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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

**If you have sold or transferred** all your shares in 東方證券股份有限公司, you should at once hand this circular, together with the form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "東方證券股份有限公司" and carrying on business in Hong Kong as "東方證券" (in Chinese) and "DFZQ" (in English))*

**(Stock Code: 03958)**

- (1) 2021 REPORT OF THE BOARD**
  - (2) 2021 REPORT OF THE SUPERVISORY COMMITTEE**
  - (3) 2021 WORK REPORT OF THE INDEPENDENT DIRECTORS**
  - (4) 2021 FINAL ACCOUNTS REPORT**
  - (5) 2021 PROFIT DISTRIBUTION PROPOSAL**
  - (6) PROPRIETARY BUSINESS SCALE OF THE COMPANY IN 2022**
  - (7) 2021 ANNUAL REPORT**
  - (8) PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2022**
  - (9) EXPECTED PROVISION OF GUARANTEES BY THE COMPANY IN 2022**
  - (10) ENGAGEMENT OF AUDITING FIRMS FOR THE YEAR 2022**
  - (11) ELECTION OF EXECUTIVE DIRECTOR OF THE COMPANY**
  - (12) AMENDMENTS TO THE IMPLEMENTATION RULES FOR ONLINE VOTING AT SHAREHOLDERS' GENERAL MEETINGS OF THE COMPANY**
  - (13) AMENDMENTS TO CERTAIN ARTICLES OF THE ARTICLES OF ASSOCIATION**
  - (14) PROPOSAL REGARDING THE REPORTS ON USE OF PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES OF THE COMPANY AND**
- NOTICE OF ANNUAL GENERAL MEETING**
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A notice convening the AGM of the Company to be held at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on Thursday, June 30, 2022 at 2:00 p.m. is set out on pages 16 to 18 of this circular.

The form of proxy for the AGM has been distributed to you and has also been published on the HKEX news website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dfzq.com.cn](http://www.dfzq.com.cn)) on Thursday, June 2, 2022. If you are not able to attend the AGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the AGM, and deposit it together with the notarized power of attorney or other document of authorization with the H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares). Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the AGM should they so desire.

This circular is prepared in both Chinese and English. In case of any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

June 10, 2022

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below:*

“A Share(s)”	PRC domestically listed share(s) with a par value of RMB1.00 each in the share capital of the Company, which are listed on the SSE and traded in RMB
“A Shareholder(s)”	holder(s) of the A Shares
“AGM” or “Annual General Meeting”	the 2021 annual general meeting of the Company to be held at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on Thursday, June 30, 2022 at 2:00 p.m.
“Articles of Association”	the articles of association of 東方證券股份有限公司, as amended from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“China Clear”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“China Universal”	China Universal Asset Management Company Limited (匯添富基金管理股份有限公司), an investee company of the Company
“Company”	東方證券股份有限公司, a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange under the stock code of 03958 and the A Shares of which are listed on the SSE under the stock code of 600958
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholder(s)”	holder(s) of the H Shares

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## DEFINITIONS

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“HK\$” or “Hong Kong dollars”	the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	May 30, 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Orient Finance Holdings”	Orient Finance Holdings (Hong Kong) Limited (東方金融控股(香港)有限公司), a wholly-owned subsidiary of the Company
“Orient Futures”	Orient Futures Co., Ltd (上海東證期貨有限公司), a wholly-owned subsidiary of the Company
“Orient Investment Banking”	Orient Securities Investment Banking Co., Ltd (東方證券承銷保薦有限公司), a wholly-owned subsidiary of the Company
“Orient Securities Capital Investment”	Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司), a wholly-owned subsidiary of the Company
“Orient Securities Innovation Investment”	Shanghai Orient Securities Innovation Investment Co., Ltd. (上海東方證券創新投資有限公司), a wholly-owned subsidiary of the Company
“Orient Securities International”	Orient Securities International Financial Group Co., Ltd. (東證國際金融集團有限公司), a wholly-owned subsidiary of Orient Finance Holdings
“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Rights Issue”	the A Share rights issue and/or the H Share rights issue, details of which are set out in the A Share Rights Issue Prospectus of 東方證券股份有限公司 dated April 18, 2022 and the H Share rights issue prospectus dated May 5, 2022 published by the Company on the HKEX news website ( <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> )

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## DEFINITIONS

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“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the A Share(s) and/or the H Share(s)
“Shenergy Group”	Shenergy (Group) Company Limited (申能(集團)有限公司)
“Shenzhen-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Hong Kong Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“SSE”	the Shanghai Stock Exchange
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“%”	per cent.

*Unless otherwise indicated, all the financial data in this circular were presented in Renminbi.*

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## LETTER FROM THE BOARD

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*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “东方证券股份有限公司” and carrying on business in Hong Kong as “東方證券” (in Chinese) and “DFZQ” (in English))*

**(Stock Code: 03958)**

*Executive Directors:*

Mr. SONG Xuefeng  
Mr. JIN Wenzhong (*Chairman*)

*Non-executive Directors:*

Mr. YU Xuechun  
Mr. ZHOU Donghui  
Mr. CHENG Feng  
Mr. REN Zhixiang  
Ms. ZHU Jing (*employee representative Director*)

*Independent non-executive Directors:*

Mr. XU Zhiming  
Mr. JIN Qinglu  
Mr. WU Hong  
Mr. FENG Xingdong  
Mr. LUO Xinyu

*Registered office:*

Orient Securities Building  
No. 119 South Zhongshan Road  
Shanghai  
PRC

*Principal place of business in Hong Kong:*

28th and 29th Floor  
100 Queen's Road Central  
Central  
Hong Kong

*To the Shareholders*

Dear Sirs or Madams,

### INTRODUCTION

The purpose of this circular is to provide you, as holders of H Shares, with the notice of the AGM (set out on pages 16 to 18 of this circular) and information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions or abstain from voting at the AGM.

At the AGM, ordinary resolutions will be proposed to approve, among others, (i) the report of the Board of Directors of the Company for the year 2021 (the “**2021 Report of the Board**”); (ii) the report of the Supervisory Committee of the Company for the year 2021 (the “**2021 Report of the Supervisory Committee**”); (iii) the work report of the independent Directors of the Company for the year 2021 (the “**2021 Work Report of the Independent Directors**”); (iv) the final accounts report of the Company for the year 2021 (the “**2021 Final Accounts Report**”); (v) the profit distribution proposal of the Company for the year 2021 (the “**2021 Profit Distribution Proposal**”); (vi) the proposal regarding the proprietary business scale of the Company in 2022; (vii) the annual report of the Company for the year 2021 (the “**2021 Annual Report**”); (viii) the proposal regarding the projected routine related-party transactions of the Company in 2022; (ix) the proposal regarding the expected provision of guarantees by the Company in 2022; (x) the proposal regarding the engagement of auditing firms for the year 2022; (xi) the proposal regarding the election of executive Director of the Company; and (xii) the proposal regarding the amendments to the Implementation Rules for Online Voting at Shareholders' General Meetings of the Company. At the AGM, special resolutions will be proposed to approve, among others, (i) the proposal regarding the amendments to certain articles of the Articles of Association; and (ii) the proposal regarding the reports on use of proceeds from previous fund-raising activities of the Company.

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# LETTER FROM THE BOARD

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## ORDINARY RESOLUTIONS

### 1. 2021 Report of the Board

An ordinary resolution will be proposed at the AGM to consider and approve the 2021 Report of the Board. Details of the aforesaid report of the Board are set out in Annex I of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The 2021 Report of the Board was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

### 2. 2021 Report of the Supervisory Committee

An ordinary resolution will be proposed at the AGM to consider and approve the 2021 Report of the Supervisory Committee. Details of the aforesaid report of the Supervisory Committee are set out in Annex II of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The 2021 Report of the Supervisory Committee was considered and approved by the Supervisory Committee on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

### 3. 2021 Work Report of the Independent Directors

An ordinary resolution will be proposed at the AGM to consider and approve the 2021 Work Report of the Independent Directors. Details of the aforesaid work report of the independent Directors are set out in Annex III of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The 2021 Work Report of the Independent Directors was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

### 4. 2021 Final Accounts Report

An ordinary resolution will be proposed at the AGM to consider and approve the 2021 Final Accounts Report. Details of the aforesaid final accounts report are set out in Annex IV of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The 2021 Final Accounts Report was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

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## LETTER FROM THE BOARD

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### 5. 2021 Profit Distribution Proposal

Reference is made to the announcement of the Company dated June 2, 2022 in relation to, among other things, the proposed distribution of final dividend for the year ended December 31, 2021. An ordinary resolution will be proposed at the AGM to consider and approve the 2021 Profit Distribution Proposal in accordance with the Articles of Association. Details are as follows:

In accordance with the Company Law, the Securities Law and the Financial Rules for Financial Enterprises (《金融企業財務規則》), as well as the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), the Interim Measures on the Supervision and Administration of Risk Reserves of Public Securities Investment Funds (《公開募集證券投資基金風險準備金監督管理暫行辦法》) issued by the CSRC, and the Articles of Association and other relevant rules, and based on the actual needs of business development of the Company, the details of the proposed profit distribution plan for 2021 of the Company are as follows: as at the beginning of 2021, the undistributed profit of the Company was RMB4,687,448,369.92, of which profit distributable to the Shareholders was RMB4,604,160,698.69 after deducting the interest accrued on the cumulative perpetual bonds issued by the Company as at the end of last year which were classified as equity of RMB83,287,671.23, together with the net profit of the Company realized in 2021 of RMB3,231,681,518.52 and deducting the cash dividends distributed for 2020 implemented in 2021 of RMB1,748,413,950.75, the impact on unallocated profits of the owners' interests internally carried forward in 2021 of RMB94,448,565.30 and the distribution to holders of other equity instruments of the Company of RMB237,500,000.00, the distributable profit of the Company as at the end of 2021 was RMB5,755,479,701.16.

In accordance with the relevant requirements of the aforesaid laws and regulations and the Articles of Association, the net profits of the Company for 2021 shall be allocated according to the following sequence:

1. The Company appropriates RMB323,168,151.85 to the general risk reserve calculated on the basis of 10% of the net profit of the Company realized in 2021;
2. The Company appropriates RMB323,168,151.85 to the statutory surplus reserve calculated on the basis of 10% of the net profit of the Company realized in 2021;
3. The Company appropriates RMB323,168,151.85 to the transaction risk reserve calculated on the basis of 10% of the net profit of the Company realized in 2021; and
4. A risk reserve for custodian business of RMB269,794.06 was set aside at 2.5% of the custodian fee income of the publicly offered funds.

The aggregate of the above amounted to RMB969,774,249.61.

Net of the above items, the Company's distributable profits attributable to the investors as at the end of 2021 was RMB4,785,705,451.55.



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## LETTER FROM THE BOARD

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The Company has considered factors such as long-term development and the interest of investors comprehensively, and proposed the profit distribution plan for 2021 as follows:

1. The 2021 profit distribution of the Company will be in the form of cash dividend, based on the total share capital of 8,496,645,292 Shares following completion of the A Share and H Share Rights Issue, a cash dividend of RMB2.50 (inclusive of tax) for every 10 Shares will be distributed to A Shareholders and H Shareholders who are registered as at the record date for cash distribution in 2021, with a total cash dividend of RMB2,124,161,323.00, accounting for 39.55% of the net profit attributable to the owners of the parent company in the 2021 consolidated statements.
2. Cash dividend will be denominated and declared in RMB, and paid in RMB to A Shareholders and in Hong Kong dollars to H Shareholders. The actual amount of distribution in Hong Kong dollars will be calculated based on the average benchmark exchange rate of RMB and Hong Kong dollars published by the People's Bank of China five working days prior to the date of 2021 AGM.

The 2021 Profit Distribution Proposal was considered and approved by the Board on June 2, 2022 and is hereby proposed at the AGM for consideration and approval. Subject to approval of the 2021 Profit Distribution Proposal at the AGM, the Company will distribute cash dividends within two months from the date of the AGM. Information about the record date and closure of register of members for the purpose of dividend distribution on H Shares and the record date for the purpose of dividend distribution on A Shares and specific date for distribution will be separately announced by the Company.

### **6. The Proposal Regarding the Proprietary Business Scale of the Company in 2022**

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the proprietary business scale of the Company in 2022. Details are as follows:

The proprietary securities business is an important component of the principal business of the Company. In order to keep in line with regulatory requirements over listed securities companies and further strengthen risk management, the proprietary business scale of the Company in 2022 is set out as follows in accordance with the Rules on Strengthening the Supervision and Administration of Listed Securities Companies (as amended in 2020) (《關於加強上市證券公司監管的規定(2020年修訂)》) and the Administrative Measures for Risk Control Indicators of Securities Companies (as amended in 2020) (《證券公司風險控制指標管理辦法(2020年修正)》) and relevant laws and regulations and relevant rules of the Company:

In accordance with various regulatory requirements of the CSRC, the maximum amount of investment in proprietary equity securities and their derivatives shall not exceed 80% of net capital of the Company, and the maximum amount of investment in proprietary non-equity securities and securities derivatives shall not exceed 400% of net capital of the Company. The Board of the Company will be authorized to determine the specific investment scale within the aforesaid limit subject to the regulatory requirements of the CSRC in relation to proprietary business management and risk monitoring based on the market changes and business development.

The aforesaid resolution was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

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## LETTER FROM THE BOARD

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### **7. 2021 Annual Report**

An ordinary resolution will be proposed at the AGM to consider and approve the 2021 Annual Report. The 2021 Annual Report has been despatched and also published on the HKEX news website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.dfzq.com.cn](http://www.dfzq.com.cn)).

The 2021 Annual Report was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

### **8. The Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2022**

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the projected routine related party transactions of the Company for the year 2022, details of which are set out in Annex V of this circular.

