines. The Company was granted the “Junding Award for China Securities Industry All-round Investment Bank” and “Junding Award for China Securities Industry Growth Enterprise Market Investment Bank” by the “2021 Junding Award in China Securities Industry”.

In 2021, the Company recorded total equity underwriting amount of RMB17.777 billion, representing an increase of 2.96% year-on-year, of which IPO financing scale was RMB11.645 billion, representing an increase of 7.17% year-on-year. The number of the main equity underwriters was 23 (excluding exchangeable corporate bonds); the Company had abundant projects in its pipeline, with 18 IPOs being reviewed by official supervision organs, and sufficient refinancing and M&A reserve projects.

2. *Debt financing business*

In 2021, the Company closely followed policy guidance when conducting debt financing business, continued to consolidate the underwriting strength of superior varieties and enhanced financing innovation. The Company undertook several products that are the first in the market, such as the first mutual REITs on water in the PRC, the first ABN program on state subsidy tariffs as well as the first corporate bond on technological entrepreneurship of central enterprise groups. The Company continued to optimize business structure by increasing the proportion of local government bonds, asset securitization and other varieties, and won the “2021 Outstanding and Dedicated Institution – Non-Bank Underwriters for Local Bond”. By underwriting several green bonds, including the first batch of corporate bonds on carbon neutrality in the PRC and green panda notes on rural revitalization and the first batch of corporate bonds on carbon neutrality on stock exchanges in the PRC, the Company actively responded to the call of the government and performed its obligation of supporting the development of green finance. The Company took the initiative in underwriting carbon neutral special bonds, and contributed to the issuance of 17 carbon neutrality special financing bonds by its clients, including the carbon neutrality bonds of China Huaneng Group. The Company was awarded the “Outstanding Underwriter for Local Government Bonds in 2021” and “Outstanding Bond Broker” by the Shanghai Stock Exchange, and the “Outstanding Interest Rate Bond Underwriter” and “Outstanding Institution in Fixed Income Business Innovation in 2020” by the Shenzhen Stock Exchange. It was also awarded the Best Bond Underwriter Award, the Excellence Award of the Best Credit Bond Underwriter, the Best Asset-Backed Securities Underwriter, and the Best ABN Underwriting Award and other honors in the selection of 2021 Wind Best Investment Banks.

In 2021, the number of underwriting projects for corporate bonds was 1,132, representing a year-on-year slight decrease. The underwriting amount was RMB363.133 billion, with a market share of 3.21%, ranking 9th in the industry. Among them, the underwriting amount of asset securitization business was RMB86.6 billion, ranking 9th in the industry; the underwriting amount of local government bonds was RMB78.661 billion, ranking 8th in the industry. The Company ranked 4th in the industry in terms of revenue from corporate bonds where the Company acted as the lead underwriter in 2021, up 1 place over 2020.

**The underwriting amount, number and ranking of issued projects of
major types of bonds of the Company**

Type of bonds	Underwriting amount (RMB100 million)	Number of issued projects	Industry ranking
Interbank products (including medium-term notes, short-term financing bonds and private placement notes)	530.41	158	5
Corporate bonds	807.63	186	11
Asset securitization	866	138	9
Non-policy financial bonds	603.21	53	12
Local government bonds	786.61	397	8
Others	29.73	9	/

3. Overseas investment banking business

The Company conducts its overseas investment banking business mainly through its Hong Kong subsidiary. In 2021, the Hong Kong subsidiary maintained high business growth in the debt capital market and completed 41 overseas bond underwriting projects during the year, sharply jumping 7 places to 12th in the ranking of Chinese-funded securities firms in the Hong Kong market issued by a third-party agency. In addition, the Hong Kong subsidiary also completed 7 IPO underwriting projects in H-share market and 3 financial consulting projects during the year.

4. Financial leasing business

The Company conducts its finance lease business mainly through Everbright Leasing, a majority-owned subsidiary of the Company. In 2021, Everbright Leasing adhered to professional operations and actively carried out business transformation to serve the real economy. In 2021, a total of 15 new projects had been launched, with a total investment of RMB1.05 billion in financial leasing business.

(III) Institutional customer business segment

1. Institutional trading business

In 2021, the Company was devoted to building service brand of Everbright through further exploring investment research service, optimizing product portfolio, providing multi-channel development and service for professional institutional investors, extracting value from key customers and consolidating traditional business advantages in serving mutual fund and insurance asset management sectors. In 2021, the income from institutional trading business of the Company increased substantially, in which the

income from seat commission recorded a year-on-year increase of 28.05%, and the income from mutual fund seat commission recorded a year-on-year increase of 32.99%. The market share of seat commission was 2.91%, representing a decrease of 0.47 percentage points as compared to the end of 2020.

2. *Prime brokerage business*

In 2021, for commercial banks and wealth management subsidiaries, private equity institutions and trust and other financial institutions, the Company provided one-stop integrated financial services based on trading system, investment research, fund-raising, capital intermediary and FOF/MOM investment extended with other services to create the prime brokerage service brand. As of the end of 2021, the Company had cumulatively cooperated with a total of 1,229 private equity institutions, representing an increase of 10.22% compared with that of the end of 2020, and introduced a total of 3,641 PB products, representing an increase of 18.52% compared with that of the end of 2020. There were 1,943 existing PB products, representing an increase of 15.59% compared with that of the end of 2020.

3. *Asset custody and outsourcing business*

In 2021, the Company focused on its principal business as a securities company, and further developed the custody and outsourcing business targeting private equity investment funds. It continued to make use of the effect of custody and outsourcing business to attract customers and actively seek for cooperation opportunities in the area of mutual fund, private equity fund and trust scheme and expand quality customers group and consolidate the outsourcing business on the trust service to gradually build a brand of mutual fund custodian. The Company further improved its risk control, security assurance, operational capabilities and professional standards of asset custody and outsourcing business, and passed the certification under the International Standard on Assurance Engagements (ISAE) 3402. As of the end of 2021, the scale of private equity fund outsourcing services of the Company amounted to RMB99.1 billion, representing an increase of 114.97% compared with that of the end of 2020. The scale of fund custodian amounted to RMB48.2 billion, representing an increase of 598.55% compared with that of the end of 2020. The scale of trust share registration services amounted to RMB225.8 billion, representing an increase of 14.45% compared with that of the end of 2020. In 2021, the Company had 11 new mutual funds under custody, with a total amount of RMB2.6 billion.

4. *Investment research business*

In 2021, adhering to the positioning of “research- first” in the investment research business, the Company developed seven special research direction guided by “three new economies”. Adhering to closely integrating new development concept with research planning, the Company strengthened the research guiding of capacity, organized and planed a series of thematic studies on carbon neutrality and new energy vehicle industry chain, which closely focused on policy priorities and market hot spots like new energy vehicles, common prosperity, Sino-US relations, carbon neutrality, and Beijing Stock Exchange. The Company held 1 big online strategy meeting for investors and 1,023 phone

meetings, published 4,914 research reports and provided 15,127 services for institutional clients including 15,204 roadshows and anti-roadshows and 516 inspections. As of the end of 2021, the Company researched and followed 643 A share-listed companies and 161 overseas listed companies, with an increasing market influence.

5. Overseas institutional trading business

In 2021, the institutional client business from Hong Kong subsidiaries continued to enhance the promotion of investment research service, preliminarily realizing synergistic effect of mutual empowerment between institutional client business and wealth management business. It formed a diversified interactive environment and further cooperation with fund companies through putting quality fund products on the wealth management platform to build business ecosystem.

6. Financial innovation business

In 2021, the Company established the head office on the financial innovation business. With exchange-traded and off-exchange-traded derivative financial instruments as the starting point, the Company built a financial ecosystem of institutional customers with professional and systematic quality services, comprehensively met the demands of institutional customers and other customers, steadily carried out return swaps and OTC options business, constantly optimized the product structure, and met the diversified demands of customers. The Company continued to optimize the exchange option market maker business, strengthen market maker quotation and dynamic hedging management, and actively undertook the obligations of market maker for the Shanghai Stock Exchange 50ETF options, the Shanghai and Shenzhen Stock Exchanges 300ETF options and market maker of CSI 300ETF stock index options of China Financial Futures Exchange.

(IV) Investment trading business segment

1. Proprietary equity investment business

In 2021, for the proprietary equity investment business, the Company mainly focused on directional investment, continuously improved the investment and research system, promoted the optimization of business model, and reinforced the foundation for the allocation of diversified assets. However, due to the impact of the market downturn, the expected revenue target was not realized.

2. Proprietary fixed income investment business

In 2021, for the proprietary fixed income investment business, the Company implemented sound investment strategy in a volatile market and recorded satisfactory investment returns; on the premise of strengthening the research, the Company also moderately increased the investment scale of convertible bonds (mainly in finance) to improve portfolio flexibility. Meanwhile, the Company paid attention to preventing risk, consolidated the ability of credit evaluation and strictly implemented the white list system. The Company actively and properly participated in infrastructure REITs and other innovative varieties, studied financing through derivatives portfolios and other innovative over-the-counter financing models, and expanded floating income receipts and other structured financial products.