The aforesaid resolution was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

### **9. The Proposal Regarding the Expected Provision of Guarantees by the Company in 2022**

Reference is made to the announcement of the Company dated March 30, 2022 in relation to, among other things, the projected intragroup guarantees for the year 2022. An ordinary resolution will be proposed at the AGM to consider and approve the guarantees provided by the Company for its subsidiaries or among its subsidiaries for the year 2022. Details are as follows:

In accordance with the operation plan of the Company, the Company and its subsidiaries propose to raise funds by issuing bonds, bank loans, and other channels. In order to reduce financing costs, the Company or its subsidiaries may provide financing guarantees for its wholly-owned subsidiaries. Meanwhile, in order to enhance the external operation capability of the Company's subsidiaries in Hong Kong, Orient Finance Holdings, a wholly-owned subsidiary of the Company, proposes to provide non-financing guarantees for its wholly-owned subsidiaries.

In accordance with the relevant laws, regulations, the Articles of Association and the Measures to Manage External Guarantees of the Company (《公司對外擔保管理辦法》), expected provision of guarantees during the period from the date when this proposal is considered and approved at the AGM to the date of the 2022 annual general meeting of the Company is projected and the following matters are proposed for consideration and approval at the AGM:

#### ***(i) Financing guarantees***

1. Quota of the guarantees: the total amount of additional intragroup guarantees provided by the Company and its subsidiaries within the validity period of authorization shall not exceed 20% of the latest audited net assets of the Company, and the amount of each separate intragroup guarantee shall not exceed 10% of the latest audited net assets of the Company.

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## LETTER FROM THE BOARD

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2. Types of the guarantees: including but not limited to providing guarantees for onshore or offshore debt financing instrument(s) issued through public or non-public issuances (including but not limited to ordinary bonds, subordinated bonds, ultra-short-term financing bills, short-term financing bills, medium-term notes, etc.), or loans granted from onshore or offshore financial institutions (including but not limited to bank credit, bank loans and syndicated loans, etc.).
3. Models of the guarantees: guarantees, security, pledges and other models as stipulated under the provisions of the relevant laws and regulations.
4. Targets of the guarantees: directly and indirectly holding wholly-owned subsidiaries of the Company (including wholly-owned subsidiaries with the gearing ratio over 70%).
5. Validity period of authorization: the aforementioned guarantees shall be valid from the date of consideration and approval of the guarantees by the 2021 AGM to the date of the 2022 annual general meeting.
6. Authorization: subject to the aforementioned quota, type, model, targets and validity period of financing guarantees, it is proposed to the AGM to authorize the Board and approve the Board to delegate the management to, at its/their sole discretion, deal with all specific matters involved in the aforementioned financing guarantee, including but not limited to executing all documents in connection with the aforementioned guarantees, obtaining approvals from and handling filing formalities with the relevant regulatory authorities, and fulfilling the obligation of information disclosure in a timely manner in accordance with the relevant laws and regulations upon the provision of letters of guarantees or issuance of guarantee documents between the Company and its wholly-owned subsidiaries and between the subsidiaries and their wholly-owned subsidiaries.

**(ii) *Non-financing guarantees***

1. Quota of the guarantees: the total amount of guarantees provided by Orient Finance Holdings within the validity period of authorization shall not exceed US\$1.7 billion and the amount guaranteed shall be calculated subject to the agreed amount as set out in the guarantee agreement or the limit of risk monitoring indicators.
2. Types of the guarantees: including but not limited to providing guarantees for non-financing transactions such as International Swaps and Derivatives Association (ISDA), Master Clearing Agreement, The Bond Market Association/International Securities Market Association Global Master Repurchase Agreement (TBMA/ISMA GMRA), Master Brokerage Service Agreement, physical trading of precious metals, brokerage business, and issuance of structured notes.
3. Models of the guarantees: guarantees, security, pledges, and other models as stipulated under the provisions of the relevant laws and regulations.

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## LETTER FROM THE BOARD

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4. Targets of the guarantees: wholly-owned subsidiaries directly or indirectly held by Orient Finance Holdings (including wholly-owned subsidiaries with the gearing ratio over 70%).
5. Validity period of authorization: the aforementioned guarantees shall be valid from the date of consideration and approval of this proposal by the 2021 AGM to the date of the 2022 annual general meeting.
6. Authorization: subject to the aforementioned quota, type, model, targets and validity period of the non-financing guarantees, it is proposed to the AGM to authorize the Board and approve the Board to delegate the competent directors of Orient Finance Holdings to, at its/their sole discretion, deal with all specific matters involved in the aforementioned non-financing guarantees, including but not limited to executing all documents in connection with the aforementioned guarantees, obtaining approvals from and handling filing formalities with the relevant regulatory authorities, and fulfilling the obligation of information disclosure in a timely manner in accordance with the relevant laws and regulations upon the provision of letters of guarantees or issuance of guarantee documents by Orient Finance Holdings to its wholly-owned subsidiaries.

The aforesaid resolution was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

### **10. The Proposal Regarding the Engagement of Auditing Firms for the Year 2022**

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the engagement of accounting firms for the year 2022. Details are as follows:

According to the supervisory regulations of the domestic and overseas places where the Company's securities are listed, the Company appoints accounting firms as the domestic and overseas auditors of the Company to be responsible for provision of relevant audit services in accordance with the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards. Pursuant to the resolution approved at the 2020 annual general meeting of the Company, the Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as the domestic auditor of the Company for the year of 2021 and Deloitte Touche Tohmatsu as the overseas auditor of the Company for the year of 2021. During serving as auditors for the Company for the year of 2021, Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (collectively, "DTT") followed auditing standards and other laws and regulations, adhered to professional ethics, showed strong professional competence and faithfully and diligently performed their duties, fulfilled effectively the responsibilities that the auditors should perform, and completed their audits independently, objectively and impartially.

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## LETTER FROM THE BOARD

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Pursuant to Article 31 under Chapter V of the Administrative Measures for State-owned Financial Enterprises to Select and Engage Accounting Firms (Cai Jin [2020] No. 6) (《國有金融企業選聘會計師事務所管理辦法》(財金[2020]6號)), “a financial enterprise shall, in principle, engage the same accounting firm (including the affiliated members of such accounting firm) for no more than 5 years. Upon expiry of the 5-year period, the financial enterprise may, based on the audit quality of the accounting firm in its previous audits, shareholders’ evaluations, and opinions of the financial regulators, properly extend the term of engagement after performing the decision-making procedures stipulated herein, provided that the consecutive engagement period shall not exceed 8 years, and no tendering is required during the abovementioned term.” As DTT has served as the Company’s auditors for 5 consecutive years, the Company conducted evaluation on the auditing services provided by DTT in accordance with the above requirements and solicited opinions of relevant authorities, none of whom raised an objection.

Based on the above conditions, it is therefore proposed to the AGM to consider the following matters:

1. The Board proposes that Deloitte Touche Tohmatsu Certified Public Accountants LLP be re-appointed as the domestic auditor of the Company for the year of 2022 and as the internal control auditor of the Company for the year of 2022, who will be responsible for provision of relevant audit services in accordance with the PRC Accounting Standards for Business Enterprises for a period of one year. In 2022, the financial and special regulatory reporting auditing fees will amount to RMB1.19 million, and the internal control auditing fees will amount to RMB0.42 million.
2. The Board proposes that Deloitte Touche Tohmatsu be re-appointed as the overseas auditor of the Company for the year of 2022, who will be responsible for provision of relevant audit and review services in accordance with the International Financial Reporting Standards for a period of one year. In 2022, the financial reporting auditing fees will amount to RMB1.19 million, and the interim review fee will amount to RMB0.83 million.
3. If there is any increase in the auditing fees due to the change in auditing scope, it is proposed that the AGM authorize the Company’s management to determine the auditing fees in accordance with market principles and sign relevant contracts.

The aforesaid resolution was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

### **11. The Proposal Regarding the Election of Executive Director of the Company**

Reference is made to the announcement of the Company dated March 30, 2022 in relation to, among other things, the proposed appointment of the executive Director. An ordinary resolution will be proposed at the AGM to consider and approve the appointment of Mr. LU Weiming as an executive Director.

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## LETTER FROM THE BOARD

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Biography of Mr. LU Weiming is set forth as follows:

Mr. LU Weiming, born in 1971, a member of Communist Party of China, is a holder of a master's degree in economics and an economist. Currently, he is the president of the Company, and a director of Orient Securities Capital Investment. He served as the salesman and the project manager of business office of the transaction department of Guotai Securities Co., Ltd. from July 1994 to March 1998, the staff and deputy general manager of the securities investment department under the transaction business department, the director of the securities investment business department, the assistant to the general manager, deputy general manager and deputy general manager (in charge of affairs) of the fixed income business department of the Company from March 1998 to October 2014. He has served as the general manager of the Company's fixed income business department from October 2014 to August 2021, an assistant to the president of the Company from September 2017 to September 2020, a vice president of the Company from September 2020 to March 2022, concurrently served as the general manager of the financial derivatives business department of the Company from January 2021 to March 2021 and has been serving as the president of the Company since March 2022.

Up to the date of this circular and to the best of the Board's knowledge, Mr. LU Weiming has not held any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. As at the date of this circular, Mr. LU Weiming does not have other relationship with any Directors, Supervisors, senior management or substantial shareholders of the Company. Mr. LU Weiming does not have any interest in the shares of the Company or its associated corporation within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong).

There is no other information in relation to the appointment of Mr. LU Weiming which is required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, nor are there any matters which need to be brought to the attention of the Shareholders of the Company. Mr. LU Weiming has not been subject to any punishment by the CSRC or other competent authorities or censorship by any stock exchanges.

The Company will enter into a service agreement with Mr. LU Weiming for his role as an executive Director. The remuneration of Mr. LU Weiming as an executive Director will be determined based on the remuneration system of the Company.

### **12. The Proposal Regarding the Amendments to the Implementation Rules for Online Voting at Shareholders' General Meetings of the Company**

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the amendments to the Implementation Rules for Online Voting at Shareholders' General Meetings of the Company. Details are as follows:

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## LETTER FROM THE BOARD

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Pursuant to the Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號－規範運作》), Guidelines No. 2 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Business Handling: No. IV Online Voting at Shareholders’ General Meetings (《上海證券交易所上市公司自律監管指引第2號－業務辦理:第四號股東大會網絡投票》), the Articles of Association and other relevant requirements, the Company proposes to make amendments to the Implementation Rules for Online Voting at Shareholders’ General Meetings of the Company, details of which are set out in Annex VI of this circular. In the event of any discrepancy between the English translation and the Chinese version of the relevant amendments, the Chinese version shall prevail.

The aforesaid resolution was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.

### **SPECIAL RESOLUTIONS**

#### **13. The Proposal Regarding the Amendments to Certain Articles of the Articles of Association**

Reference is made to the announcement of the Company dated March 30, 2022 in relation to, among other things, the proposed amendments to certain articles of the Articles of Association. A special resolution will be proposed at the AGM to consider and approve the proposal regarding the amendments to certain articles of the Articles of Association. Details are as follows:

In order to further improve corporate governance, in accordance with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) announced by the CSRC in January 2022 and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Revised in January 2022) (《上海證券交易所股票上市規則 (2022年1月修訂)》), Provisions on the Administration of Equity Ownership of Securities Companies (Revised in 2021) (《證券公司股權管理規定 (2021年修訂)》) and other relevant regulations, combined with the requirements of Party building, industry culture construction and the actual operation and management of the Company, the Company proposes to make amendments to the relevant articles of the Articles of Association, details of which are set out in Annex VII of this circular. In the event of any discrepancy between the English translation and the Chinese version of the relevant amendments, the Chinese version shall prevail.

The aforesaid resolution was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for consideration and approval.



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## LETTER FROM THE BOARD

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### **14. The Proposal Regarding the Reports on Use of Proceeds from Previous Fund-raising Activities of the Company**

A special resolution will be proposed at the AGM to consider and approve the reports on use of proceeds from previous fund-raising activities of the Company. According to the arrangements for public issuance of securities of the Company by way of the Rights Issue and in line with the Requirements for Report on Use of Proceeds from Previous Fund-raising Activities issued by the CSRC, the Company prepared the Special Report on Use of Proceeds from Previous Fund-raising Activities as of December 31, 2021 of 東方證券股份有限公司 (《東方證券股份有限公司截至2021年12月31日止前次募集資金使用情況的專項報告》) and Deloitte Touche Tohmatsu Certified Public Accountants LLP issued the Audit Report on the Special Report on Use of Proceeds from Previous Fund-raising Activities as of December 31, 2021 of 東方證券股份有限公司 (《東方證券股份有限公司截至2021年12月31日止前次募集資金使用情況的專項報告的審核報告》), details of which are set out in Annex VIII of this circular. In the event of any discrepancy between the English translation and the Chinese versions of the documents, the Chinese versions shall prevail.

The reports on use of proceeds from previous fund-raising activities of the Company were considered and approved by the Board on March 30, 2022 and are hereby proposed at the AGM for consideration and approval.

### **ANNUAL GENERAL MEETING**

The AGM of the Company will be held at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on Thursday, June 30, 2022 at 2:00 p.m. The notice of the AGM is set out on pages 16 to 18 of this circular.

The register of members of H Shares of the Company will be closed from Monday, June 27, 2022 to Thursday, June 30, 2022 (both days inclusive), during which time no transfers of H Shares will be effected. Holders of H Shares who have submitted their transfer documents to the H Share Registrar of the Company and registered as Shareholders on the register of members of H Shares of the Company before 4:30 p.m. on Friday, June 24, 2022 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM (except for Shareholders who are required to abstain from voting on relevant resolution(s) to be proposed at the AGM according to the Hong Kong Listing Rules and relevant PRC laws and regulations). In order to attend the AGM, holders of H Shares should ensure that all transfer documents, accompanied by the relevant H Share certificates, are lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, June 24, 2022.



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## LETTER FROM THE BOARD

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The form of proxy for the AGM has been distributed to you and has also been published on the HKEX news website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dfzq.com.cn](http://www.dfzq.com.cn)) on Thursday, June 2, 2022.

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to the H Share Registrar not less than 24 hours before the time appointed for the AGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the AGM in person if they so wish.

In accordance with the provisions of the relevant PRC laws and regulations, in relation to resolution No. 8 at the AGM, the relevant related Shareholders shall abstain from voting on the related proposals, respectively.

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

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, voting for all resolutions at the AGM will be taken by way of a poll.

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

### **RESPONSIBILITY STATEMENT**

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

### **RECOMMENDATION**

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

Yours faithfully,  
By Order of the Board  
**JIN Wenzhong**  
*Chairman*

June 10, 2022

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# NOTICE OF ANNUAL GENERAL MEETING

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*(A joint stock company incorporated in the People's Republic of China with limited liability  
under the Chinese corporate name “东方证券股份有限公司” and carrying on business  
in Hong Kong as “東方證券” (in Chinese) and “DFZQ” (in English))*

**(Stock Code: 03958)**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2021 annual general meeting (the “**Annual General Meeting**”) of 東方證券股份有限公司 (the “**Company**”) will be held at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the People's Republic of China (the “**PRC**”) on Thursday, June 30, 2022 at 2:00 p.m., for the following purposes:

### ORDINARY RESOLUTIONS

1. To consider and approve the report of the Board of Directors of the Company for the year 2021.
2. To consider and approve the report of the Supervisory Committee of the Company for the year 2021.
3. To consider and approve the work report of the independent directors of the Company for the year 2021.
4. To consider and approve the final accounts report of the Company for the year 2021.
5. To consider and approve the profit distribution proposal of the Company for the year 2021.
6. To consider and approve the proposal regarding the proprietary business scale of the Company in 2022.
7. To consider and approve the annual report of the Company for the year 2021.
8. To consider and approve the proposal regarding the projected routine related-party transactions of the Company in 2022:
  - 8.01 Routine related-party transactions with Shenergy (Group) Company Limited and its related companies;
  - 8.02 Routine related-party transactions with other related parties.
9. To consider and approve the proposal regarding the expected provision of guarantees by the Company in 2022.

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## NOTICE OF ANNUAL GENERAL MEETING

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10. To consider and approve the proposal regarding the engagement of auditing firms for the year 2022.
11. To consider and approve the proposal regarding the election of executive director of the Company.
12. To consider and approve the proposal regarding the amendments to the Implementation Rules for Online Voting at Shareholders' General Meetings of the Company.

### SPECIAL RESOLUTIONS

13. To consider and approve the proposal regarding the amendments to certain articles of the articles of association of the Company.
14. To consider and approve the proposal regarding the reports on use of proceeds from previous fund-raising activities of the Company.

By order of the Board of Directors  
**JIN Wenzhong**  
*Chairman*

Shanghai, the PRC  
June 2, 2022

#### *Notes:*

#### **1. ELIGIBILITY FOR ATTENDING THE ANNUAL GENERAL MEETING AND DATE OF REGISTRATION FOR HOLDERS OF H SHARES**

The register of members of H Shares of the Company will be closed from Monday, June 27, 2022 to Thursday, June 30, 2022, (both days inclusive), during which time no share transfers of H Shares will be effected. Purchasers of shares who have submitted their instruments of share transfer to the H Share Registrar of the Company and registered as shareholders on the register of members of H Shares of the Company before 4:30 p.m. on Friday, June 24, 2022 are entitled to attend and vote in respect of all resolutions to be proposed at the Annual General Meeting (except for shareholders who are required to abstain from voting on relevant resolution(s) to be proposed at the Annual General Meeting according to the Hong Kong Listing Rules and relevant PRC laws and regulations).

In order to attend the Annual General Meeting, holders of H Shares should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, June 24, 2022.

#### **2. PROXY**

- (1) Each shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies in writing to attend and vote on his/her/their behalf. A proxy need not be a shareholder of the Company.
- (2) The instrument appointing a proxy must be in writing under the hand of the appointor or his/her/their attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the Annual General Meeting (i.e. before 2:00 p.m. on Wednesday, June 29, 2022).

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## NOTICE OF ANNUAL GENERAL MEETING

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### 3. REGISTRATION PROCEDURES FOR ATTENDING THE ANNUAL GENERAL MEETING

A shareholder or his/her/their proxy should present proof of identity when attending the Annual General Meeting. If a shareholder is a legal person, its legal representative or other person authorized by the board of directors or other governing body of such shareholder may attend the Annual General Meeting by providing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.

### 4. VOTING BY POLL

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a shareholders' general meeting must be taken by poll.

### 5. MISCELLANEOUS

(1) The Annual General Meeting is expected to be held for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses. In addition, in order to get well prepared for the containment of COVID-19 pandemic and protect people who will attend the meeting, shareholders who wish to attend the Annual General Meeting on-site must pay attention in advance and strictly abide by the regulations and requirements of Shanghai on health status declaration, quarantine and observation during the epidemic containment period. The Company will strictly follow the epidemic containment requirements of relevant government departments and take appropriate epidemic prevention and control measures for the on-site shareholders under the guidance and supervision of relevant government departments. Shareholders who have fever and other symptoms or do not comply with the epidemic prevention and control requirements may not be admitted to the venue of the Annual General Meeting.

(2) The address of Computershare Hong Kong Investor Services Limited is:

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(3) The registered office of the Company:

Orient Securities Building  
No. 119 South Zhongshan Road  
Huangpu District, Shanghai  
the People's Republic of China

Contact department: Office of the Board  
Telephone No.: 86 (21) 6332 6373  
Facsimile No.: 86 (21) 6332 6010  
Contact Person: Mr. WU Yibo

(4) Please refer to the circular of the Company in relation to the Annual General Meeting to be dispatched in due course for details of the resolutions to be proposed at the Annual General Meeting for consideration and approval.

*As at the date of this notice, the Board of Directors comprises Mr. SONG Xuefeng and Mr. JIN Wenzhong as executive Directors; Mr. YU Xuechun, Mr. ZHOU Donghui, Mr. CHENG Feng, Mr. REN Zhixiang and Ms. ZHU Jing as non-executive Directors; and Mr. XU Zhiming, Mr. JIN Qinglu, Mr. WU Hong, Mr. FENG Xingdong and Mr. LUO Xinyu as independent non-executive Directors.*

Dear Shareholders,

The 2021 work report and 2022 work plan of the Board are hereby set forth below according to relevant requirements of laws and regulations and the Articles of Association:

In 2021, amid the recurrent waves of COVID-19 pandemic and in turn the strenuous economic recovery course globally, the capital market advanced with multiple in-depth reform measures, and the securities industry constantly enhanced its capability in serving the real economy and managing social wealth. Throughout the year, the SSE Composite Index, the SZSE Component Index and the ChiNext Index rose by 4.8%, 2.7% and 12.0%, respectively; the composite gross bond index increased by 2.1%; daily average trading volume on the SSE and Shenzhen Stock Exchange amounted to RMB1,058.3 billion, representing a year-on-year increase of 24.8%; and the balances of margin financing and securities lending as of the end of 2021 was RMB1,832.2 billion, representing a rise of 13.2% as compared to the end of the previous year. In 2021, the securities industry posted a strong and healthy growth momentum in terms of performance as evidenced by the continuous improvement in capital strength. Throughout the year, the securities industry recorded operating revenue of RMB502.4 billion and net profit of RMB191.1 billion, representing a year-on-year increase of 12.0% and 21.3%, respectively.

Based on well-grounded judgments of the situation and scientific and effective decision-making process and pursuant to the requirements for the new three-year strategic planning, the Board upheld the work keynote of making progress amid stability, focused on the principle of “improving the scale and performance of the investment banking business and wealth management business, consolidating the brand influence and advantages of the investment business and asset management business and securing breakthroughs in business fields empowered by financial technology (two improves, two consolidates and one breakthrough)”, vigorously promoted the market-oriented reform, strengthened penetration-driven compliance and risk control management, proactively expanded capital replenishment channels, and took full advantage of market opportunities to achieve remarkable improvement in operating results and further bolster the Company’s competence, thereby paving the way for the new development cycle.

## **I. PRINCIPAL OPERATING CONDITION OF THE COMPANY IN 2021**

### **(i) Key Financial Indicators**

In 2021, the Company achieved consolidated operating revenue of RMB24.37 billion, a year-on-year increase of 5.0%; and net profit attributable to the parent company of RMB5.372 billion, a year-on-year increase of 97.27%. As of the end of the year, the Company had total assets of RMB326.597 billion, an increase of 12.19% from the end of the previous year; and net assets attributable to the parent company of RMB64.124 billion, an increase of 6.51% from the end of the previous year.

**(ii) Principal Operating Condition**

In 2021, the Company adhered to the operating strategy of “steady growth, risk control and reform promotion” and, with a focus on improving the Company’s return on equity (ROE), it secured noticeable results and aroused fresh development vitality. Meanwhile, the Company effectively guarded against and controlled risks to guarantee stable operation, and regained the “Grade AA, Category A” rating among securities dealers.

**1. *Expediting the investment management business riding upon industry dynamics and constantly optimizing brand building***

Orient Securities Asset Management reinforced its fundamentals in the course of development, strived for innovations while remaining committed to its principal business, and achieved new breakthroughs in asset management scale with entrusted asset management scale and publicly offered funds management scale reaching RMB365.929 billion and RMB269.622 billion, representing an increase of 23% and 35%, respectively, from the beginning of the period. Besides, it adopted value investment strategy, strengthened construction of the investment and research system, and optimized brand building with a vision for “better investment experience”. China Universal made ongoing efforts to sharpen its four core competitive pillars, i.e. investment management, product innovation, customer service and risk management, and secured new record highs in operating performance with total asset scale exceeding RMB1.2 trillion and scale of non-monetary wealth management publicly offered funds exceeding RMB610 billion.

**2. *Making remarkable achievements along the unswerving drive for transformation of the wealth management business***

Leveraging its own advantages and accumulation, the Company has fostered a synergistic wealth management business portfolio comprising securities brokerage, margin financing and securities lending, distribution of publicly offered products, private wealth management and investment consultation for publicly offered funds. As at the end of the year, the Company’s balance of equity products reached RMB64.7 billion, representing a year-on-year increase of 43%, and the balance of stocks + mixed publicly offered funds ranked 7th among peers. Revenue from sales of products amounted to RMB955 million, representing a year-on-year increase of 36.2%, and the Company was granted the qualification to conduct pilot business for publicly offered funds investment consultation, which was officially launched in late November. In addition, focusing on institutional wealth management, the Company endeavored to forge the institution service ecosystem along the whole industrial chain and attracted 1,669 new institutional clients, representing a year-on-year increase of 48%. Furthermore, the Company innovated on high net worth client service model, conducted private wealth management business and launched the “Oriental Beauty – Fortune 100” private equity FOF plan. In terms of securities financing business, balance of the Company’s securities lending and margin financing business amounted to RMB24.601 billion, representing an increase of 9.03% from the beginning of the period. Moreover, dedicated to the guiding ideology of “risk control and scale reduction”, the Company reduced its share pledge amount by over RMB3.6 billion, thereby further mitigating risks.

**3. *Refining investment and research capabilities and maintaining steady proprietary investment performance***

The Company's general proprietary segment focused on depolarization and volatility mitigation, and promoted the transformation of sales transactions represented by FICC, derivatives, quantitative trading and market making. In particular, the Company primarily invested in target companies with sound and solid financial condition and premium management level under the equity proprietary investment business, strictly controlled drawdown, and maintained a balanced trading position. With a basically mature business system and industry chain, the FICC business maintained a leading position in the industry in terms of scale and performance, the spot securities trading volume in the interbank market and the interest rate swap trading volume ranked at the top among securities companies, and the foreign exchange proprietary trading volume ranked 5th among peers. In terms of derivatives business, the Company's fundamental quantitative investment yield ranked among the top 10% of quantitative hedging products in the market, the average daily options market-making turnover recorded a year-on-year increase of over 500%, and the notional principal size of OTC derivatives reached RMB29.5 billion, an increase of over 20 times from the beginning of the period.

**4. *Investment banking business achieving a leap in industry ranking leveraging opportunities brought about by the registration system***

Against the backdrop of steady progress of the comprehensive registration system, the Company flexibly coped with market changes and secured brilliant results in equity and bond underwriting. In particular, in 2021, Orient Investment Banking completed 26 equity financing projects and achieved underwriting amount as a lead underwriter of RMB39.053 billion, representing a year-on-year increase of 23.81% and 128.62%, respectively; IPO financing and refinancing amount ranked 10th and 8th, respectively in the industry; and the Company acted as the lead underwriter for 293 projects under the bond underwriting business with an underwriting amount of RMB151.846 billion. The Company maintained the leading position in the industry in terms of underwriting amount of interest rate bonds, and ranked among the top three in terms of underwriting amount of book-entry treasury bonds, CDB financial bonds and Agricultural Development Bank financial bonds.