(V) Asset management business segment**1. Asset management business**

The Company mainly conducts asset management business through its wholly-owned subsidiary, Everbright Asset Management. In 2021, Everbright Asset Management adhered to the “customer-centric” operational philosophy, continuously expanded its investment strategies, diversified its product lines and vigorously developed institutional business. It made every effort to promote the public offering transformation of massive collective products and complete the rectification according to new regulations on asset management. During the year, it had an aggregate of 14 massive collective products approved by regulators, with the public offering transformation rate ranking top in the industry. Meanwhile, Everbright Asset Management enhanced its active management capabilities, increased its efforts in product research and development and issuance, and achieved the steady growth of the scale of assets under active management. In 2021, Everbright Asset Management was awarded the “2021 Golden Bull Prize for the Collective Securities Assets Manager” (2021金牛券商集合資產管理人), the “Three-year Hybrid Golden Bull Asset Management Plan” (三年期混合型金牛資管計劃), the “Junding Award for Asset Management Plan on Fixed-income Assets” for the securities industry in China (中國證券業固收資管計劃君鼎獎), the “Junding Award for Asset Management Team of Fixed-income Assets” for the securities industry in China (中國證券業資管固收團隊君鼎獎), etc.

As of the end of 2021, the total AUM of Everbright Asset Management amounted to RMB374.679 billion, representing an increase of 60.38% from the end of 2020, of which the assets under active management amounted to RMB338.6 billion and the scale of the assets under active management accounted for 90.3% in the total AUM, representing an increase of 15.8 percentage points from the end of 2020. According to the statistics released by the Asset Management Association of China, as of the end of 2021, the monthly average private equity assets under active management of Everbright Asset Management amounted to RMB267.317 billion, ranking 6th among all securities firms.

2. Funds management business

In 2021, Everbright Pramerica has strengthened its cooperation with agencies, and expanded various cooperative channels, to support the issuance of equity products. It has launched 7 new equity products in 2021, including Everbright Ruiying, with a fund raising scale of RMB11.4 billion. It has been actively promoting the construction of retail channel to accelerate the launch of retail products. To enhance product layout, Everbright Pramerica has designed and developed various types of mutual securities investment funds and wealth management products for special accounts. It constantly improves its investment and research capabilities to create high-performance products. As of the end of 2021, Everbright Pramerica has managed 67 mutual funds and 35 products for special accounts under management and the total AUM amounted to RMB108.9 billion. The AUM of mutual funds amounted to RMB97.9 billion, the size of mutual funds excluding currency wealth management was RMB77.2 billion, and the size of stocks and hybrid funds was RMB29.3 billion, representing an increase of 35.6% from the end of 2020.

3. *Overseas asset management*

As of the end of 2021, the assets under active management of the overseas asset management business amounted to HK\$2.807 billion, representing a year-on-year increase of 15%. Our star product, Everbright Income Focus Fund, obtained Five Stars Rating both in overall rating and three-year rating by Morningstar, Inc.

(VI) Equity investment business segment

1. *Private fund investment and financing business*

The Company mainly conducts private fund investment and financing business through its wholly-owned subsidiaries, Everbright Capital and Everbright Development. In 2021, for direct investment projects and existing fund business, Everbright Capital continued to take measures to rectify such business according to the regulatory requirements and strengthened post-investment management of the existing investment projects, properly facilitating risks solving and addressing. Everbright Development continued to improve internal management system and enhance management effectiveness and refined level, and guaranteed the stable operation of existing products. It steadily advanced the withdrawal of projects.

2. *Alternative investment business*

The Company mainly conducts alternative investment business through its wholly-owned subsidiary, Everbright Fortune. Everbright Fortune actively monitored market situation and orderly proceeded relevant business on follow-up investment in the Sci-tech Innovation Board and direct equity investment to achieve steady business development. Everbright Fortune strengthened the construction of professional post-investment management team and made efforts to the post-investment management of the existing projects to ensure the safe and orderly withdrawal of projects. It actively attended the strategic placing on the Sci-tech Innovation Board of the Company. As of the end of 2021, it has completed follow-up investment in nine companies on the Sci-tech Innovation Board.

III. STRENGTHENING COMPLIANCE AND RISK CONTROL MANAGEMENT TO OPTIMIZE THE INTERNAL CONTROL SYSTEM

(I) Intensifying internal control to improve comprehensive risk management

The Company highly values risk management and has always been committed to building an overall risk management system which matches with the Company's strategic development objectives. During the Reporting Period, the Company continued to strengthen the Group's control, optimize the risk management organization structure, improve risk management system and mechanism, strengthen professional risk management and forward-looking control, increase the promotion on risk management culture and concept, enrich the risk management team, improve the risk management information systematization level, and promote the continuous improvement of the Company's overall risk management system.

(II) Strictly adhering to the bottom line of compliance operation and enhancing compliance management

The Company strictly adheres to the bottom line of compliance operation and enhances compliance management: The first was to promote the development of compliance systems, upgrade compliance systems through underlying data construction and framework construction, improve compliance monitoring functions and compliance personnel database functions, and grasp the current information and status of compliance personnel in real time in order to effectively improve the efficiency of daily compliance personnel management. The second was to establish a pre-event risk control system for customer transaction behaviors to provide effective management and control methods for the management of abnormal customer transaction behaviors and reduce the risk of abnormal customer transactions. The third was to continuously establish and improve the review system of investment bank interest conflicts, information isolation wall system, office telephone recording system, anti-money laundering system, and monitoring system for sensitive person. The fourth was to optimize the database of laws and regulations to facilitate employees of the Company to search on legal basis and punishment cases at any time, and improve employees' risk awareness and business development quality. The fifth was to further enrich the form and content of compliance training. The Company has hired internal and external experts to organize a number of compliance training, conducted targeted training on special topics, and provided door-to-door law services, etc., and actively provided targeted legal compliance training to relevant departments, so as to enhance the employees' awareness of legal compliance.

IV. IMPROVING CORPORATE GOVERNANCE SYSTEM AND MECHANISM TO LEVELING UP DAILY OPERATION OF THE BOARD OF DIRECTORS**(I) Convening general meetings and implementing the proposals and the profit distribution**

In accordance with the laws and regulations and the Articles of Association, the Board of Directors of the Company has conscientiously discharged the duties to convene the general meetings, strictly implemented the proposals and actively carried out the cash dividend policy. During the Reporting Period, one annual general meeting and one extraordinary general meeting were convened, at which eleven proposals had been considered and approved. The proposals approved by the general meetings had been strictly implemented and related work had been steadily carried out according to the requirements of the general meetings by the Company. Being committed to growing and developing, the Company continuously implements the steady profit distribution policy, taking into account both the Company's long-term interests and the overall interests of all Shareholders.

(II) Discharging of duties and training of the Board of Directors and the Board Committees

In accordance with the relevant provisions of the Articles of Association and the rules of procedure of the committees, the Board Committees have conscientiously discharged their duties and given full play to their professional advantages to strongly support the decision-making of the Board of Directors. During the Reporting Period, the Board of Directors held

nine meetings, including two meetings held on-site, three meetings held both on-site and by teleconference and four meetings by teleconference, to consider more than thirty proposals and fully played the role of standardized and efficient consideration and scientific decision-making in major events of the Company. The Board Committees of the Company had convened fifteen meetings, including six meetings of the Remuneration, Nomination and Credentials Committee, five meetings of the Audit Committee, three meetings of the Risk Management Committee and one meeting of the Strategies and Development Committee.

During the Reporting Period, certain Directors of the Company participated in the 74th independent director qualification training, the second follow-up training for independent directors in 2021 and the fourth follow-up training for independent directors of listed companies in 2021 by the Shanghai Stock Exchange, the third corporate governance special training by the China Association for Public Companies in 2021, the advanced seminar for directors and supervisors of the companies listed inside and outside of China held by The Hong Kong Institute of Chartered Secretaries, and the “Criminal Law Amendment (Eleven) Interpretation” webcast courses held by the Securities Association of China and the Shanghai Securities Association.

(III) Remuneration of Directors and senior management

The remuneration of the Independent Directors of the Company is determined by the general meeting with reference to the average level adopted by the listed companies in the same industry and the actual situation of the Company. Except for the Executive Directors, other Directors have not been paid by the Company. The compensation of the Company’s senior management is determined by the Board of Directors. According to the relevant requirements of the Rules for Governance of Securities Companies, over 40% of the annual performance-linked remuneration of the senior management of securities companies should be paid in a deferred manner with a term of not less than three years. The Company has not implemented non-cash compensation program, such as equity or options, etc.

(IV) Particulars of information disclosure and investor relationship management

The Board of Directors attaches great importance to information disclosure and urges the Company to disclose information comprehensively and normatively to ensure the authenticity, accuracy and completeness. During the Reporting Period, the Company prepared and released several regular reports, including the 2020 Annual Report, quarterly reports for the first and third quarter in 2021 and the interim report of 2021, and 72 extraordinary reports. The Company also attaches great importance to investor relationship management. During the Reporting Period, the Company conducted more than 40 multi-dimensional in-depth exchanges with domestic and foreign core analysts and various investors, and rolled out a number of road shows. The Company also positively interacts with investors by responding to investors about issues of common concern through e-interactive platform of the SSE, telephone and e-mail.

V. DISCHARGING OF DUTIES BY THE DIRECTORS IN 2021

All Directors of the Company possess professional quality in corporate strategy, operation and management, financing, accounting, laws, human resources and risk control, etc., and strictly abide by various laws and regulations including the Listing Rules of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association to discharge their statutory duties honestly and diligently in accordance with the laws and regulations. During the Reporting Period, all the Directors had attended the meetings of the Board of Directors and the meetings of the Board Committees in accordance with the regulations, fully considered and seriously voted on the matters within responsibilities of the Board of Directors, and effectively safeguarded the legitimate rights and interests of the Company and all Shareholders. During the Reporting Period, the Directors of the Company discharged their duties as follows:

Name of the Director	Independent Director or not	Number of Board meetings requiring attendance during the year	Attendance at the Board meetings				Whether or not he/she failed to attend the meeting in person for two consecutive times	Attendance at general meetings
			Attendance in person	Attendance by communication	Attendance by proxy	Absence		
		times	times	times	times	times		Number of general meetings attended times
Liu Qiuming	No	9	9	4	0	0	No	2
Song Bingfang	No	9	9	5	0	0	No	0
Fu Jianping	No	9	9	4	0	0	No	2
Cai Minnan	No	1	1	0	0	0	No	0
Chan Ming Kin	No	9	9	4	0	0	No	0
Tian Wei	No	9	9	7	0	0	No	0
Yu Mingxiong	No	9	9	5	0	0	No	1
Wang Yong	Yes	9	9	5	0	0	No	0
Po Wai Kwong	Yes	9	9	5	0	0	No	2
Ren Yongping	Yes	9	9	4	0	0	No	2
Yin Junming	Yes	9	9	5	0	0	No	1
Liu Yunhong	Yes	9	9	4	0	0	No	2

Note 1: Mr. Yan Jun has resigned on April 19, 2022. During the Reporting Period, Mr. Yan Jun was required to attend 9 meetings of the Board and actually attended 9 meetings of the Board; and attended 2 general meetings.

Note 2: The appointment of Mr. Cai Minnan as a Director came into effect from November 16, 2021. During the Reporting Period, Mr. Cai Minnan was required to attend 1 meeting of the Board and actually attended 1 meeting of the Board.

Note 3: Mr. Yin Lianchen has resigned on September 30, 2021. During the Reporting Period, Mr. Yin Lianchen was required to attend 7 meetings of the Board and actually attended 7 meetings of the Board.

**2021 Report of the Supervisory Committee
of
Everbright Securities Company Limited**

In 2021, the Supervisory Committee of the Company strictly abided by the relevant laws and regulations such as the Company Law, the Securities Law, the Articles of Association, the Rules of Procedures for the Supervisory Committee, etc., fulfilled their duties carefully and diligently according to law, supervised the Company's legal and compliant operation, financial condition, the performance of duties by the Board of Directors and the management of the Company, and completed the various routine and key work of the Supervisory Committee in 2021, promoting the Company's standardized and healthy development, and effectively safeguarding the legitimate rights and interests of the Company, all Shareholders and employees.

I. MAIN WORK OF THE SUPERVISORY COMMITTEE IN 2021

1. Convening meetings of the Supervisory Committee and professional committees in accordance with laws and regulations

During the Reporting Period, the Supervisory Committee held six meetings by way of on-site and communication.

The Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee. The Supervisors failing to attend on site obtained detailed understanding and made in-depth analysis of meeting materials and proposal background, and fulfill the duty of Supervisors by communication. During the Reporting Period, the current Supervisors of the Company discharged their duties as follows:

Table 1: Discharging of duties by the current Supervisors

Name	Number of Supervisory Meetings required to attend <i>times</i>	Attendance in person <i>times</i>	Attendance by communication <i>times</i>	Attendance by proxy <i>times</i>	Absence <i>times</i>
Wu Chunsheng	6	4	2	0	0
Wang Hongyang	6	5	1	0	0
Yang Weirong	6	3	3	0	0
Zhu Wuxiang	6	5	1	0	0
Cheng Fengchao	6	4	2	0	0
Huang Qin	6	5	1	0	0
Li Xianzhi	6	5	1	0	0
Lin Jingmin	1	1	0	0	0

Note 1: Mr. Liu Jiping has resigned on April 19, 2022. During the Reporting Period, Mr. Liu Jiping was required to attend 6 meetings of the Supervisory Committee and actually attended 6 meetings of the Supervisory Committee.

Note 2: Ms. Wang Wenyi has resigned from her positions as an employee supervisor and a member of the Corporate Governance Supervisory Committee under the Supervisory Committee of the Company due to the requirement at the statutory retirement age. According to the relevant provisions of the Company Law and the Articles of Association, the Company convened the nineteenth meeting of the fifth session of the employee representative meeting on November 12, 2021, at which Ms. Lin Jingmin was elected as an employee supervisor of the Company and shall hold the office from the date of election to the date of expiry of the Sixth Session of the Supervisory Committee of the Company.

During the Reporting Period, the Supervisory Committee reviewed and listened to 23 proposals, including 17 voting proposals and 6 non-voting proposals, with details set out as follows:

Table 2: Meetings of the Supervisory Committee convened in 2021

Date	Meeting	Proposal	Voting result
January 26, 2021	Second meeting of sixth session of Supervisory Committee	To consider and approve the Resolution in Respect of Making Provision for Accrued Liabilities and Assets Impairment	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
March 24, 2021	Third meeting of sixth session of Supervisory Committee	To consider and approve the Resolution in Respect of Performance Evaluation Results of Directors of the Company in 2020	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
		To consider and approve the Resolution in Respect of Annual Report and Abstract of the Company in 2020	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
		To consider and approve the Resolution in Respect of the Risk Evaluation Report of the Company in 2020	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
		To hear the Report on the Operation of the Company in 2020	No voting is required
		To consider and approve the Resolution in Respect of Work Report of Supervisory Committee of the Company in 2020	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
		To consider and approve the Resolution in Respect of Work Plan of Supervisory Committee of the Company in 2021	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
		To consider and approve the Resolution in Respect of the Compliance Work Report of the Company in 2020	For: 9 votes, Against: 0 vote, Abstain: 0 vote.

Date	Meeting	Proposal	Voting result
		To consider and approve the Resolution in Respect of Evaluation Report of Internal Control of the Company in 2020	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
		To review the Resolution of Internal Control Audit Report of the Company in 2020	No voting is required
		To hear the Audit Work Report of the Company in 2020	No voting is required
		To consider and approve the Resolution in Respect of Social Responsibility Report/ESG Report of the Company in 2020	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
		To consider and approve the Resolution on Adjusting the Allowances of the Company's External Supervisors	For: 7 votes, Against: 0 vote, Abstain: 0 vote.
April 29, 2021	Fourth meeting of sixth session of Supervisory Committee	To consider and approve the Resolution in Respect of the First Quarterly Report of the Company in 2021	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
August 25, 2021	Fifth meeting of sixth session of Supervisory Committee	To hear the Company's Operation Report for the First Half of 2021	No voting is required
		To consider and approve the Resolution in Respect of Interim Report and Abstract of the Company in 2021	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
		To consider and approve the Resolution in Respect of the Risk Assessment Report of the Company in the First Half of 2021	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
		To hear the Internal Audit Work Report of the Company for the First Half of 2021	No voting is required
		To consider and approve the Resolution in Respect of Write-Off of Doubtful Debts	For: 9 votes, Against: 0 vote, Abstain: 0 vote.

Date	Meeting	Proposal	Voting result
October 27, 2021	Sixth meeting of sixth session of Supervisory Committee	To hear the Report on the Operation of the Company for the First Three Quarters of 2021	No voting is required
		To consider and approve the Resolution in Respect of the Third Quarterly Report of the Company in 2021	For: 9 votes, Against: 0 vote, Abstain: 0 vote.
December 17, 2021	Seventh meeting of sixth session of Supervisory Committee	To consider and approve the Resolution in Respect of the Appraisal Results of and Remuneration Proposal for the Chairman of the Supervisory Committee in 2020	For: 8 votes, Against: 0 vote, Abstain: 0 vote.
		To consider and approve the Resolution in Respect of Adjusting the Members of the Corporate Governance Supervisory Committee under the Sixth Session of the Supervisory Committee of the Company	For: 9 votes, Against: 0 vote, Abstain: 0 vote.

In 2021, the Company held one meeting of the Corporate Governance Supervisory Committee under the Supervisory Committee and two meetings of Risk and Financial Supervisory Committee, considered and approved resolutions including the Resolution in Respect of Making Provision for Accrued Liabilities and Assets Impairment and Resolution in Respect of Performance Evaluation Results of Directors of the Company in 2020, giving full play to the duties and functions of special committees under the Supervisory Committee, and assisted the Supervisory Committee to better perform duties.

2. Attending the meetings of the Board of Directors and the general meetings, and performing the supervisory function in accordance with laws

During the Reporting Period, the members of the Supervisory Committee of the Company attended two general meetings, nine meetings of the Board of Directors and its special committees, and supervised the meeting procedures and decision-making process in accordance with laws. The members of the Supervisory Committee carefully reviewed the relevant meeting documents and put forward opinions and suggestions on the Company's strategy development and implementation, operation and business development, financial situation, compliance work, risk management, team building, institutional arrangements and management of subsidiaries.

3. Following up the by-election of Supervisors in a timely manner and consolidating the organizational foundation

Ms. Wang Wenyi, the former employee Supervisor, resigned as employee Supervisor and member of the Governance Oversight Committee under the Supervisory Committee of the Company due to her retirement. The Supervisory Committee communicated and coordinated with the Labor Union of the Company in a timely manner to promote the by-election of the employee Supervisor. Pursuant to the relevant provisions of the Company Law and the Articles of Association, the Company held the nineteenth meeting of the fifth session of the employee representative meeting on 12 November 2021, at which Ms. Lin Jingmin was elected as an employee Supervisor of the Company, which was considered and approved at the seventh meeting of the sixth session of the Supervisory Committee. Ms. Lin Jingmin was elected as a member of the Governance Oversight Committee of the sixth session of the Supervisory Committee, which would consolidate the organizational foundation in a timely manner and enhance the ability of the Supervisory Committee to perform its duties.