**5. New success achieved in collectivized development**

- Orient Futures captured opportunities in the commodities market and delivered the best performance ever in its history with net profit of RMB592 million, representing a year-on-year increase of over 140%, and market share of trading volume ranking the first in the industry. It has developed core advantages such as comprehensive business lines, extensive experience in institutional services, and industry-leading research and technology capabilities, and has been rated AA in the classification assessment of futures companies, securing its leading position in the industry.
- Orient Securities Asset Management achieved record highs in turnover and profit with operating revenue and net profit amounting to RMB3.747 billion and RMB1.438 billion, respectively. Its net income from the entrusted asset management business ranked first in the industry. With a focus on active management and adhering to the concept of value investment, the long-term investment performance of products managed by it remained at the forefront of the industry.
- Orient Investment Banking ranked among the top 10 in terms of the equity financing business indicators, and achieved operating revenue and net profit of RMB1.308 billion and RMB265 million, respectively.
- Orient Securities International persisted in consolidating its advantageous business, accelerating structural transformation and leading business innovation, and strived to promote the overall business development. As at the end of the period, it had approximately 370,000 securities brokerage clients, representing an increase of 61% from the beginning of the period, and achieved asset management scale of approximately HK\$11.5 billion.
- Orient Securities Capital Investment leveraged the opportunities presented by the registration system and achieved management scale of RMB16.173 billion, of which a total of 10 target companies were listed on the SSE STAR Market and 11 were listed on the ChiNext. It recorded operating revenue and net profit of RMB578 million and RMB256 million, respectively in 2021.
- Orient Securities Innovation Investment continued to optimize allocation structure based on the investment cycle and risk profile of different major asset categories to improve the stability of profitability, and achieved equity investment business scale of RMB3.032 billion. It steadily pressed ahead with special asset acquisition and disposal business, and extended the quantitative hedging fund investment. It recorded operating revenue and net profit of RMB735 million and RMB503 million, respectively in 2021.
- China Universal achieved net profit of RMB3.263 billion. It secured stable development in various businesses, continued to improve the layout of underlying assets in a clear and stable manner and maintained brilliant mid-to-long-term investment performance.



**II. MAJOR WORK OF THE BOARD IN 2021****(i) Working with Diligence and Scientific Decision-making**

In 2021, the Board continued to effectively carry out consideration of major issues to guarantee scientific and efficient decision-making process. The Board held a total of 10 meetings throughout the year, including 2 meetings held on-site and 8 meetings held via correspondence. At such meetings, the Board determined and followed up the Company's annual operation plan, assets/liabilities portfolio, related-party transactions and other issues relating to daily operation; and considered and approved the Company's re-election and re-appointment, new strategic planning, absorption of and merger with Orient Investment Banking, executive appraisal incentive and constraint mechanism scheme and other major decisions regarding personnel, organization and system.

In strict compliance with relevant requirements of laws and regulations and the Articles of Association, the Board performed its duty as a convener of the Shareholders' general meeting diligently. An annual general meeting and two extraordinary general meetings were convened in 2021, at which 27 resolutions or reports were considered or reviewed to improve communication system between the Board and investors and effectively protect the rights of Shareholders.

**(ii) Steadily Expediting the Rights Issue of the Company**

In order to further enhance the Company's capital strength, the Board, based on the requirements of the Company's new strategic planning, made timely decision to prepare for the new round of equity financing. After thorough and prudent research, the Company officially launched the refinancing scheme through Rights Issue at the beginning of 2021. During the year, the Rights Issue of A Shares and H Shares of the Company was approved by the State-owned Assets Supervision and Administration Commission, the Board of Directors and the Shareholders' general meeting, the Company received the no objection regulatory opinion from the Regulatory Division of the CSRC in relation to the Rights Issue, application for the Rights Issue was accepted by the CSRC and received feedback from the CSRC, the Hong Kong Stock Exchange issued the prior approval for the Rights Issue of the Company, and the Rights Issue achieved major milestone progresses.

**(iii) Constantly Improving Corporate Governance**

The Board of Directors proactively enhanced its capacities and duty performance and improved the corporate governance of the Company. Firstly, the Board successfully completed the re-election and re-appointment of the Directors, Supervisors and senior management of the Company with a rational hierarchical structure to optimize the management structure of the Company. Secondly, the Board promoted the reform and improvement of its incentive and constraint mechanism and clearly specified the drive towards improving the Company's ROE and boosting initiative and motivation. Thirdly, the Board efficiently implemented special self-inspection regarding governance of listed companies, comprehensively streamlined and checked against the items shown in the self-inspection list and submitted the results to the CSRC system in a timely manner. Fourthly, in line with the requirements of the new Securities Law, Guidelines for the Articles of Association of Listed Companies and industry culture construction, the Board made amendments to and optimized the Articles of Association, the Administrative Measures for Related-party Transactions of the Company and other systems. Fifthly, the Board renewed the connected transaction framework agreement with Shenergy Group for a term of three years, and continued to enhance the Group's management over its related-party/connected transactions, external guarantees and litigation and arbitration. Sixthly, the Board strengthened the implementation and feedback of opinions of Directors and self-construction such as trainings for Board members, successfully completed dividend distribution on A Shares and H Shares, and continued to improve the equity management level. Seventhly, the Board established sound relationship with stakeholders, cultivated excellent corporate culture, carried out various social welfare and poverty relief activities, and proactively fulfilled the corporate social responsibilities. The Company was rated as Class A in the culture construction activities of brokers, and its MSCI ESG rating was upgraded from Grade BBB to Grade A.

**(iv) Strictly Performing Information Disclosure Responsibility**

High-quality information disclosure plays a pivotal role in demonstrating the image and value of the Company. The Board strictly followed the requirements of the new Securities Law and its supporting policies, as well as rules governing the listing of securities on the stock exchanges in Shanghai and Hong Kong, kept abreast of and implemented the new regulatory policies and regulations in both Shanghai and Hong Kong, strictly regulated review processes and procedures to ensure compliant, effective and up-to-date information disclosure. In 2021, the Company prepared and disclosed in aggregate 4 periodic reports, issued approximately 60 temporary announcements, and made amendments to the Administrative Measures for Insider Registration and Confidentiality of the Company, thus continuously optimizing the well-established information disclosure system. The Company was rated A (the highest level) by the SSE for its information disclosure practices during the year.

**(v) Carrying out Sound Management over Investor Relations**

The Board made ongoing efforts to improve the investor relations management mechanism, and proactively established brand image to convey corporate value. The Company continued to enrich the investor relations management channel, and enhanced exchanges and communications with investors through various means, including the investor hotline and mailbox, SSE E-Information platform, results presentation, the investor relations webpage and WeChat official account, which served as the windows to reveal the Company's business updates. In 2021, the Company conducted a total of 104 investor relations exchange activities, a year-on-year increase of 173.7%. The Company's online annual and interim results briefing received over 100,000 visits in aggregate, which effectively boosted the Company's market influence. Besides, the Company answered 80 relevant questions on the SSE E-Information platform, and pushed 36 articles in the "DFZQ Investor Relations Platform" WeChat official account. During the year, the A Share price of the Company posted a cumulative increase of 30%, ranking the 2nd among listed securities dealers; and the total market capitalization of the Company amounted to RMB93.5 billion, ranking the 10th among comparable securities firms, moving up 3 places from the end of the previous year.

**(vi) Strengthening Strategic Management and Collectivized Management**

Under the guidance of the Board, leveraging the unity in thinking and concerted efforts, the Company prepared and issued the Strategic Planning of the Company (2021-2024), which provided forward guidance and laid a solid foundation for the future innovation and development of the Company. Meanwhile, the Company stepped up the integration of strategic planning and business plans with performance appraisal to break down tasks, refine development initiatives and enhance implementation and follow-up of strategies, in a strive to promote the materialization of the new strategic planning.

The Board has maintained its focus on the effective linkage between strategy implementation and collectivized management to reinforce the top-tier design in collectivized management and optimize the management approach of subsidiaries and improve the management system. In order to further integrate resources and boost efficiency, upon comprehensive research and decision-making, the Board facilitated the initiative of absorption and merger with Orient Investment Banking as a department at the Company's headquarters. In addition, the Board coordinated and integrated resources of the parent company and subsidiaries to expedite business expansion, create synergy and build up the Company's overall operating efficiency and core competitiveness.

**(vii) Reinforcing Penetration-driven Compliance and Risk Control Management**

In 2021, aligning itself with the regulatory dynamics and keeping abreast with the high-quality development trends in the industry, the Board of Directors continued to enrich compliance management process and approach, enhanced compliance and risk control concept, reinforced the group-wide penetration-driven compliance and risk control management, and stepped up compliance risk control review and rectification of identified issues, so as to steadily promote construction of compliance risk control culture and team building, guarantee the compliance development of the Company and achieve effective risk control. Firstly, the Board proactively implemented construction of the penetration-driven compliance risk control management system and vertical management and facilitated the group-level risk consolidation. Secondly, the Board intensified compliance risk control management over major business segments, and enhanced risk control in key areas to preclude systematic risks. Thirdly, the Board made unremitting efforts and surmounted difficulties to expedite the progress of disposal of risky assets in the share pledge financing business and continued to mitigate risks. Fourthly, the Board materialized special inspection over the subsidiaries, with a view to strengthening construction of the compliance and risk control team.

Over the past year, amid the tough and complicated market condition both at home and abroad, the Company survived the harsh challenges and secured brilliant operating performances with a noticeable improvement in ROE and market capitalization, which cannot be achieved without the strong support of the Shareholders, Directors, Supervisors and customers. Taking this opportunity, we would like to extend sincere appreciation to relevant parties for their support along the growth path of the Company. Nevertheless, we also recognize the gap in development between us and leading brokers. In future, the Company will further expedite the market-oriented mechanism reform and strengthen compliance and risk management to effectively boost the core competitiveness of the Company.

**III. SPECIFIC EXPLANATION ON DUTY PERFORMANCE, APPRAISAL AND REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT IN 2021****(i) Duty Performance, Appraisal and Remuneration of Directors**

In 2021, all Directors of the Company lawfully and diligently fulfilled their statutory duties in compliance with relevant requirements of laws and regulations, the Listing Rules and the Articles of Association. The Directors actively attended the meetings of the Board and special committees, made recommendations and suggestions and provided professional opinions on important aspects including improvement of corporate governance, major operational decision-making and enhancement of compliance and risk management, which ensured the scientific and standardized decision-making of the Board, pointed out an exact direction and laid down a solid foundation for seizing the opportunity of in-depth reform of the capital market, innovation and development in a timely and effectively manner to achieve a leaping development.

The Board of the Company held in aggregate 10 meetings during the year. All Directors have attended the meetings in person or by appointing other Directors as their proxy, and the particulars of attendance of meetings are as follows:

Directors	Required attendance during the reporting period (times)	Attendance in person (times)	Attendance by proxy (times)	Absence (times)	Voting results
SONG Xuefeng*	9	9	0	0	Voting in favour of all proposals submitted for voting
JIN Wenzhong	10	10	0	0	Voting in favour of all proposals submitted for voting
YU Xuechun*	9	9	0	0	Voting in favour of all proposals submitted for voting
LIU Wei	10	10	0	0	Voting in favour of all proposals submitted for voting
ZHOU Donghui	10	10	0	0	Voting in favour of all proposals submitted for voting
CHENG Feng*	9	9	0	0	Voting in favour of all proposals submitted for voting
REN Zhixiang*	9	9	0	0	Voting in favour of all proposals submitted for voting
XU Zhiming	10	10	0	0	Voting in favour of all proposals submitted for voting
JIN Qinglu	10	10	0	0	Voting in favour of all proposals submitted for voting
WU Hong	10	10	0	0	Voting in favour of all proposals submitted for voting
FENG Xingdong	10	10	0	0	Voting in favour of all proposals submitted for voting

Directors	Required attendance during the reporting period (times)	Attendance in person (times)	Attendance by proxy (times)	Absence (times)	Voting results
LUO Xinyu*	6	6	0	0	Voting in favour of all proposals submitted for voting
ZHU Jing*	9	9	0	0	Voting in favour of all proposals submitted for voting
WU Junhao*	1	1	0	0	Voting in favour of all proposals submitted for voting
LI Xiang*	1	1	0	0	Voting in favour of all proposals submitted for voting
XIA Jinghan*	1	1	0	0	Voting in favour of all proposals submitted for voting
XU Jianguo*	1	1	0	0	Voting in favour of all proposals submitted for voting
HE Xuan*	1	1	0	0	Voting in favour of all proposals submitted for voting

*Note:* Directors marked with \* represent those who were newly appointed or left office before and after the re-election and re-appointment of the Board during the reporting period. For details, please refer to “Section IV-Corporate Governance-Directors, Supervisors and Senior Management” contained in the 2021 Annual Report of the Company.

In 2021, the Board convened a total of 21 meetings of the special committees, including 2 meetings for the Strategic Development Committee, 6 meetings for the Compliance and Risk Management Committee, 6 meetings for the Audit Committee and 7 meetings for the Remuneration and Nomination Committee. Each special committee, with well-defined terms of reference, conducted prior consideration on the proposals respectively, and put forward professional review opinions as reference for consideration of proposals to the Board, providing strong support to improve the scientific and forward-looking decision-making of the Board and effectively enhancing the corporate governance. Independent Directors were capable of diligently performing their duties to express their independent opinions and recommendations on the proposals, practically maintaining the interests of Shareholders, especially minority Shareholders, and promoting the standardized operation of the Company.

In 2021, except that the independent Directors received the allowance for independent Directors in accordance with the resolution of the Shareholders' general meeting each year, and the chairman and employee who is also employee representative Director received the remuneration which was based on the personnel appraisal in accordance with the relevant provisions, the remaining Directors did not receive any remuneration from the Company.