4. Innovating the communication methods between the Directors and the Supervisors and actively establishing channels for communication

Based on actual needs, the Supervisory Committee timely innovated the communication methods between the Supervisors and the Directors and actively established channels to facilitate effective communication between the Directors and the Supervisors. The working team of the Supervisory Committee sorted out the meeting minutes in a timely manner after the conclusion of each meeting of the Supervisory Committee, recorded the opinions and suggestions expressed by the Supervisors in detail and completely, and submitted them to the Board of Directors in a timely manner for the Directors' reference, which strengthened the communication and exchange between the Directors and the Supervisors and effectively conveyed the voice of the Supervisors to the Board of Directors, making the implementation of supervision into practice.

5. Strengthening supervision in key areas and carrying out supervision work in an all-round way

(1) Supervision on strategy

During the Reporting Period, the Supervisory Committee focused on the formulation and implementation of the medium- and long-term strategic plans of the Company, each Supervisors attended the meetings of the Board of Directors and the Strategy and Development Committee to fully understand the strategies of the Company, proposed professional opinions on the formulation of strategic targets and strategic vision of the Company, and put forward the guiding opinions and suggestions on the supervision of fulfillment of strategic targets and the implementation of strategies.

(2) Supervision on finance

During the Reporting Period, the Supervisory Committee focused on the financial condition and auditing status of the Company, seriously supervised the selection and appointment of accounting firms, and actively supervised and participated in the face-to-face communication meetings between the Audit Committee under the Board of Directors and the accounting firm before the accounting firm audited the annual financial report and raised explicit requirements on the work quality. They carefully learnt about and reviewed the implementation of the annual audit by the external auditor and the final audit results.

The chairman of the Supervisory Committee of the Company is responsible for liaison with the internal audit department of the Company, regularly listens to the internal audit work, raises relevant requirements and opinions and provides overall guidance on the internal audit work. In addition, the chairman of the Supervisory Committee of the Company listens to the reporting of the responsible person of the finance and treasury department at fixed time every month to practically learn about the financial conditions and risk points of the Company and deeply conduct financial supervision.

(3) Supervision on risk and internal control

During the Reporting Period, the Supervisory Committee of the Company paid special attention to the establishment and improvement of the comprehensive risk management and governance structure, and the internal control management structure of the Company, constantly followed up the implementation of rectification of internal control defects, paid timely attention to the advice of regulatory authorities and main risks discovered during the inspections by external audit departments. The Supervisory Committee held regular meetings to review the Company's annual internal control evaluation report, compliance work report and risk assessment report, paid special attention to key risk area, and evaluated relevant work and put forward suggestions for improvement. The Supervisors of the Company also attended the meetings of the Board of Directors and the Risk Management Committee under the Board of Directors to effectively supervise the performance of duties by the Board of Directors and senior management on liquidation risk management, credit risk management, public opinion management and other key risk management.

6. Actively conducting internal and external research and investigation and putting forward management recommendations

In order to further understand the Company's various businesses and provide constructive suggestions for the Company's decision-making, the Supervisory Committee actively strengthened its efforts in internal and external research and investigation. The Supervisory Committee mainly carried out the following researches during the year:

In May, some Supervisors conducted special surveys on the basis trade of futures subsidiaries through video link. The futures subsidiaries made reports on the basis trade business and its financial treatment and risk control methods. The Supervisors had a heated discussion on the issues of concern.

In August, the members of the Supervisory Committee participated in the special investigations on the financial treatment of the Company, and obtained an in-depth understanding of the financial treatment of the margin financing and securities lending business, options business, basis trade business and hedging business of the Company.

7. Strengthening business communication and training, and improving Supervisors' ability to perform duties

In order to further improve the skills of Supervisors in performing duties and strengthen the building of the Supervisory Committee, it actively arranged and urged Supervisors to attend relevant trainings organized by the regulatory authorities, the law firms and other institutions.

In May, some Supervisors participated in the duty performance training provided by the Hong Kong Institute of Chartered Secretaries, which enhanced their compliance awareness and ability to perform their duties.

In December, the new employee Supervisor participated in the Online Training Course for Directors and Supervisors of Listed Companies in Shanghai in 2021 organized by the Listed Companies of Association of Shanghai, which prepared for effectively carrying out the supervision work by the Supervisory Committee.

II. SUPERVISORY COMMITTEE'S OPINIONS ON RELATED MATTERS OF THE COMPANY

By attending the meetings of Board of Directors and the general meetings of Shareholders, as well as on-site researches of the Company, the Supervisory Committee listened to the Company's operation report and special reports, fully understood the Company's operations, financial status, risk management and business development conditions, focused on the operation of the Company by law, major decision-making and operation activities, and on the basis of this, issued the following opinions:

1. During the Reporting Period, the annual financial report of the Company for the year of 2020 was audited by Ernst & Young Hua Ming LLP, who issued a true, objective, complete and unqualified audit report. The audit report adopted risk-oriented approach, and put forward opinions and suggestions on the Company's internal control and the margin financing and securities lending business. In the next stage, the Company will further improve the corporate governance by strengthening the professional role of accounting firms and other intermediaries.
2. During the Reporting Period, the Company operated strictly in accordance with relevant laws and regulations. The decision-making process was lawful and valid, and without prejudice against the interests of the Company and its Shareholders.
3. During the Reporting Period, the Company's related party transactions were carried out fairly in accordance with the law, without prejudice to the interests of the Company.

4. During the Reporting Period, the Company's related policies including Measures on the Administration of Information Disclosure Matters and Measures of Registration of Insiders were implemented effectively. Relevant information was disclosed actually, accurately, timely and comprehensively. In particular, the newly amended information disclosure system clarifies the responsibilities of each information disclosure initiation department, and adds the functions of the secretary to the Board of Directors and the Board Office to supervise, guide, train, review and monitor information disclosure. In the next stage, the Company will further increase its efforts in implementing the information disclosure system to protect the legitimate rights and interests of investors.
5. During the Reporting Period, the Supervisory Committee of the Company supervised the implementation of the resolutions of the general meetings of Shareholders. The Supervisory Committee holds the opinion that the Board of Directors can earnestly carry out the relevant resolutions of the general meetings of Shareholders, without prejudice to the interests of Shareholders.
6. During the Reporting Period, the Supervisory Committee considered and approved the Company's 2020 annual report compiled by the Board of Directors, and was of the opinion that the preparation and audit procedures of 2020 annual report and summary by the Board of Directors of the Company were in accordance with laws, administrative regulations and CSRC provisions, and the contents of the report reflects the actual situation of the Company truly, accurately and comprehensively. During the Reporting Period, the Supervisory Committee considered and heard, among others, the Evaluation Report of Internal Control of the Company in 2020, the Internal Control Audit Report of the Company in 2020, the Compliance Work Report of the Company in 2020, Risk Evaluation Report of the Company in 2020, the Internal Audit Work Report of the Company in 2020 and the Resolution in Respect of Making Provision for Accrued Liabilities and Assets Impairment.

**The Expected Ordinary Related Party (Connected) Transactions
of the Company in 2022**

Approved by the CSRC, the Company has been engaged in securities business, including the trading on securities and other financial products and brokerage services, whose counterparty and service targets also include the related parties of the Company. In order to perform well in the related party transaction management and information disclosure, the Company has estimated the ordinary related party transactions in the year of 2022 based on the needs of daily operation and business development of the Company and its subsidiaries, pursuant to the relevant laws, regulations and rules such as the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Hong Kong Listing Rules and the measures for the management of related party transactions of the Company.

I. IMPLEMENTATION OF ORDINARY RELATED PARTY (CONNECTED) TRANSACTIONS IN THE YEAR OF 2021

The fourth Meeting of the sixth session of the Board of Directors and the 2020 Annual General Meeting of the Company considered and approved the Proposal of Expected Ordinary Related Party (Connected) Transactions of the Company in 2021. In 2021, the Company conducted business strictly within the scope of the ordinary related party (connected) transactions determined in the Proposal of Expected Ordinary Related Party (Connected) Transactions of the Company in 2021.

Considered and approved by the eighth Meeting of the fifth session of the Board of Directors and the second extraordinary general meeting of the Company in 2018, the Company signed the Financial Products and Services Framework Agreement, the Property Leasing Framework Agreement and the Non-financial Miscellaneous Services Framework Agreement with Everbright Group to arrange the possible ordinary related party transactions between the Company and Everbright Group and its subsidiaries and associates (the “**Members of Everbright Group**”) from the year of 2019 to 2021, and disclosed the contents and annual caps of the above agreements. In 2021, the Company conducted business strictly in the amount within the annual caps.

The above ordinary related party (connected) transactions are conducted according to the market prices based on a fair and reasonable pricing standard, without prejudice against the interests of its non-related Shareholders. The transactions will not have adverse effect to the independence of the Company. The independent non-executive Directors of the Company have confirmed to the Board of Directors that they had reviewed the above ordinary related party (connected) transactions, and held the opinion that:

1. The related party (connected) transactions of the Company in 2021 were entered into in the Company’s ordinary and usual course of business;
2. The related party (connected) transactions of the Company in 2021 were entered into on normal commercial terms or better;

3. The related party (connected) transactions of the Company in 2021 were entered into according to the agreements regulating such related party (connected) transactions on terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole.

The details of the ordinary related party (connected) transactions between the Company and Everbright Group and its members for 2021 are as follows:

1. Property leasing

Nature of the transaction	Category of the transaction	Expected	Actual	Percentage of amount of similar transactions
		amount in 2021 (RMB10,000)	amount in 2021 (RMB10,000)	
Property leasing business	Rental income	800	348	19.8%
	Rental expense	5,500	3,103	9.0%

2. Trading of securities and financial products

Nature of the transaction	Category of the transaction	Expected	Actual
		amount in 2021 (RMB100 million)	amount in 2021 (RMB100 million)
Trading of securities and financial products	Total cash inflows generated from the trading of securities and financial products	3,400	1,779
	Total cash outflows generated from the trading of securities and financial products	3,400	1,518

3. Securities and financial services

Nature of the transaction	Category of the transaction	Expected amount in 2021 (RMB10,000)	Actual amount in 2021 (RMB10,000)	Percentage of amount of similar transactions
Securities and financial services	Income: providing securities and financial services	120,000	29,796	2.2%
	Expense: receiving securities and financial services	33,000	12,590	3.1%

4. Non-financial miscellaneous services

Nature of the transaction	Category of the transaction	Expected amount in 2021 (RMB10,000)	Actual amount in 2021 (RMB10,000)	Percentage of amount of similar transactions
Non-financial miscellaneous services	Income: providing non-financial miscellaneous services	500	0	N/A
	Expense: receiving non-financial miscellaneous services	10,000	1,469	6.7%

The relevant services or products among the Company, related corporations and related natural persons conducted on the basis of consistent standards and the pricing of relevant transactions was based on market prices and was reasonable and fair. In 2021, the related natural persons received the securities and financial services provided by the Company and subscribed for the securities and financial products issued by the Company in accordance with the laws and regulations and regulatory requirements. The income generated by the Company from the provision of security and financial services to the related natural persons amounted to approximately RMB323,200. The income and expense attributable to the securities and financial services transactions between the Company and other related corporations (other than the Members of Everbright Group) amounted to RMB30,630,000 and RMB1,060,000, respectively, the details of the transactions under the item of securities and financial products are as follows:

No.	Related party	Category of the transaction	Expected amount in 2021 (RMB100 million)	Actual amount in 2021 (RMB100 million)
1	CSC Financial Co., Ltd.	Total cash inflows generated from the trading of securities and financial products	Accounted at the actual generated amount due to the uncertainties of the occurrence and the scale of the businesses.	48.30
		Total cash outflows generated from the trading of securities and financial products		43.83
2	Shenwan Hongyuan Securities Co., Ltd.	Total cash inflows generated from the trading of securities and financial products		0.01
		Total cash outflows generated from the trading of securities and financial products		0.20
3	Bank of Guiyang Co., Ltd.	Total cash inflows generated from the trading of securities and financial products		–
		Total cash outflows generated from the trading of securities and financial products		0.30
4	Bank of Hebei Co., Ltd.	Total cash inflows generated from the trading of securities and financial products		2.01
		Total cash outflows generated from the trading of securities and financial products		6.19
5	Sinolink Securities Co., Ltd.	Total cash inflows generated from the trading of securities and financial products		–
		Total cash outflows generated from the trading of securities and financial products		0.20

**II. EXPECTED ORDINARY RELATED PARTY (CONNECTED) TRANSACTIONS IN
THE YEAR OF 2022**

Referring to the related party (connected) transactions in recent years, the Company has estimated the ordinary related party (connected) transactions in the year of 2022 based on the needs of business development of the Company in the year of 2022. Details are as follows:

(I) Expected related party (connected) transactions with the Members of Everbright Group**1. Property leasing**

Nature of the transaction	Category of the transaction	Expected amount (RMB10,000)
Property leasing business	Rental income	800
	Rental expense	7,400

Based on the ordinary leasing business practices, the Company and Everbright Group entered into the Property Leasing Framework Agreement setting forth methods to calculate rental income and expense. According to the latest interpretation of the Stock Exchange on Rule 14A.31 and Rule 14A.53 of the Listing Rules, due to the movements of the accounting standards on lease, the annual rental expense caps of leases with a term of not more than one year under the Property Leasing Framework Agreement shall be the rental paid and the annual rental expense caps of leases with a term of over one year shall be the total amount of the right-of-use assets. The total cap for 2022 is expected to be RMB118,000,000.

2. Trading of securities and financial products

Nature of the transaction	Category of the transaction	Expected amount (RMB100 million)
Trading of securities and financial products	Total cash inflows generated from the trading of securities and financial products	5,600
	Total cash outflows generated from the trading of securities and financial products	5,600

3. Securities and financial services

Nature of the transaction	Category of the transaction	Expected amount (RMB100 million)
Securities and financial services	Income: providing securities and financial services	11.45
	Expense: receiving securities and financial services	8.49

4. Non-financial miscellaneous services

Nature of the transaction	Category of the transaction	Expected amount (RMB10,000)
Non-financial miscellaneous services	Income: providing non-financial miscellaneous services	500
	Expense: receiving non-financial miscellaneous services	8,900

(II) Expected related party (connected) transactions with other related parties**1. Other related parties defined by the Rules Governing the Listing of Stocks on Shanghai Stock Exchange**

Except for the Members of Everbright Group, according to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, other related parties of the Company include: (1) related natural persons, including directors, supervisors and senior management of Everbright Group and the Company and their close family members; (2) enterprises directly or indirectly controlled or whose directors (excluding the independent directors for both parties) or senior management have been served by the above related natural persons, except for Everbright Group and its affiliated enterprises as well as the Company and its majority-owned subsidiaries or other entities controlled by them; (3) legal persons, other organizations or natural persons who are or will be in one of the above circumstances in the past 12 months or within 12 months after relevant agreements or arrangements come into effect.

In the daily operation of the Company, the above related natural persons have received the securities and financial services provided by the Company or subscribed for securities and financial products issued by the Company in accordance with laws and regulations and the requirements of regulatory authorities. Due to the uncertainties of the occurrence and the scale of the businesses, they are accounted at the actual generated amount.

The expected related party transactions between the Company and the above related corporations are as follows:

(1) Property leasing

Nature of the transaction	Category of the transaction	Expected amount
Property leasing business	Rental income	Accounted at the actual generated amount due to the uncertainties of the occurrence and the scale of the businesses
	Rental expense	

(2) Trading of securities and financial products

Nature of the transaction	Category of the transaction	Expected amount
Trading of securities and financial products	Total cash inflows generated from the trading of securities and financial products	Accounted at the actual generated amount due to the uncertainties of the occurrence and the scale of the businesses
	Total cash outflows generated from the trading of securities and financial products	

(3) Securities and financial services

Nature of the transaction	Category of the transaction	Expected amount
Securities and financial services	Income: providing securities and financial services	Accounted at the actual generated amount due to the uncertainties of the occurrence and the scale of the businesses
	Expense: receiving securities and financial services	

(4) *Non-financial miscellaneous services*

Nature of the transaction	Category of the transaction	Expected amount
Non-financial miscellaneous services	Income: providing non-financial miscellaneous services	Accounted at the actual generated amount due to the uncertainties of the occurrence and the scale of the businesses
	Expense: receiving non-financial miscellaneous services	

2. Other connected persons defined by the Hong Kong Listing Rules

Except for the Members of Everbright Group, according to the Company's calculation and the relevant requirements of the Hong Kong Listing Rules, the connected transactions between the Company and other connected persons defined by the Hong Kong Listing Rules are expected to be fully or partly exempted from complying with the reporting, announcement, annual review and independent shareholders' approval requirements under the Hong Kong Listing Rules in respect of connected transactions. For the transactions, the Company will separately measure the actual amount of each transaction, and comply with the reporting, announcement, annual review and/or independent shareholders' approval requirements under the Hong Kong Listing Rules, according to the measurement results.

III. OVERVIEW OF THE RELATED PARTIES AND THE RELATED RELATIONSHIP**1. Members of Everbright Group**

As of the end of 2021, Everbright Group held directly and indirectly through its affiliated company, Everbright Limited, 45.98% of equity of the Company.

Everbright Group was established in Beijing on November 12, 1990, with registered capital of RMB78,134,503,680 and Mr. Li Xiaopeng being the legal representative, and mainly engaged in financial businesses investment and management, including banking, securities, insurance, funds, trust, futures, leasing, bullion trading; asset management; and investment and management of non-financial businesses. (Market entity can independently select business projects and carry out operating activities in accordance with law. For projects requiring approval according to law, the operating activities can be commenced according to the approved content after the approval of the relevant departments. Operating activities prohibited and restricted by the industrial policies of the State and local city shall not be engaged.)

Established on August 25, 1972 in Hong Kong with Zhao Wei as the chairman of the Board of Directors, Everbright Limited is a Hong Kong listed company with alternative asset management as its core business, and is mainly engaged in fund management and proprietary fund investment. Everbright Group is the company's largest shareholder, holding indirectly 49.74% of its shares.

China Everbright Bank Company Limited, established in August 1992, is a nationwide joint stock commercial bank listed both on the Shanghai Stock Exchange (stock code: 601818) and the Hong Kong Stock Exchange (stock code: 6818). Its business scope includes: taking public deposits; granting short-term, mid-term and long-term loans; providing domestic and foreign settlement services; providing note discounting services; issuing financial debentures; acting as agent for issuing, cashing and underwriting government bonds; dealing in government bonds; carrying out inter-bank lending; conducting and acting as agent for foreign exchange trading; providing service and guarantee on letter of credit; acting as agent for collection and payment of money and for insurance; providing safe-deposit box service; and other businesses approved by the People's Bank of China and the State Administration of Foreign Exchange.

Other subsidiaries of Everbright Group that have significant business dealings with the Company mainly include Everbright Xinglong Trust Co., Ltd., China Everbright Real Estate Co., Ltd., Sun Life Everbright Life Insurance Co., Ltd., etc.