**(ii) Duty Performance, Appraisal and Remuneration of Senior Management**

In 2021, all senior management members of the Company lawfully and effectively fulfilled their duties of operation and management in compliance with relevant requirements of laws and regulations and the Articles of Association as well as resolutions of the Board and the president's office. The Company's investment management, investment banking and wealth management business registered solid growth, group-wide integration and digital transformation achieved sound results, the transition towards balanced revenue component recorded desirable achievements, the compliance and risk control system remained in effect, and the Company regained the Grade AA, Category A rating among securities dealers, which paved the way for the Company to achieve the new strategic planning goal and conclude a new round of leap-frog development.

According to the requirements of relevant systems of the Company, the Remuneration and Nomination Committee of the Board is responsible for annual performance evaluation of the management team after the end of each year.

In 2021, remunerations of the executives such as the legal representative (Chairman), president and vice presidents of the Company were determined based on the Appraisal Incentive and Constraint Plan of Executives of the Company, comprising of annual fixed remunerations and performance-related bonuses, of which annual fixed remunerations were determined according to the roles served and the performance-related bonuses depended upon the Company's operating results, annual performance appraisal and tenure-based performance appraisal of executives. Remunerations and performance-related bonuses of other senior management members are subject to relevant requirements of the Company.

For the remunerations of senior management members of the Company, please refer to "Remunerations of Directors, Supervisors and Senior Management" in the 2021 Annual Report of the Company.

**IV. WORK PLAN FOR THE BOARD IN 2022**

The year of 2022 will witness the convening of the 20th National Congress of the Communist Party of China, and will also mark a crucial milestone for the "3+1" strategic planning of the Company. Leveraging the enhanced resilience of domestic economic growth, the fundamental upsides will remain unchanged in the long run. The comprehensive registration system launched in the capital market will present both opportunities and challenges to industry development. Demonstrating a market-oriented, standardized, international, leading and technology-driven growth momentum, the securities industry will further reinforce the capabilities to serve the real economy and social development.

As an important intermediary institution in the capital market, the Company will continue to fulfill its duty of serving the development of the real economy and the management of social wealth with a focus on the strategic goal of “becoming a modern investment bank with the first-class core competitiveness in the industry and provides comprehensive financial services for clients”. In 2022, the Company will continue to firmly grasp the overall keynote of seeking progress while maintaining stability and maintain strategic concentration, so as to strive to achieve “three stability and three progress”, improve the Company’s operating performance, and return investors with good performance through continuously boosting compliance and risk management.

The Board of the Company will capitalize on its leading and decision-making role, diligently perform its duties, coordinate the overall situation and steer the development. In particular, the Board will focus on the following tasks:

**(i) Completing the Company’s A Share and H Share Rights Issue**

Capital strength is a critical pillar for the Company to become a leading broker. The Company will continue to steadily press ahead with the follow-up review, feedback and issuance of the A Share and H Share Rights Issue, in an endeavor to conclude relevant work in the first half of 2022. Pursuant to the new strategic planning and the actual development of the Company, the Company will effectively utilize the proceeds from the issuance, optimize the scientific and rational allocation of the Company’s assets, and strive to enhance ROE on the precondition of risk control. Besides, the Company will earnestly carry out the debt financing management and take full advantage of various debt financing instruments to reduce the financing cost of the Company.

**(ii) Making Ongoing Efforts to Improve Corporate Governance and Information Disclosure and Properly Addressing Investor Relations Management**

The Company will keep abreast of and implement the regulatory requirements of the stock exchanges where A Shares and H Shares of the Company are listed regarding the standardized operation and construction of information disclosure system of listed companies. In 2022, the Board will continue to implement the new regulatory dynamics and requirements in both Shanghai and Hong Kong, and remain committed to the dual drivers of corporate governance and information disclosure. Furthermore, the Board will further amend and improve the Company’s governance system, and step up training and duty performance of “key minorities”, so as to enhance the Company’s service quality for the Directors, and strengthen the inherent driving force for corporate governance. The Board will strictly fulfill its information disclosure obligations, optimize the disclosure content, and release information in a more targeted and effective manner. Besides, it will improve investor relations management, and further enhance and safeguard the smooth domestic and overseas investor communication channel, so as to effectively convey the value of the Company and endeavor to increase its capitalization.



**(iii) Boosting Strategic Planning and Strategic Management Level**

With a focus on the 2021-2024 new four-year strategic planning, the Board will grasp opportunities, embrace challenges and expedite strategy materialization. Meanwhile, it will strengthen follow-up and assessment of implementation of strategic planning, properly conduct strategy analysis and special study based on internal and external market changes and give full play to the leading and guiding role of strategic planning. Targeting at efficiency improvement and focusing on “two improves, two consolidates and one breakthrough”, the Board will comprehensively facilitate the development of the Company driven by the collectivized, international and digital strategies, promote the four major business segments comprising retail finance, corporate finance, institutional finance and asset management riding upon the trends, and deepen the reform in five major areas of capital, talent, mechanism, management and technology to facilitate the Company to achieve further success. Besides, the Board will further strengthen management over domestic and overseas subsidiaries, strike a balance in revenue component, boost group-level integration and resource consolidation, and increase the revenue contribution created by the synergy effect.

**(iv) Adhering to the Bottom Line of Compliance and Strengthening the Overall Risk Management**

In 2022, the industry regulation continues to stress that risk control shall be attached paramount importance, the bottom line of precluding major systemic risks shall be firmly held, and the “zero-tolerance” policy has become routine requirement. The Board will continue to urge the Company to strengthen compliance and the risk control management to ensure non-occurring of risk of material violations of regulations. Firstly, the Board will strictly implement the new regulatory requirements to ensure that various business lines of the Company meet regulatory indicators. Secondly, the Board will promote the compliance and risk control vertical management and step up efforts to build up a strong defense line for compliance risk management. Thirdly, the Board will strengthen research and judgment to preclude internal risks and external shocks and continue to promote disposal of risky assets. Fourthly, the Board will reinforce supervision and instruction, conduct audit in the risk-oriented principle and strictly control audit quality.

**(v) Strengthening the Construction of Talent Team and Stepping up the Reform of System and Mechanism**

The enhancement of comprehensive capabilities of the Company requires support and safeguard of the management team and professional talents. In 2022, the Board will continue to promote the talent strategy, improve talent management system, and guide the Company in construction of talent echelon and training of key talents. The Company shall make greater efforts to promote the reform, innovation and pilot scheme of the human resources system and mechanism, strengthen management team construction, and optimize management structure. Meanwhile, it will continue to improve the incentive and restraint mechanisms to fully mobilize and stimulate the vitality and enthusiasm of the talent team, so as to provide strong support in terms of talents and mechanism for realizing strategic objectives of the Company.

**(vi) Improving Self-construction of the Board and Enhancing the Directors' Capabilities to Perform Duties**

Following the successive publication of the new regulatory requirements for the listing places of the A Shares and H Shares, the Company will fully leverage the role of the Board and its special committees and the independent Directors of the Company to improve self-construction, ensure major decisions are made in a scientific and regulated manner, and establish the follow-up and feedback mechanism for decisions made by the Board. The Company will continue to provide regular and irregular trainings for the Shareholders, Directors and other “key minorities” to constantly enhance their duty performance capabilities.

Addressing new opportunities and challenges, in 2022, while remaining true to its original aspiration and with the strong support of all parties concerned, the Board will continue to perform its duties diligently and seek progress in stability through uniting all cadres and employees of the Company, closely focusing on the strategic goal of building a first-class modern investment bank, sticking to the bottom line of compliance and risk management, with an aim to enhance the core competitiveness of the Company and facilitate the Company to scale new heights!

The above proposal is hereby put forth for Shareholders' consideration.

Dear Shareholders,

In accordance with relevant requirements under the laws, regulations and the Articles of Association, the 2021 Report of the Supervisory Committee of the Company is submitted to the Shareholders' general meeting for consideration as follows.

## **I.      WORK OF THE SUPERVISORY COMMITTEE IN 2021**

In 2021, following the Company Law, the Securities Law and relevant state laws and regulations, the Supervisory Committee upheld the annual working guideline of “implementing new regulatory laws and regulations, focusing on the core supervision function, promoting the Company to cement the compliance and risk control defense line and expediting the Company to achieve higher-quality development”, kept close track of external changes and industry regulatory dynamics with a focus on the Company's new strategic development cycle, effectively performed its supervision responsibilities, continued to enhance the supervision efficiency, proactively integrated supervision resources and constantly innovated on supervision approaches, in an endeavor to expedite the Company to achieve high-quality development.

### **(i)    Strengthening the Corporate Governance and Supervision of the Company and Performing the Duties of the Supervisory Committee in a Legal and Regulated Manner**

1.    **Completing re-election and re-appointment of the Supervisory Committee subject to regulations and innovatively establishing independent Supervisor.** Firstly, the Supervisory Committee conducted a comprehensive study on the post requirements of Supervisors, scientifically formulated and validly completed the re-election and re-appointment of the Supervisory Committee, and completed filing of the new session of the Supervisors in strict accordance with the regulatory requirements. Secondly, the Supervisory Committee innovatively recruited experts with experience in accounting, auditing and corporate governance to serve as independent Supervisors, aiming to optimize the composition of the Supervisory Committee and enhance the independent and professional duty performance of Supervisors.
2.    **Convening meetings of the Supervisory Committee in accordance with laws and effectively performing the supervision function.** The Supervisory Committee held a total of 6 meetings throughout the year and considered and approved resolutions in relation to the periodic reports, financial management, internal control compliance, risk management, anti-money laundering and related-party transactions of the Company. Meanwhile, the Supervisory Committee strictly performed the information disclosure system to ensure truthful, accurate, complete and timely information disclosure and effectively guarantee the regulated corporate governance.

3. **Proactively attending and participating in relevant meetings as non-voting parties to supervise over the major decision-making process of the Company.** The Supervisory Committee organized the Supervisors to actively participate in general meetings and attend 2 on-site Board meetings and 7 on-site meetings of the Board committees as non-voting parties, supervised over the major decision-making process of the Company and duty performance of the Directors and senior management members, expressed opinions and recommendations regarding issues of concern, and effectively performed the supervision function for consideration and decision-making process of major issues, so as to facilitate the sound development of the Company.

**(ii) Focusing on Supervision in Major Areas to Forge Closed-loop Supervision Management Mechanism**

1. **Focusing on supervision over finance, compliance and risk management, raising special supervision suggestions and urging rectification.** Pursuant to the requirements put forward at the second meeting of the fifth session of the Supervisory Committee and annual major work arrangements, the Supervisory Committee delivered the Supervision Suggestions to the planning finance management headquarters, capital management headquarters, compliance legal management headquarters and the risk management headquarters, raising suggestions such as “improving the finance analysis system and enhancing capital utilization efficiency”, “continuing to improve the compliance system construction and promoting vertical management of subsidiaries”, and “optimizing the comprehensive risk management system and constantly cementing the risk control defense line”, and required the above departments to submit work plans and improvement measures, so as to effectively safeguard the right of suggestion of Supervisors and facilitate the Company to enhance finance management standards and compliance risk management capacity.
2. **Promoting “problem-based” inspection and research to forge closed-loop supervision management mechanism.** Firstly, in order to enhance asset allocation efficiency and hold fast to the compliance risk control bottom line, the Supervisory Committee conducted inspection and supervision over the asset-heavy business and financial derivatives business of the Company, and delivered the Supervision Suggestions to the Board and the management, raising suggestions such as enhancing the full-process management and control, improving scientific investment decision-making and authorization, and specifying the business positioning, so as to effectively safeguard the sound business operation and ensure that risks are measurable and controllable. Secondly, the Supervisory Committee reviewed the inspection and research of Orient Investment Banking conducted in 2020, focused on prudently performing the “gatekeeper” responsibilities to improve the internal control system of the investment banking business, earnestly implemented rectification of the compliance risk control management responsibilities and other supervision suggestions, urged improving the duty performance quality, materialized the “zero tolerance” regulatory requirements, established the inspection and research closed-loop management mechanism, and continued to promote the healthy development of various businesses of the Company.

3. **Properly carrying out duty performance notice for newly appointed Supervisors and effectively conducting the duty performance assessment of the Directors, Supervisors and senior management.** Firstly, the Supervisory Committee visited the newly appointed Supervisors in a timely manner, properly carried out duty performance notice for newly appointed Supervisors, organized Supervisors to participate in trainings regarding the new Securities Law and facilitated the newly appointed Supervisors to fulfill their responsibilities according to law. Secondly, based on routine duty performance supervision and in combination with feedback from relevant functional departments, the Supervisory Committee prepared the duty performance report of Directors, Supervisors and senior management and submitted to the Supervisory Committee for consideration, and circulated the assessment results to the individuals and Shareholder entities, so as to reinforce the application of duty performance assessment results and promote diligent and faithful duty performance of the Directors, Supervisors and senior management.
- (iii) **Continuously Improving Supervision System and Boosting Supervision Efficiency with Concerted Efforts**
1. **Specifying working basis via establishing rules and regulations and continuously improving supervision system.** Firstly, the Supervisory Committee formulated the Working Guidelines for Circulating the Operating and Management Information to the Supervisory Committee, so as to timely and validly obtain supervision information and provide an effective means for the Supervisory Committee to carry out routine supervision. Secondly, based on the relevant requirements of the superior authorities, the Supervisory Committee formulated the Working Guidelines for Supervisors of Subsidiaries, enhanced instructions provided for the supervisors (supervisory committees) of subsidiaries and promoted the regulated duty performance of supervisors in subsidiaries. Thirdly, the Supervisory Committee refined the Duty Performance Manual of the Supervisory Committee of DFZQ, and adopted the “duty performance basis + duty performance form” to specify the duties and standards of duty performance of the Supervisors (Supervisory Committee) and provide effective guidance for the Supervisors in their duty performance.
  2. **Timely and effectively transmitting information to protect the right of information of Supervisors through multiple channels.** Firstly, the Supervisory Committee despatched the issues of concern in the periodic reports of the Company and information disclosed by listed brokers to the Supervisors on a regular basis, so as to keep them informed of development dynamics of peers and facilitate the Supervisory Committee to prudently perform its review responsibilities for periodic reports. Secondly, the Supervisory Committee delivered 13 Work Bulletins of the Supervisory Committee to the Directors and Supervisors, circulating the work carried out by the Supervisory Committee in relation to inspection and research, communication with the regulators and attending trainings for the Directors, Supervisors and the senior management, as well as its innovative thinking, so as to strengthen exchanges with the Board and the management. Thirdly, the Supervisory Committee delivered 5 Work Newsletters of the Supervisory Committee to the Supervisors targeting “propaganda of new laws and regulations” and “major management issues relating to asset-heavy business and derivatives business”, so as to further broaden the source of information available to the Supervisors and improve the efficiency of duty performance. In addition, the Supervisory Committee transmitted the announcements and regulatory information to the Supervisors via e-mails and WeChat groups, so as to enhance communication efficiency and effectively protect the right of information of the Supervisors.