2. Other related parties defined by the Rules Governing the Listing of Stocks on Shanghai Stock Exchange

Except for the Members of Everbright Group, according to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, other related parties of the Company include: (1) related natural persons, including directors, supervisors and senior management of Everbright Group and the Company and their close family members; (2) enterprises directly or indirectly controlled or whose directors (excluding the independent directors for both parties) or senior management have been served by the above related natural persons, except for Everbright Group and its affiliated enterprises as well as the Company and its majority-owned subsidiaries or other entities controlled by them; (3) legal persons, other organizations or natural persons who are or will be in one of the above circumstances in the past 12 months or within 12 months after relevant agreements or arrangements come into effect, such as CSC Financial Co., Ltd.

IV. THE MAIN CONTENTS AND PRICING POLICY OF RELATED PARTY (CONNECTED) TRANSACTIONS

1. Property leasing business

Property leasing business mainly includes the mutual use of the properties of the Company and the related parties for the purpose of business operating. By reference to the prevailing market rent applicable to the place where the leased property is located, the rent is negotiated by both parties on a fair and reasonable basis.

2. Trading of securities and financial products

Trading of securities and financial products includes trading of various securities and financial products permitted by regulatory authorities, of which the market rates are generally transparent and standardized in the market. The commission and charges charged for the above products or trading shall be determined, after arm's length negotiation based on the prevailing market rates or the market rates generally applicable to independent counterparties in similar products or trading types.

3. Securities and financial services

Securities and financial services transactions include various securities and financial services permitted by regulatory authorities mutually offered by the Company and the related parties, including but not limited to investment banking, brokerage, asset management, deposit taking and loan granting, proxy sale of financial products and insurance and other services, of which the service price is determined after arm's length negotiation in accordance with market price standard, industry practice, the deposit and lending rates approved and published by the People's Bank of China and the price offered by third parties.

4. Non-financial miscellaneous services

Non-financial miscellaneous services transactions include information technology and Internet network services, conference services, title sponsor services, network maintenance, printing and publication, books and audio/video products, renovation, training, health care, corporate travel management, advertising and promotion, property management, consultancy services, labor outsourcing related services, advertising space leasing, logistics, warehousing and other non-financial miscellaneous services. The transaction price of each of the above non-financial miscellaneous services shall be determined, in accordance with relevant laws and regulations and general business transaction terms, after arm's length negotiation based on conditions not less favorable than conditions on which such services are obtained from or provided to third parties.

V. EFFECTS OF THE ORDINARY RELATED PARTY (CONNECTED) TRANSACTIONS TO THE COMPANY

The ordinary related party (connected) transactions of the Company are conducted in the ordinary course of business, which are beneficial to the business development of the Company and its comprehensive competitiveness. The relevant transactions are priced at reasonable and fair market prices without prejudice against the interests of the Company nor its non-related Shareholders. The relevant transactions will not have adverse impact on the independence of the Company.

**Report on the Performance Evaluation and Remuneration
of the Directors of the Company for 2021**

The Board of Directors of the Company:

According to the Rules for Governance of Securities Companies, the board of directors of securities companies shall provide special description in respect of the performance evaluation and remuneration of directors. The performance evaluation and remuneration of the Directors of the Company in 2021 is reported as follows:

I. PERFORMANCE EVALUATION OF DIRECTORS

In 2021, the Company held a total of nine meetings of the Board of Directors, six meetings of the Remuneration, Nomination and Credentials Committee, five meetings of the Audit Committee, three meetings of the Risk Management Committee, and one meeting of the Strategies and Development Committee. All the Directors of the Company had complied with the laws and regulations, the Listing Rules and the Articles of Association to perform their duties with care and diligence, and had sufficiently reviewed and discussed the issues being considered at the meetings of the Board of Directors and meetings of special committees during the term of office. They carefully studied each proposal before the meetings, and actively participated in the discussion during each meeting, provided professional recommendations based on their own professional background and experience, and exercised voting rights independently, objectively and prudently.

The Supervisory Committee of the Company had evaluated the performance of the Directors according to the Plan for Performance Evaluation of Directors of the Company (Trial). In 2021, the performance evaluation results for each of the Directors are satisfactory.

II. REMUNERATION OF DIRECTORS

According to the Articles of Association, the remuneration of the Directors shall be determined by the general meeting. As approved at the 2020 annual general meeting of the Company, the remuneration of independent Directors of the Company will be adjusted to RMB240,000/person/year (before tax) from the independent Directors of the sixth session of the Board of Directors taking office. Apart from chairman of the Board of Directors and the executive Directors, the equity Directors did not receive remuneration from the Company.

For details of the remuneration of the Directors of the Company in 2021, please refer to the 2021 Annual Report of Everbright Securities disclosed by the Company on the website of the Shanghai Stock Exchange.

**Report on the Performance Evaluation and Remuneration
of the Supervisors of the Company for 2021**

The Supervisory Committee of the Company:

According to the Rules for Governance of Securities Companies, the Supervisory Committee of securities companies shall provide special description in respect of the performance evaluation and remuneration of supervisors. The performance evaluation and remuneration of the Supervisors of the Company in 2021 is reported as follows:

I. PERFORMANCE EVALUATION OF SUPERVISORS

In 2021, the Company held a total of six meetings of the Supervisory Committee, two meetings of the Risk and Financial Supervisory Committee and one meeting of Corporate Governance Supervisory Committee. All the Supervisors of the Company upheld the leadership of the Party, supervised the daily operations and financial conditions, management on risks and internal control, and duty performance of directors and senior management of the Company in strict accordance with the relevant laws and regulations, and put forward opinions and suggestions on the Company's strategy development and implementation, operation and business development, financial situation, compliance work, risk management, team building and institutional arrangements, which ensured the Company's lawful operations and compliance.

II. REMUNERATION OF SUPERVISORS

According to the Articles of Association, the remuneration of the Supervisors shall be determined by the general meeting. As approved at the 2020 annual general meeting of the Company, the remuneration of external Supervisors of the Company will be adjusted to RMB200,000/person/year (before tax) from the external Supervisors of the sixth session of Supervisory Committee taking office. Apart from chairman of the Supervisory Committee and the employee Supervisors who receive remuneration from the Company, the equity Supervisors did not receive remuneration from the Company.

For details of the remuneration of Supervisors of the Company in 2021, please refer to the 2021 Annual Report of Everbright Securities disclosed by the Company on the website of the Shanghai Stock Exchange.

ANNEX F REPORT ON THE EXECUTION OF DUTY, PERFORMANCE EVALUATION AND REMUNERATION OF THE SENIOR MANAGEMENT OF THE COMPANY FOR 2021

Report on the Execution of Duty, Performance Evaluation and Remuneration of the Senior Management of the Company for 2021

The Board of Directors of the Company:

According to the Rules for Governance of Securities Companies, the Board of Directors shall provide special description in respect of the execution of duty, performance evaluation and remuneration of senior management to the general meeting. The execution of duty, performance evaluation and remuneration of the senior management of the Company in 2021 is reported as follows:

I. EXECUTION OF DUTY OF THE SENIOR MANAGEMENT

In 2021, the senior management of the Company, in accordance with internal and external regulatory requirements, conscientiously implemented various resolutions of general meetings, the Board of Directors and the Supervisory Committee, and performed their duties with care, prudence and diligence. The senior management actively advanced the implementation of strategies and business development of the Company, and earnestly fulfilled their obligations of faith and diligence to protect legal rights and interests of customers, employees and shareholders.

II. PERFORMANCE EVALUATION OF THE SENIOR MANAGEMENT

In 2021, the third meeting of the sixth session of the Board of Directors of the Company considered and approved the evaluation plan on the senior management of the Company in 2020. The tenth meeting of the sixth session of the Board of Directors of the Company carried out an evaluation on senior management of the Company in accordance with the Articles of Association of Everbright Securities Company Limited, the Evaluation Plan on Senior Management of the Company in 2020 and other requirements. The performance evaluation results for each of the senior management are satisfactory or above.

III. REMUNERATION OF THE SENIOR MANAGEMENT

The remuneration of the senior management is determined according to the Articles of Association of Everbright Securities Company Limited and the Administrative Measures for the Remuneration of Senior Management of the Company (Trial). The remuneration of the senior management mainly include two parts: basic annual remuneration and annual performance-based remuneration. The senior management who made special contribution to the Company may receive “sunshine bonus” as appropriate. The remunerations of the senior management are subject to approval of Remuneration, Nomination and Credentials Committee under the Board of Directors and the Board of Directors, and independent directors need to express independent opinions in this regard. Performance-based remuneration shall be paid according to the relevant requirements of the Rules for Governance of Securities Companies and the Company.

For details of the remuneration of the senior management of the Company in 2021, please refer to the 2021 Annual Report of Everbright Securities disclosed by the Company on the website of the Shanghai Stock Exchange.

**Independent Directors' Annual Work Report for 2021 of
Everbright Securities Company Limited**

Dear Shareholders,

As the Independent Directors of the Board of Directors of Everbright Securities Company Limited, we have diligently and faithfully fulfilled our duties and obligations, exercised our powers, and protected the legitimate rights and interests of the Company and relevant stakeholders, especially minority Shareholders, in strict compliance with laws and regulations such as the Company Law, the Code of Corporate Governance for Listed Companies, the Rules for Governance of Securities Companies, the Rules for Independent Directors of Listed Companies, etc., as well as the Company's internal rules such as the Articles of Association and the Work Rules for Independent Directors of the Company, etc.

On the basis of deep understanding of the operation of the Company, we have participated in the major decisions of the Board of Directors independently and objectively and made efforts to improve the corporate governance and drive the sustainable and sound development of the Company.

In accordance with relevant laws and regulations of the CSRC, we hereby report our work in 2021 as follows:

I. BASIC INFORMATION

The sixth session of the Board of Directors of the Company included Mr. Wang Yong, Mr. Po Wai Kwong, Mr. Ren Yongping, Mr. Yin Junming and Mr. Liu Yunhong.

Basic information on the Independent Directors of the sixth session of the Board of Directors of the Company is presented as follows:

Name	Work history and part-time work	Professional background	Is Independence affected
Wang Yong (王勇)	Mr. Wang is currently an independent director of the Company, director of the Executive Committee of the China Enterprise Development and M&A Research Center, the assistant to the dean of the School of Economics and Management, Tsinghua University and the office director of the Business Scholars Program, director of the Cooperative Development Office and an independent director of Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1526). He served as the project director of the Institute of Mechanical and Electrical, the deputy manager of the Mechanical and Electrical Equipment Plant, the manager of Water and Power Equipment Model Plant of China Institute of Water Resources and Hydropower Research (中國水利水電科學院), the deputy general manager of SRIT NETech Co., Ltd. (國研網絡數據科技有限公司), an independent director of Shenzhen Clou Electronics Co., Ltd. (深圳市科陸電子科技股份有限公司, a company listed on the SZSE, stock code: 002121) and Shenzhen Ocean's King Lighting Science & Technology Co., Ltd. (深圳市海洋王照明科技股份有限公司, a company listed on the SZSE, stock code: 002724).	Doctor of Business Administration of the School of Economics and Management, Tsinghua University	No
Po Wai Kwong (浦偉光)	Mr. Po is currently an independent director of the Company, an independent director of CSC Financial Co., Ltd. (a company listed on SSE and the Hong Kong Stock Exchange, respectively, SSE stock code: 601066, Hong Kong Stock Exchange stock code: 6066), an independent director of Citibank (Hong Kong) Limited and a member of the Advisory Committee of the Hang Seng Index in Hong Kong. He previously served as the executive director of the Hong Kong Insurance Authority, senior director of the Securities and Futures Commission (SFC) and director of the agency supervision division of the SFC, chairman of the No. 3 committee of supervision of market agencies of the International Organization of Securities Commissions and a member of the International Advisory Council of the CSRC.	Master of Business Administration of the Chinese University of Hong Kong	No

Name	Work history and part-time work	Professional background	Is Independence affected
Ren Yongping (任永平)	Mr. Ren is currently an independent director of the Company, an accounting professor of management school of Shanghai University, doctoral supervisor, academic director of MBA Center of Shanghai University and an independent director of Jiangsu Yangnong Chemical Co., Ltd. (江蘇揚農化工股份有限公司, a company listed on SSE, stock code: 600486), Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd. (江蘇日久光電股份有限公司, a company listed on SZSE, stock code: 003015), Shanghai Jinjiang International Travel Co., Ltd. (上海錦江國際旅遊股份有限公司) (a company listed on the SSE, stock code: 900929) and Chanse Technology Jiangsu Inc. (創志科技(江蘇)股份有限公司) (unlisted company). He previously served as vice dean of management school and secretary of Party Committee of Shanghai University, lecturer, associate professor and professor of Jiangsu University, a director of Xingyuan Environment Technology Co., Ltd. (興源環境科技股份有限公司, a company listed on SZSE, stock code: 300266), and an independent director of Tengda Construction Group Co., Ltd. (騰達建設集團股份有限公司, a company listed on SSE, stock code: 600512), Kama Co., Ltd. (恒天凱馬股份有限公司, a company listed on SSE, stock code: 900953), Kehua Holdings Co., Ltd. (科華控股股份有限公司, a company listed on SSE, stock code: 603161), Jiangsu Hengshun Vinegar Industry Co., Ltd. (江蘇恆順醋業股份有限公司, a company listed on SSE, stock code: 600305) and other companies.	Doctor in Accounting of Xiamen University	No
Yin Junming (殷俊明)	Mr. Yin is currently an independent director of the Company, the secretary of the Party Committee and professor of the accounting school of Nanjing Audit University and an independent director of Jiangsu Canlon Building Materials Co., Ltd. (江蘇凱倫建材股份有限公司, a company listed on SZSE, stock code: 300715), Shuangdeng Group Co., Ltd., Anhui Shenjian New Materials Co., Ltd. (安徽神劍新材料股份有限公司, a company listed on SZSE, stock code: 002361), and Suning Universal Co., Ltd. (蘇寧環球股份有限公司, a company listed on SZSE, stock code: 000718). He was dean of the accounting school of Nanjing Audit University, an associate professor at the Sias International College of Zhengzhou University and an accountant in the aircraft section of Nanchang Railway Bureau.	Doctor in Management (Accounting) of Xi'an Jiaotong University	No

Name	Work history and part-time work	Professional background	Is Independence affected
Liu Yunhong (劉運宏)	Mr. Liu is currently an independent director of the Company, the head of Foresea Life Insurance Co., Ltd. (Shanghai) Research Institute, the deputy head of the Institute of International M&A and Investment of Renmin University of China, an independent director of Bank of Guiyang Co., Ltd. (貴陽銀行股份有限公司, a company listed on SSE, stock code: 601997), Shanghai Electric Group Company Limited (上海電氣集團股份有限公司, a company listed on SSE and the Hong Kong Stock Exchange, SSE stock code: 601727, Hong Kong Stock Exchange stock code: 2727) and Sinolink Securities Co., Ltd. (國金證券股份有限公司, a company listed on SSE, stock code: 600109), an adjunct professor and tutor of postgraduates of Renmin University of China, Shanghai University of Finance and Economics and East China University of Political Science and Law. Mr. Liu has served as the head of Legal and Compliance Division of Guotai Asset Management Co., Ltd., the general manager of Investment Banking Department of Aerospace Securities Co., Ltd., the general manager of the Investment Banking Department and the assistant to president of Hwabao Securities Co. Ltd.	Doctor in Civil and Commercial Laws of Renmin University of China	No

II. ANNUAL WORK PERFORMANCE

(I) Record of attending the meetings of the Board of Directors and its special committees, and the general meetings

- In 2021, the Company held a total of nine Board meetings and two general meetings. The attendance of Board meetings and general meetings by Independent Directors is as follows:

Name	Number of Board meetings times	Attendance in person at Board meetings times	Attendance by proxy at Board meetings times	Absence from the Board meetings times	Attendance at general meetings times
Wang Yong	9	9	0	0	0
Po Wai Kwong	9	9	0	0	2
Ren Yongping	9	9	0	0	2
Yin Junming	9	9	0	0	1
Liu Yunhong	9	9	0	0	2

2. In 2021, the special committees under the Board of Directors of the Company held a total of 15 meetings, including six meetings of the Remuneration, Nomination and Credentials Committee, five meetings of the Audit Committee, three meetings of the Risk Management Committee and one meeting of the Strategies and Development Committee.

The Independent Directors of the sixth session of the Board of the Company served on the following special committees:

**Special committees under the
Board of Directors**

Independent Directors

Remuneration, Nomination and
Credentials Committee
Audit Committee

Ren Yongping (chairman),
Yin Junming, Liu Yunhong
Yin Junming (chairman),
Po Wai Kwong, Ren Yongping

Risk Management Committee

Wang Yong (chairman),
Po Wai Kwong, Liu Yunhong

Strategies and Development Committee

Wang Yong

As Independent Directors, we actively participated in the meetings of the Board of Directors and its special committees, conscientiously performed our duties, gave full play to our professional advantages, and provided professional support for the decision-making of the Board of Directors and its special committees.

(II) Relevant resolutions and voting results

During the Reporting Period, we had sufficiently reviewed and discussed the issues being considered at the meetings of the Board of Directors and special committees meetings during the term of office. We carried out serious studies of each proposal before the meetings, and actively participated in the discussion during each meeting, provided professional recommendations based on our own professional background and experience, and exercised our voting rights independently, objectively and prudently. Overall, all votes were casted in favour of relevant proposals, and there were no votes casted against or abstention from voting on the proposals. We believe that the convening of the relevant meetings of the Company complied with legal procedures, and the relevant proposals were not detrimental to the interests of any Shareholder, especially minority Shareholders. The relevant resolutions of the Board of Directors have been disclosed in the Company's previous announcements.

(III) Record of training

During the Reporting Period, Mr. Po Wai Kwong participated in the 74th independent director qualification training by the Shanghai Stock Exchange and obtained the independent director qualification certificate, and also participated in the second follow-up training for independent directors in 2021 and the third corporate governance special training by the China Association for Public Companies in 2021 by the Shanghai Stock Exchange; Mr. Po Wai Kwong, Mr. Yin Junming and Mr. Liu Yunhong participated in the “Criminal Law Amendment (Eleven) Interpretation” webcast courses held by the Securities Association of China and the Shanghai Securities Association; Mr. Po Wai Kwong, Mr. Ren Yongping and Mr. Yin Junming participated in the fourth follow-up training for independent directors of listed companies in 2021; Mr. Yin Junming and Mr. Liu Yunhong participated in the advanced seminar for directors and supervisors of the companies listed inside and outside of China held by The Hong Kong Institute of Chartered Secretaries.

(IV) On-site inspection

During the Reporting Period, we participated in the Company's special research on basis trading and financial processing, in-depth understanding of the Company's financial processes, basis trading business and other related situations, and put forward a series of opinions and suggestions.

(V) Smooth communication, and full understanding of the Company's operation situation

During the Reporting Period, in addition to attending the meetings of the Board of Directors and its special committees to review and discuss the major decisions, we also fully understood the operation and management of the Company in the following ways: firstly, we acquired relevant information on the Company's operation and management, business dynamics, industry development status, regulatory trends, information disclosure, investor relationship management, etc. through the “Morning News” distributed daily, the “Directors and Supervisors Newsletter” distributed on a monthly basis and “Board Assistants for Directors and Supervisors” irregularly distributed by the Company; secondly, we kept daily contact with the Company's management and the Office of Board of Directors by telephone and e-mail, etc. to timely communicate with the Company with regard to our concerns; thirdly, according to the requirements of the Company's Directors, the Company's management takes the initiative to give special reports on the Directors' issues of concern at the meetings of the Board of Directors.