3. **Pooling efforts from various parties to facilitate the Supervisory Committee to enhance supervision function.** Firstly, the Supervisory Committee attached importance to collaboration with the compliance, risk control, audit, finance and other internal supervision entities in daily supervision, proactively solicited professional opinions, took full advantage of the supervision and inspection results, and invited relevant departments to attend the research meetings, so as to enhance the professional level of supervision. Secondly, the Supervisory Committee issued the Supervision Work Meeting System of the Company jointly with the Party Committee and the Discipline Committee of the Company and took part in the supervision work meetings, so as to proactively establish the macro supervision system and strengthen synergy of the supervision work.
- (iv) **Enhancing the Self-construction of the Supervisory Committee and Improving its Professional Quality and Competence**
1. **Summarizing and exploring cutting-edge research topics and valiantly fulfilling the missions of brokers.** Firstly, the Supervisory Committee comprehensively implemented the new development concept, proactively explored the effective means for securities dealers to perform ESG responsibilities, and prepared the report on Research regarding Promoting the High-quality Development of Listed Securities Dealers via ESG, which was recognized as an excellent and major research topic in 2021 by the Securities Association of China. Secondly, targeting at high-quality development and with a focus on value maintaining and accruals of state-owned assets and risk control of state-owned enterprises, the Supervisory Committee effectively leveraged the independent supervision role of the Supervisory Committee, and its Management Practice of Promoting the High-quality Development of Listed Companies with Modern Corporate Governance Supervision Mechanism with Chinese Characteristics was awarded the second prize of “2021 Shanghai Enterprise Management Modernization Innovation Achievements”. Thirdly, the Supervisory Committee implemented the “two commitments” in supervision and practice, specified that issues subject to consideration and approval by the Supervisory Committee may be investigated and discussed by the Party Committee in advance, so as to effectively promote integration of leadership of the Party with corporate governance and supervision. The Practical Research on the Party’s Leadership and Supervision Mechanism of the Corporate Governance won the third prize in the essay activity organized by the Organization Department of Shanghai Municipal Committee of the Communist Party of China and other departments, and was published in the journal Shanghai State-owned Assets (《上海國資》).

2. **Stepping up communication to consolidate duty performance foundation and facilitating supervision and innovation through effectively drawing lessons from peers.** Firstly, the Supervisory Committee maintained exchanges with the China Association for Public Companies, and was invited to attend the supervisory committee meeting and exchange activity for listed companies of the China Association for Public Companies, gaining insights into how to improve the supervision mechanism and shoulder responsibilities through pooling wisdom. Secondly, the Supervisory Committee travelled to Guotai Junan Securities for study and exchanges, and summarized into research reports to lay the foundation for the future work arrangements of the Supervisory Committee. Thirdly, the Supervisory Committee arranged reception for visits from Nanjing Bank, GF Securities and other financial institutions, expedited supervision innovation via drawing lessons from peers and continued to optimize the mechanism and improve supervision efficiency.
  
3. **Focusing on cultivating professional quality and comprehensively boosting duty performance by Supervisors.** Firstly, the Supervisory Committee provided trainings on duty performance by the Directors, Supervisors and senior management to strengthen the supervision policy regarding the directors, supervisors and senior management of the parent company and subsidiaries as well as the ESG training and provided effective guidance for the regulated duty performance by directors, supervisors and senior management. Secondly, the Supervisory Committee attended the duty performance trainings organized by the China Association for Public Companies, the Securities Association of China and The Hong Kong Chartered Governance Institute, and regularly held the “reflection and sharing” salon, so as to systematically acquire information relating to business operation of securities firms and comprehensively enhance the professional duty performance by the Supervisors.

## **II. MEETINGS AND PERFORMANCE OF DUTIES OF THE SUPERVISORY COMMITTEE**

In 2021, all the Supervisors of the Company discharged their duties lawfully, honestly and diligently in accordance with laws and regulations and the requirements of the Articles of Association. The Supervisors actively attended the meetings and inspection and research activities of the Supervisory Committee, conducted effective supervision over the finance, compliance and risk management of the Company and raised prompt opinions and suggestions thereon, which promoted the sustainable and healthy development of the Company.

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**ANNEX II      2021 REPORT OF THE SUPERVISORY COMMITTEE**

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During the year, the Supervisory Committee held a total of 6 meetings, details of which are set out below:

No.	Meeting	Form	Date	Proposal passed
1	18th meeting of the fourth session of the Supervisory Committee	Correspondence	February 5, 2021	The Proposal on Re-election and Re-appointment of the Supervisory Committee, the 2020 Duty Performance Appraisal Report of the Directors, the 2020 Duty Performance Appraisal Report of the Supervisors and the 2020 Duty Performance Appraisal Report of the Senior Management Members were considered and approved.
2	1st meeting of the fifth session of the Supervisory Committee	Correspondence	March 5, 2021	The Proposal on Election of Chairman of the Supervisory Committee, the Proposal on Election of Vice Chairman of the Supervisory Committee, the Proposal on Engagement of Secretary to the Supervisory Committee, the Proposal on the Allowances of Independent Supervisor and the Proposal on Formulation of Duty Performance Manual of the Supervisory Committee of 東方證券股份有限公司 were considered and approved.



## ANNEX II      2021 REPORT OF THE SUPERVISORY COMMITTEE

No.	Meeting	Form	Date	Proposal passed
3	2nd meeting of the fifth session of the Supervisory Committee	On-site	March 30, 2021	The 2020 Work Report of the Supervisory Committee, the 2020 Financial Work Report of the Company, the 2020 Profit Distribution Plan of the Company, the 2020 Compliance Report of the Company, the 2020 Anti-Money Laundering Work Report of the Company, the 2020 Risk Control Work Report, the Special Audit Report on Anti-Money Laundering in 2020, the 2020 Internal Control Assessment Report, the Evaluation Report on Effectiveness of Compliance Management in 2020, the Proposal on Audit of Related Party Transactions in 2020, the Proposal on the 2021-2023 Connected Transactions Framework Agreement with Shenergy (Group) Company Limited, the Proposal on Estimating Daily Related Party Transactions in 2021, the Proposal on Use of Proceeds from Previous Fund-raising Activities, the Proposal on Estimating External Guarantees in 2021, the Proposal on the 2020 Corporate Social Responsibility Report and the 2020 Annual Report were considered and approved.

## ANNEX II      2021 REPORT OF THE SUPERVISORY COMMITTEE

No.	Meeting	Form	Date	Proposal passed
4	3rd meeting of the fifth session of the Supervisory Committee	Correspondence	April 29, 2021	The First Quarterly Report of the Company in 2021 was considered and approved.
5	4th meeting of the fifth session of the Supervisory Committee	On-site	August 27, 2021	The 2021 Interim Report, the 2021 Interim Financial Work Report, the 2021 Interim Compliance Report, the 2021 Interim Risk Management Report, the Proposal on Formulation of Working Rules on Transmitting Operating and Management Information to the Supervisory Committee of 東方證券股份有限公司 and the Proposal on Formulation of Working Guidance for Supervisors of Subsidiaries of 東方證券股份有限公司 were considered and approved.
6	5th meeting of the fifth session of the Supervisory Committee	Correspondence	October 28, 2021	The Third Quarterly Report of the Company in 2021 was considered and approved.

## ANNEX II      2021 REPORT OF THE SUPERVISORY COMMITTEE

During the reporting period, the attendance of the Supervisors at the Supervisory Committee is set out below:

Name of Supervisor	Position	Attendance				
		Required attendances (Times)	Attendance in person (Times)	Attendance via correspondence (Times)	Attendance by proxy (Times)	Absence (Times)
ZHANG Qian	Chairman of the Supervisory Committee, shareholder representative Supervisor	6	5	4	1	0
DU Weihua	Vice chairman of the Supervisory Committee, employee representative Supervisor	6	6	4	0	0
WU Junhao	Shareholder representative Supervisor	5	4	3	1	0
ZHANG Jian	Shareholder representative Supervisor	5	5	3	0	0
SHEN Guangjun	Shareholder representative Supervisor	5	5	3	0	0
TONG Jie	Shareholder representative Supervisor	6	6	4	0	0
XIA Lijun	Independent Supervisor	5	5	3	0	0
RUAN Fei	Employee representative Supervisor	5	5	3	0	0
DING Yan	Employee representative Supervisor	5	5	3	0	0
HUANG Laifang (resigned)	Shareholder representative Supervisor	1	1	1	0	0
YIN Keding (resigned)	Shareholder representative Supervisor	1	1	1	0	0
WU Zhengkui (resigned)	Shareholder representative Supervisor	1	1	1	0	0
LIU Wenbin (resigned)	Shareholder representative Supervisor	1	1	1	0	0
ZHOU Wenwu (resigned)	Employee representative Supervisor	1	1	1	0	0
YAO Yuan (resigned)	Employee representative Supervisor	1	1	1	0	0
Meetings of the Supervisory Committee held during the year (times)				6		
Including: on-site meeting (times)				2		
Meetings held via correspondence (times)				4		

**III. SUPERVISION OPINIONS AND SUGGESTIONS****(i) Supervision Opinions of the Supervisory Committee****1. Finance management**

The Company conscientiously implemented the national financial and taxation laws and regulations, such as the Accounting Standards for Business Enterprises and International Accounting Standards with respect to its finance management, strictly complied with the financial information disclosure requirements of A Share and H Share market, actively implemented the latest regulatory requirements, coordinated the financial resources, optimized the asset and liability portfolio and continuously improved the construction of the Group's financial management system based on the Company's new three-year strategic planning and annual operation philosophy, steadily strengthened the refined management over liquidity and active management and control capacity, and provided effective support for the stable operation of the Company. DTT issued a "standard unqualified opinion" audit report on the Company's financial statements, and the Company had no major defects in the internal control of financial reports.

**2. Compliance and risk management**

Pursuant to the Company Law, the Securities Law and other laws and regulations, regulatory requirements and internal management policies of the Company, the Company firmly held the compliance and risk control bottom line, constantly enhanced the compliance and risk control vertical and penetration-driven management, conducted comprehensive risk review on business operations, strengthened compliance accountability, further implemented the "first line of defense" accountability system, stepped up special work for compliance management over anti-money laundering and duty performance of employees, materialized the group-wide risk consolidation management and pressed ahead with the risk alert closed-loop management system to effectively ensure the steady operation of the Company. In 2021, the Company was rated as a "Grade AA, Category A" securities firm by the CSRC and did not record any material case of non-compliance throughout the year.

**3. Duty performance of the Directors and senior management**

The Directors and senior management of the Company have sound professional ethics and professional qualities, and are able to diligently perform their duties required by laws. In 2021, the Directors and senior management of the Company followed the annual work guidance determined by the general meeting and the Board at the beginning of the year, focused on the "two improves, two consolidates and one breakthrough" philosophy, comprehensively promoted reform, made concerted efforts in operation and management and secured ongoing improvement in operating performance with noticeable increase in ROE. During the reporting period, the Supervisory Committee did not identify any violations of laws, regulations, Articles of Association or damage to the legitimate rights and interests of Shareholders by the Directors and senior management of the Company in duty performance.

**4.      *Information disclosure***

The Company disclosed information in a timely and fair manner in strict accordance with the information disclosure regulations of the A and H share market, such as the Securities Law and the requirements of the Company's Administrative Measures on Information Disclosure, and the information disclosed was true, accurate and complete, thus effectively safeguarding the legitimate rights and interests of Shareholders and investors. During the reporting period, the Supervisory Committee did not identify any violation of laws and regulations in the Company's information disclosure.

**5.      *Related-party transactions***

The Company conducted related party transactions in strict accordance with laws, regulations, external regulatory requirements, and internal management systems such as the Company's Measures for the Administration of Related Party Transactions. The Company's decision-making procedures on related party transactions were compliant, the list of related parties was updated in a timely manner, and information disclosure was standardized. During the reporting period, the Supervisory Committee did not identify any harm caused to the interests of the Company in related party transactions.

**6.      *Registration of insiders***

According to laws, regulations, regulatory requirements and the internal management system of the Company, the Company shall register, manage, disclose, record, keep confidential the inside information and investigate the responsibility for violations, and maintain the fair principle of information disclosure. During the reporting period, the Supervisory Committee did not identify any violation of the registration management and confidentiality obligations of insiders.

**(ii)    Supervision Suggestions of the Supervisory Committee**

- 1.    Proactively integrating with the state policies, comprehensively promoting reform and facilitating high-quality development amid stability.** In 2022, the Company is required to gain insight into the opportunities and challenges presented by the in-depth reform of the capital market, adhere to the keynote of "stability of top priority and making progress amid stability", strike a balance between "stability" and "progress", proactively integrate with the high-quality development landscape of the state and financial industry, focus on the "14th five-year" development plan of Shenergy Group, identify positioning and growth drivers, properly develop the top-tier design, hold fast to the bottom-line philosophy, strengthen strategy-driven development, optimize business layout, improve framework and mechanism, and constantly boost the capacity and accountability to serve the real economy and achieve common prosperity.

2. **Placing focus on capital replenishment, optimizing resource allocation and taking the initiative to support the business development of the Group with foresight.** The Company should firmly grasp the capital replenishment opportunities, follow up the progress of the Rights Issue, and properly carry out asset and liability allocation and use of capital to enhance the overall resource utilization efficiency and comprehensive value return. Besides, the Company should further strengthen cost management, step up finance risk alert and precaution, constantly boost liquidity and refined, motivated and forward-looking management over liabilities, so as to facilitate the accelerated development of the Group's businesses.
3. **Promoting penetration-driven development, strengthening accountability and building up a strong defense line for compliance and risk control.** The Company should keep close track of changes in the domestic and overseas macro-economic condition and environment, enhance the forward-looking and systemic analysis of risk factors based on the actual situation of the Company, promote the establishment of a closed-loop management mechanism for risk alert and response, further strengthen compliance and risk management, optimize the tiered authorization and decision-making system, continue to intensify the compliance vertical and penetration-driven management, earnestly implement the three lines of defense responsibilities, promote the group-wide risk consolidation management, improve the cultivation of talent team, proactively leverage the fintech approaches, shore up the compliance risk control refined management capacity and cement the foundation for the Company's high-quality development.

#### **IV. WORK PLAN FOR 2022**

The guiding ideology and approach of the work of the Supervisory Committee in 2022 are as follows: under the guidance of socialism with Chinese characteristics in the new era proposed by Xi Jinping, the Supervisory Committee will comprehensively implement the Opinions of the State Council on Further Improving the Quality of Listed Companies, promote in-depth reform based on the capital market, focus on the new strategic planning of the Company, adhere to the keynote of making progress amid stability, commit itself to the guiding ideology of "implementing the new development concept, focusing on supervision in key areas, optimizing and improving the supervision mechanism, and promoting the Company to achieve high-quality development", constantly improve the corporate governance mechanism, effectively facilitate the Company to build up compliance risk control defense lines, promote the value maintaining and accruals on state-owned assets, further improve the corporate governance, and contribute to the Company's high-quality development.

**(i) Making Constant Efforts to Innovate on Supervision Approach and Striving to Promote the Supervision Efficiency of the Supervisory Committee**

1. **Exploring effective finance supervision model and optimizing finance supervision mechanism and process.** Firstly, the Supervisory Committee will formulate the Working Guidance on Review of the Periodic Reports of the Supervisory Committee pursuant to the new Securities Law and other laws and regulations to facilitate the Supervisory Committee to effectively perform the relevant responsibilities relating to review of periodic reports. Secondly, the Supervisory Committee will study and develop the Finance Supervision Working Plan to specify the supervision goal and optimize supervision process, establish the long-term communication mechanism between the Supervisory Committee and the auditing firm, optimize the supervision approach of “listening to the independent audit opinions of the intermediary agencies before meetings” and strengthen the objective and professional supervision. Thirdly, leveraging routine supervision and information transmission, the Supervisory Committee will follow up annual audit work, proactively learn about audit scope and focus, enhance exchanges with the planning finance management department, regularly analyze the operating condition as shown in the financial indicators and submit to the Supervisors for review.
2. **Constantly promoting the “problem-based” inspection and research and sticking to the Company’s compliance risk control defense line.** Firstly, the Supervisory Committee will focus on its core supervision function and major supervision fields, continue to strengthen finance supervision and supervision over the compliance risk control vertical management based on industry development dynamics and the actual situation of the Company and urge vigorously implementing the comprehensive compliance risk management responsibilities. Secondly, the Supervisory Committee will keep track of the rectification of inspection and research suggestions, review the implementation of the supervision suggestions put forward in the previous year’s inspection and research, optimize the closed-loop work approach of “identifying issues, investigating issues, raising suggestions and urging for rectification”, and stick to the firm defense line for compliance and risk control.
3. **Improving the guiding mechanism for supervisors (supervisory committees) of the parent company and subsidiaries and optimizing the corporate governance and supervision system.** Firstly, the Supervisory Committee will investigate into and promote the joint meetings of supervisors of the parent company and subsidiaries, explore effective model for providing professional support and duty performance guarantee for the supervisors of subsidiaries, and improve the duty performance guidance provided for the supervisors (supervisory committees) of the parent company and subsidiaries. Secondly, the Supervisory Committee will visit financial institutions, conduct research into the closed-loop management mechanism for supervisors of subsidiaries in collaboration with relevant departments based on regulatory requirements and peer experience, and promote the establishment of a synergistic working system for the supervisory committees to improve the overall standardized corporate governance.

4. **Combining routine supervision with special supervision and strengthening supervision over issues for which supervision suggestions have been raised.** Firstly, the Supervisory Committee will implement requirements on improving the quality of listed companies, adopt a combination of approaches including routine supervision and special supervision, self-inspection and spot check, establish the supervision inspection breakdown books, and strengthen supervision over information disclosure, related-party transactions and insider registration, so as to ensure the truthfulness and accuracy of the supervision opinions raised by the Supervisory Committee. Secondly, the Supervisory Committee will engage external professional institutions as and when appropriate to conduct inspection and review on the implementation of the policies for the abovementioned issues based on the compliance and effectiveness assessment of the Company, so as to enhance the independent and objective supervision process.

**(ii) Keep Abreast of Regulatory Requirements and Constantly Improving Supervision System**

1. **Constantly improving supervision system in accordance with the latest laws, regulations and regulatory policies.** Firstly, the Supervisory Committee will streamline the latest requirements of laws, regulations and regulatory rules on the work of the Supervisory Committee, regularly summarize the impact thereof on the work of the Supervisory Committee, prepare the Work Notices of the Supervisory Committee and circulate the same to the Supervisors for review. Secondly, based on the actual situation of the Company, the Supervisory Committee will facilitate to make amendments to the Articles of Association, revise the Working Rules of the Supervisory Committee and Rules of Procedure of the Supervisory Committee as and when appropriate, break down the implementation rules of the supervision system by steps, and develop and formulate a scientific and rational working system for the Supervisory Committee, so as to provide system support for the effective performance of the supervision function.
2. **Effectively integrating the internal supervision resources and promoting the transformation of supervision results through concerted efforts.** Firstly, the Supervisory Committee will continue to create synergy with compliance, risk control, audit, finance and other internal supervision bodies in day-to-day supervision and inspection and research, conduct close collaboration with them in system revision, information disclosure and inspection and research, and facilitate the Company to timely preclude, identify and respond to risks. Secondly, the Supervisory Committee will regularly attend the supervision meetings involving the Discipline Committee, compliance risk control and other internal supervision bodies, assist relevant departments to follow up and inspect the matters resolved, timely urge rectification based on the practical-minded principle, promote the transformation of supervision results and improve the supervision efficiency.



3. **Implementing the system of circulating information to the Supervisory Committee and evaluating and optimizing the existing supervision mechanisms.** Firstly, the Supervisory Committee will effectively implement the system of circulating information to the Supervisory Committee, get into touch with the circulating department in a timely manner, ensure the truthfulness and effectiveness of the information to be circulated, regularly integrate and streamline the information, focus on the risk and its source, and prepare the supervision information follow-up analysis report. Secondly, the Supervisory Committee will assess the “problem-based inspection and research system”, “Duty Performance Assessment System of Directors, Supervisors and Senior Management” and other supervision mechanism in effective operation, listen to the feedback and opinions from multiple channels, elaborate on the specific measures based on the latest regulatory policies and peer experience, improve work procedures and further improve the supervision efficiency of the Supervisory Committee.
  4. **Leveraging the advantages of the Supervisory Committee in terms of its diverse component and tapping into its independent supervision function.** Firstly, the Supervisory Committee will leverage the professional experience of shareholder representative supervisors in corporate governance of state-owned enterprises, raise supervision suggestions to the decisions made by the Board and management of the Company, and meanwhile capitalize on the bridging ties of shareholder representative supervisors to further explore opportunities for industry-finance integration with shareholder entities. Secondly, the Supervisory Committee will leverage the advantages of independent supervisors in terms of professionalism and independence, prudently express opinions of the Supervisory Committee and improve the scientific supervision. Thirdly, the Supervisory Committee will investigate and promote effective approaches of democratic management via employee representative supervisors, and conduct supervision based on the post characteristics to safeguard the democratic decision-making and supervision rights of employees.
- (iii) **Strengthening Self-construction and Effectively Enhancing the Professional Duty Performance Capacity of the Supervisory Committee**
1. **Transmitting information through a variety of channels to ensure the information right of the Supervisors and exploring digital transformation of supervision.** Firstly, the Supervisory Committee will regularly prepare the Work Bulletins of the Supervisory Committee, the Work Newsletters of the Supervisory Committee and other information, timely communicate work of the Supervisory Committee, market regulatory dynamics and industry development trends, strengthen exchanges with the Board and the management, and further consolidate the information right of the Supervisors. Secondly, the Supervisory Committee will visit and learn from peers, explore supervision and management empowered by technology, exchange views on the feasibility schemes with suppliers and the IT department, and establish the information platform for the Supervisory Committee in due course to achieve real time capturing of key information and develop diagrams after automatic analysis, so as to promote the digital transformation of supervision and safeguard the convenience and efficiency of supervision.

2. **Promoting the ESG corporate governance and implementation, and facilitating the Company to achieve sustainable development.** Firstly, based on the research achievements of outstanding and major topic recognized by the Securities Association of China in 2021, the Supervisory Committee will explore effective measures in combination with the actual situation of the Company to promote the implementation of relevant opinions by steps and facilitate the Company to achieve an improvement in both the quantity and quality in serving the real economy. Secondly, the Supervisory Committee will properly carry out the research into the “performing ten tasks and establishing desirable projects” activity of the Company, explore feasible approaches to carry out “governance” in fulfilling ESG responsibilities of listed securities companies, and expedite the high-quality development of the capital market leveraging the high-quality development of listed securities companies. Thirdly, the Supervisory Committee will continue to promote the ESG research of listed companies, proactively attend seminars held by the Securities Association of China and the Asset Management Association of China regarding corporate governance, and put forward advice and suggestions for the securities industry to better implement the new development concept and improve domestic ESG ecosystem construction.
  
3. **Strengthening study and communication and learn from peers to facilitate the professional development of the Supervisory Committee.** Firstly, the Supervisory Committee will maintain communication with the Securities Association of China and China Association for Public Companies, proactively attend trainings provided by them on corporate governance and enhance the supervision theoretic level and duty performance capacity of the Supervisory Committee. Secondly, the Supervisory Committee will keep abreast of latest laws and regulations, strengthen study of new policies and new business, and invite the accounting firm and finance department to give lectures on the requirements for preparation and audit of the Company’s periodic reports, so as to constantly enhance the capabilities to make analysis and judgement on the matters under supervision. Thirdly, the Supervisory Committee will conduct exchanges with supervisory committees of the financial peers to share typical cases, communicate duty performance experience, focus on the synergistic supervision between the parent company and subsidiaries, learn from others and explore innovative supervision approaches, facilitate Supervisors to be aware of their responsibilities, shoulder responsibilities and fulfill responsibilities, and continue to establish and improve the corporate governance decision implementation supervision system with reciprocal balance among power, responsibility and interests, coordinated operation, responsibility performance and effective checks and balance.

The above proposal is hereby put forth for Shareholders’ consideration.

Dear Shareholders,

Pursuant to the Rules for Independent Directors of Listed Companies (《上市公司獨立董事規則》) issued by the CSRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation and other requirements, we, as the independent Directors of 東方證券股份有限公司, hereby report our work in 2021 as follows:

## **I.      BASIC INFORMATION OF INDEPENDENT DIRECTORS**

As at the beginning of the reporting period, the fourth session of the Board comprised 12 Directors, among whom 5 were independent Directors: Mr. XU Zhiming, Mr. JIN Qinglu, Mr. WU Hong, Mr. FENG Xingdong and Mr. HE Xuan. As at the end of the reporting period, the fifth session of the Board comprised 13 Directors, among whom 5 were independent Directors: Mr. XU Zhiming, Mr. JIN Qinglu, Mr. WU Hong, Mr. FENG Xingdong and Mr. LUO Xinyu. During the reporting period, Mr. HE Xuan resigned due to expiry of term of the fourth session of the Board.

Upon nomination by the Board, Mr. XU Zhiming, Mr. JIN Qinglu, Mr. WU Hong and Mr. FENG Xingdong were elected as the independent non-executive Directors of the fifth session of the Board at the Company's 2021 first extraordinary general meeting held on March 5, 2021, and Mr. LUO Xinyu was elected as an independent non-executive Director of the fifth session of the Board at the Company's 2020 annual general meeting held on May 13, 2021.

All the independent Directors of the Company and their immediate family members, major social relations are not related to the Company's substantial Shareholders or other units or individuals with material interests in the Company, and thus there is no situation affecting their independence.

Biographical details of each independent Director are available in the Company's 2021 Annual Report published on the website of the SSE (<http://www.sse.com.cn>).