We believe that the above initiatives have enhanced the transparency of the Company's operation and management, and a scientific and effective mechanism for sound communication between the Company's management and the Board of Directors has been established, which is conducive for Independent Directors to understand the Company's operation and management and the Board of Directors' scientific decision-making as well as protect the legitimate rights and interests of minority Shareholders.

III. MAJOR CONCERNS

(I) Related party transactions

Before the convening of the fourth meeting of the sixth session of the Board of Directors of the Company, we expressed our opinions on the implementation of the related party (connected) transactions of the Company in 2020, and believed that the related party (connected) transactions of the Company in 2020 were entered into in the Company's ordinary and usual course of business, on normal commercial terms or better and according to the agreements regulating such related party (connected) transactions and the terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole. We also expressed our opinions on the expected related party (connected) transactions in the ordinary course of business of the Company in 2021, and concluded that the Board of Directors of the Company had complied with the law in relation to the procedure and were in accordance with the provisions of the Company Law, Securities Law and other relevant laws and regulations as well as the Articles of Association, without prejudice to the interests of the Company and other Shareholders, especially minority Shareholders and non-related Shareholders upon the review of the relevant issues.

Before the eighth meeting of the sixth session of the Board of Directors of the Company, we expressed our opinions on the Proposal on Signing the Framework Agreement on Ordinary Related Party (Connected) Transactions with China Everbright Group Ltd., and believed that the ordinary related party transactions were in line with the actual needs of the Company without prejudice to the interests of the Company and minority Shareholders. The Board of Directors had complied with the law in relation to the procedure and were in accordance with the provisions of the Company Law, Securities Law and other relevant laws and regulations as well as the Articles of Association, without prejudice to the interests of the Company and other Shareholders, especially minority Shareholders and non-related Shareholders upon the review of the relevant issues.

(II) External guarantees and capital occupation

Before the convening of the fourth meeting of the sixth session of the Board of Directors, we conducted investigations and studies on the external guarantees of the Company as at December 31, 2020 and expressed independent opinions. During the Reporting Period, the Company has provided the following guarantees: net capital guarantee for the wholly-owned subsidiary Everbright Asset Management, and guarantee for the overseas loan of the wholly-owned subsidiary EBSHK. As of December 31, 2020, the balance of such guarantees was approximately RMB3.395 billion. The guarantees of the Company's majority-owned subsidiaries mainly include: the loan guarantees and financing guarantees provided by the Company's wholly-owned subsidiary EBSHK and its subsidiaries provided loan guarantees and financing guarantees for their subsidiaries, to facilitate their business operation. As of December 31, 2020, the balance of such guarantees was approximately RMB3.165 billion.

The above guarantees are in compliance with the requirements of relevant laws and regulations, and without prejudice to the legal rights of the Company and other Shareholders. During the Reporting Period, the Company did not provide any guarantees to the controlling Shareholders, de facto controller and their related parties, and had fully protected the legitimate rights and interests of the Company and all Shareholders.

(III) The use of funds raised

In 2021, the Company issued six tranches of public offering corporate bonds, raising RMB21.3 billion; one tranche of non-public offering corporate bonds, raising RMB2.0 billion; one tranche of perpetual subordinated bonds, raising RMB3.0 billion; and eleven tranches of commercial papers, raising RMB25.0 billion. The utilization of the aforesaid funds raised was consistent with the purposes specified in the prospectus, the plans for the utilization and other stipulations.

(IV) Nomination and remuneration of senior management

The tenth meeting of the sixth session of the Board of Directors of the Company considered and approved the Proposal on the 2020 Annual Evaluation of the Company's Executives and Remuneration Plan. We believe that the review and voting procedures met the relevant requirements of the laws and regulations and the Articles of Association, and without prejudice to the legitimate interests of the Company and Shareholders.

The ninth meeting of the sixth session of the Board of Directors of the Company considered and approved the Proposal on the Nomination of Mr. Cai Minnan as Director Candidates of the Company. We believed that the nomination and recommendation procedures of Mr. Cai Minnan met the relevant requirements of the Company Law and the Articles of Association. His qualifications met the conditions for serving as a director of listed companies and he had the professional quality required to be a director of the Company and can meet the requirements for the responsibilities of the position.

(V) Performance express and annual report

On January 27, 2021, according to the relevant rules of the Listing Rules of the Shanghai Stock Exchange, the Company disclosed its announcement on estimated increase in annual results for 2020. On March 26, 2021, the Company disclosed its annual report for 2020. The Company's main financial data and indicators for 2020 contained in the Company's announcement on estimation of results are not significantly different from the Company's audited financial data in the final accounts after verification.

(VI) Appointment or replacement of accounting firm

Before the convening of the eighth meeting of the six session of the Board of Directors of the Company, we verified and reviewed the relevant information on the appointment of Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young as the Company's external auditors in 2021 and expressed independent opinions based on the principle of objectivity and impartiality. We believed that Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young have auditing experience and capabilities in serving listed companies for years and can satisfy the relevant domestic and overseas auditing services of the Company in 2021. They can independently audit the financial conditions of the Company.

(VII) Cash dividends and other investor returns

The fourth meeting of the six session of the Board of Directors of the Company and the 2020 annual general meeting reviewed and approved the Profit Distribution Plan for 2020 and distributed RMB1.58 (tax inclusive) for every 10 Shares to all Shareholders of A Shares and H Shares with cash dividends at a total of RMB728,504,446.96.

We believed that the Company's Profit Distribution Plan for 2020 was in line with the Company's actual situation and complied with the requirements on cash dividend as set out in Guidance on Distribution of Cash Dividends by Listed Companies and the Articles of Association, without prejudice to the interests of the Company and other Shareholders, especially minority Shareholders and non-related Shareholders. The procedures and results of the voting by the Company's Board of Directors on the Profit Distribution Plan for 2020 were in compliance with the relevant provisions of the Company Law, other relevant laws, regulations, normative documents and the Articles of Association.

(VIII) Performance of the undertakings of the Company and Shareholders

China Everbright Group Ltd., being the Company's controlling Shareholder, has made a non-competition undertaking in favor of Everbright Securities during the preparation of the listing of Everbright Securities A Shares on Shanghai Stock Exchange and the listing of H Shares on the Hong Kong Stock Exchange.

During the Reporting Period, we reviewed the written confirmation letter issued by China Everbright Group Ltd. and its compliance with and implementation of the non-competition undertaking, and we believe that there was no substantial competition and no possibility of substantial competition between Everbright Group, wholly-owned subsidiaries normally operated by Everbright Group and business operated by companies substantially controlled by Everbright Group, and the business operated by Everbright Securities or its subsidiaries, with securities company as the operating entity under the supervision of relevant securities regulators, during the financial year from January 1, 2020 to December 31, 2020. Therefore, Everbright Group has complied with the non-competition undertaking during the financial year from January 1, 2020 to December 31, 2020.

(IX) Implementation of information disclosure

During the Reporting Period, the Company fulfilled the obligation of information disclosure according to the principles of “openness, fairness and impartiality”. The Company disclosed 72 provisional announcements, and 4 periodic reports throughout the year.

As Independent Directors, we paid close attention to the implementation of the Company's information disclosure, and from the perspective of protecting the interests of investors, conducted prior auditing of the Company's major issues and issued corresponding independent opinions.

(X) Implementation of internal control

During the Reporting Period, we have carefully reviewed the Evaluation Report of Internal Control of the Company in 2020 and believed that the Company has fully implemented internal control systems in 2020, further amended and improved all internal management systems during the Reporting Report to consistently improve the internal control system. The Company has established internal control on businesses and matters under the scope of appraisal, which covered all links in the operation of the Company and met the requirements of relevant laws, regulations and department rules. All operating activities of the Company were carried out in strict compliance with relevant systems. All internal control of the Company were strict, sufficient and effective and based on the actual conditions of the Company, which can guarantee the normal operation and management of the Company.

(XI) Changes to accounting policies

During the Reporting Period, no change occurred in the accounting policies of the Company.

(XII) The operation of the Board of Directors and its special committees

During the Reporting Period, as Independent Directors, we actively participated in the meetings of the Board of Directors and its special committees. We believe that the convening of the meetings of the Board of Directors was in compliance with legal procedures and regulatory requirements. The voting results were lawful and valid and have been effectively enforced; the operating procedures of special committees under the Board of Directors were lawful, compliant and effective.

(XIII) Other matters that Independent Directors consider should be improved by the Company

Nil.

IV. OVERALL APPRAISAL AND RECOMMENDATIONS

In 2021, with an honest, diligent and conscientious attitude, we carefully reviewed the meeting documents of the Board of Directors, issued independent opinions, paid attention to the Company's information disclosure and financial market environment, maintained close communication with the Company, and actively participated in the Company's research work, achieving our goal of being honest, diligent and conscientious.

In 2022, we will continue to perform our duties independently, strengthen our communication and collaboration with the Company in all aspects, jointly protect the scientific and efficient performance of the functions of the Board of Directors, strive to contribute more to corporate governance, business development, internal control and risk management, and earnestly safeguard the Company's overall interests and the legitimate rights and interests of minority Shareholders.

Independent Directors: Wang Yong, Po Wai Kwong,
Ren Yongping, Yin Junming, Liu Yunhong