**II. ANNUAL DUTY PERFORMANCE OF INDEPENDENT DIRECTORS****(i) Means and Times for Attending Board Meetings and Voting Results, and Times for Participating in General Meetings****1. Attendance at the Board meetings and meetings of Board committees**

The fifth session of the Board established four special committees, being the Strategic Development Committee, Compliance and Risk Management Committee, Audit Committee and Remuneration and Nomination Committee. Positions held by each independent Director on such committees are set out below:

**Independent Directors as  
at the end of the reporting  
period****Positions held**

XU Zhiming

Member of the Strategic Development Committee

JIN Qinglu

Chairman of the Audit Committee and member of the  
Remuneration and Nomination Committee

WU Hong

Chairman of the Remuneration and Nomination  
Committee and member of the Compliance and Risk  
Management Committee

FENG Xingdong

Member of the Audit Committee and the Remuneration  
and Nomination Committee

LUO Xinyu

Member of the Audit Committee

**Independent Director who  
resigned during the reporting  
period****Positions held**

HE Xuan

Member of the Audit Committee and the Remuneration  
and Nomination Committee

## ANNEX III 2021 WORK REPORT OF THE INDEPENDENT DIRECTORS

A total of 10 Board meetings were held throughout the year, including 2 on-site meetings and 8 meetings by correspondence, and all independent Directors attended such meetings in person. A total of 21 meetings of the special committees were held, including 2 meetings of the Strategic Development Committee, 6 meetings of the Compliance and Risk Management Committee, 6 meetings of the Audit Committee and 7 meetings of the Remuneration and Nomination Committee. Specific information of attendance is set out below (actual attendance/required attendance):

Independent Directors	Board meetings	Meetings of the Strategic Development Committee	Meetings of the Compliance and Risk Management Committee	Meetings of the Audit Committee	Meetings of the Remuneration and Nomination Committee
XU Zhiming	10/10	2/2			
JIN Qinglu	10/10			6/6	7/7
WU Hong	10/10		5/6		7/7
FENG Xingdong	10/10			6/6	5/5
LUO Xinyu	6/6			4/4	
HE Xuan	1/1			0/0	2/2

All independent Directors voted for the proposals submitted to the Board for consideration, comprehensively reviewed and discussed the issues considered by the special committees they served, and put forward relevant opinions and suggestions, and ultimately they all voted in favor of the relevant proposals, and there was no objection or abstention. In addition, the Audit Committee also communicated with DTT on the interim review of financial statements prepared under the International Financial Reporting Standards in 2021, rationally arranged the audit process, and specified the audit strategy and key concerns. The Compliance and Risk Management Committee also evaluated the performance of the Company's chief risk officer and compliance officer in 2020, and submitted the results to the Remuneration and Nomination Committee for approval and then to the Board for confirmation.

### 2. Participation in the general meetings

A total of 3 general meetings were convened by the Company throughout the year. Mr. FENG Xingdong, an independent Director, participated in the Company's 2021 first extraordinary general meeting held on March 5, 2021. Mr. JIN Qinglu, an independent Director, participated in and presented the annual work report of the independent Directors at the Company's 2020 annual general meeting, 2021 first A Shares class meeting and 2021 first H Shares class meeting held on May 13, 2021. No independent Directors participated in the Company's 2021 second extraordinary general meeting held on July 20, 2021.

**(ii) Independent Opinions Expressed*****1. Nomination, appointment and removal of Directors***

- (1) Upon review of the biographical details of Mr. SONG Xuefeng and Mr. JIN Wenzhong, being candidates of the executive Directors of the fifth session of the Board, Mr. YU Xuechun, Mr. LIU Wei, Mr. ZHOU Donghui, Mr. CHENG Feng and Mr. REN Zhixiang, being candidates of the non-executive Directors of the fifth session of the Board and Mr. XU Zhiming, Mr. JIN Qinglu, Mr. WU Hong and Mr. FENG Xingdong, being candidates of the independent non-executive Directors of the fifth session of the Board, and other relevant information that may contribute to making judgements, the independent Directors expressed their independent opinions as to the re-election and re-appointment of the Board considered at the 25th meeting of the fourth session of the Board that, the above-mentioned candidates possess the relevant expertise and decision-making, supervision and coordination capacity, meet the requirements for duty performance and their qualifications satisfy the relevant requirements in the Company Law, the Securities Law, the Regulatory Measures on Qualifications of Directors, Supervisors and Senior Management of Securities Companies and the Articles of Association; and the aforesaid candidates were nominated by the Board and submitted to the general meeting for election, the procedures of which were legal and valid and complied with the requirements in the Articles of Association.
- (2) Upon review of the biographical details of Mr. LUO Xinyu and other relevant information that may contribute to making judgements, the independent Directors expressed their independent opinions as to election of the independent non-executive Director considered at the 2nd meeting of the fifth session of the Board that, Mr. LUO Xinyu possesses the relevant expertise and decision-making, supervision and coordination capacity, meets the requirements for duty performance and his qualifications satisfy the relevant requirements in the Company Law, the Securities Law, the Regulatory Measures on Qualifications of Directors, Supervisors and Senior Management of Securities Companies and the Articles of Association; and Mr. LUO Xinyu was nominated by the Board and submitted to the general meeting for consideration, the procedures of which were legal and valid and complied with the requirements in the Articles of Association.

**2.      *Appointment of senior management members***

- (1)      Upon review of the biographical details of Mr. JIN Wenzhong, Mr. SHU Hong, Mr. ZHANG Jianhui, Mr. LU Weiming, Mr. YANG Bin, Ms. XU Haining and Mr. WANG Rufu and other relevant information that may contribute to making judgements, the independent Directors expressed their independent opinions as to the appointment of senior management members of the Company considered at the 1st meeting of the fifth session of the Board that, there was no situation that prohibits the above-mentioned senior management members from serving as senior management members as stipulated in Article 146 of the Company Law, nor were they banned from the securities market by the CSRC and the time limit has not yet expired, and their relevant qualifications are in line with the conditions for serving as senior management members of the Company and the Company Law, the Securities Law and the Articles of Association. After understanding their educational backgrounds and work experience, they are competent for the duties and requirements of the corresponding positions of the Company, which will be conducive to the Company's operation and development. The nomination and appointment procedures of the aforesaid proposed senior management members complied with relevant regulations and the Articles of Association.
  
- (2)      Upon review of the biographical details of Mr. SHU Hong and Mr. LU Dayin and other relevant information that may contribute to making judgements, the independent Directors expressed their independent opinions as to the appointment of senior management members of the Company considered at the 8th meeting of the fifth session of the Board that, there was no situation that prohibits the above-mentioned senior management members from serving as senior management members as stipulated in Article 146 of the Company Law, nor were they banned from the securities market by the CSRC and the time limit has not yet expired, and their relevant qualifications are in line with the conditions for serving as senior management members of the Company and the Company Law, the Securities Law and the Articles of Association. After understanding their educational backgrounds and work experience, they are competent for the duties and requirements of the corresponding positions of the Company, which will be conducive to the Company's operation and development. The nomination and appointment procedures of the aforesaid proposed senior management members complied with relevant regulations and the Articles of Association.

**3.      *Remunerations of Directors and senior management members***

The independent Directors, who account for the majority of the Remuneration and Nomination Committee under the Board of Directors, based on the suggestions in the Proposal on Performance Evaluation of the Company's Executives at the Level of President and Vice-president in 2020, the performance contracts of the executives and their achievement of performance in 2020, conducted an assessment on the work performance of the Company's executives (including internal Directors) at the level of president and vice president of the Company in 2020 and approved and rated the performance appraisal results of the Company's chief risk officer and compliance officer as excellent, and submitted to the Board for confirmation.

**4.      *Appointment of accounting firms***

Given that DTT was in compliance with the auditing standards and other laws and regulations as well as professional ethics to serve as the domestic and overseas auditor for 2020 of the Company, diligently performed their audit duties, and completed the audit work in an independent, objective and fair manner. The independent Directors expressed prior approval and independent opinion in respect of appointing the accounting firms as considered at the 2nd meeting of the fifth session of the Board that it agreed to re-appoint DTT as the domestic and overseas auditors of the Company for 2021 and to re-appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditor of the Company for 2021 and agreed to submit the same to the general meeting of the Company for consideration. The re-appointment of DTT was based on scientific decision-making, legal and compliant procedures, and complied with the provisions of the Articles of Association.

**5.      *Internal control evaluation report***

The independent Directors of the Company believe that the Company has formulated relevant internal control systems in accordance with laws, regulations and regulatory documents based on the basic principles of internal control and combined with the needs of operation and management. The relevant system covers all aspects and processes of the Company's operation and management, and has formed a standardized management system in actual operation, which can effectively control the risks of operation and management, protect the safety and integrity of the Company's assets, and safeguard the interests of the Company and all Shareholders. The Company's internal control evaluation report gave a comprehensive, truthful and accurate view of the actual situation of the Company's internal control without false records, misleading statements or major omissions and agreed with the conclusions made in the 2020 Internal Control Evaluation Report of the Company.



**6.      *Formulation of the cash dividend plan***

The independent Directors of the Company expressed independent opinions on the 2020 profit distribution plan considered at the 2nd meeting of the fifth session of the Board that, the 2020 profit distribution plan proposed by the Company upon comprehensive consideration of the interests of Shareholders, the Company's development and other factors, was in line with relevant regulations as well as the ongoing, stable profit distribution policy determined in accordance with the Articles of Association and the Plan on Shareholders' Returns in the Next Three Years of the Company (2020-2022), which was conducive to the Company's long-term development and in line with the interests of Shareholders. The independent Directors agreed to submit the plan to the general meeting for consideration.

**7.      *Discloseable related-party transactions***

The independent Directors of the Company made judgments on the necessity and rationality of the related party transactions of the Company and determined whether the pricing was fair or whether the interests of the Company and Shareholders were prejudiced in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 5 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Transactions and Related-party Transactions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other regulations as well as the requirements of the Administrative Measures for Related Party Transactions formulated by the Company. The independent Directors of the Company also reviewed the foregoing based on relevant processes.

- (1) The independent Directors of the Company expressed their prior approval opinions and independent opinions on the Projected Routine Related-party Transactions of the Company for 2021 considered at the 2nd meeting of the fifth session of the Board that: the projected routine related-party transactions of the Company for 2021 and prior to the convening of the 2021 AGM were conducted in the ordinary course of business and for the business development of the Company, which did not impair the independence of the Company and the projected pricing was reasonable and fair without prejudice to the interests of non-related shareholders of the Company and the Company. The projecting procedures complied with laws, regulations and the requirements of the Articles of Association.
- (2) The independent Directors of the Company expressed their prior approval opinions and independent opinions on entering into the Connected Transaction Framework Agreement with Shenergy Group considered at the 2nd meeting of the fifth session of the Board that, the 2021-2023 Connected Transaction Framework Agreement was entered in the ordinary course of business of the Company and for the business development of the Company, which will facilitate the centralized management and supervision over the possible continuing connected transactions between the Company and Shenergy Group, the pricing of the transactions were fair and reasonable, and in line with the market transaction principles without prejudice to the interests of non-related shareholders of the Company and the Company, and will not have an impact on the Company's independence, and the consideration process complied with laws and regulations, the Articles of Association and other requirements.

**8.      *Capital transactions and external guarantees***

Pursuant to the CSRC's Regulatory Guideline No. 8 for Listed Companies – Regulatory Requirements on Capital Transactions and External Guarantees of Listed Companies and the Administrative Measures on External Guarantees of the Company, the independent Directors earnestly conducted a review on the outstanding external guarantees as at the end of the reporting period and those incurred in the current period, and considered that the consideration process was in line with laws without prejudice to the legitimate rights and interests of the Company and other Shareholders.

- (1) The independent Directors of the Company expressed independent opinions on the estimated 2021 external guarantees considered at the 2nd meeting of the fifth session of the Board that, the Company's estimation of the possible guarantees to be provided to or among subsidiaries during the authorization period arose from the Company's business plan and the need to reduce financing costs as well as enhancement of the operating capacity of the Hong Kong subsidiaries; and the estimation complied with relevant regulations, the Articles of Association, the Administrative Measures for External Guarantees of the Company and other provisions, and the decision-making procedures were arranged legally.
- (2) The independent Directors of the Company issued special statements and independent opinions on the Company's external guarantees during the reporting period at the 2nd meeting of the fifth session of the Board that, as of December 31, 2020, the Company's external guarantees included the guarantee provided by the parent company and Orient Finance Holdings, a wholly-owned subsidiary, for financing guarantees and non-financing guarantees to subsidiaries of Orient Finance Holdings. The above-mentioned guarantees totaled RMB10.002 billion, accounting for 16.61% of the Company's net assets. Such guarantees were carried out to meet the Company's business development, broaden overseas financing channels and enhance the external operating capacity of the Hong Kong subsidiaries. Save for the above, the Company did not provide other external guarantees, and the Company did not provide any guarantees to controlling Shareholders, de facto controllers and their related parties. In accordance with legal procedures, the Company performed the review procedure for external guarantees to fully protect the legitimate rights and interests of the Company and all Shareholders without prejudice to the legitimate rights and interests of the Company and other Shareholders.

**9.      *Public issuance of securities by way of the Rights Issue***

The independent Directors of the Company issued independent opinions on the relevant issues relating to public issuance of securities by way of the Rights Issue considered at the 2nd meeting of the fifth session of the Board that, the Rights Issue plan of the Company was in line with the Company Law, the Securities Law, the Management Methods on Securities Issuance of Listed Companies and other laws, regulations and the requirements of the Articles of Association, based on the Company's actual situation and corporate strategy and in the interests of the Company and all the Shareholders. The pricing method of the Rights Issue was fair and reasonable, complied with relevant laws and regulations without prejudice to the interests of the Company and its Shareholders, especially the minority Shareholders. The projects to be financed with proceeds from the Rights Issue were in line with relevant national industrial policies. The Feasibility Analysis Report on Use of Proceeds to be Raised from the Rights Issue of 東方證券股份有限公司 formulated by the Company for the purpose of the issue complied with the Company Law, the Securities Law, the Management Methods on Securities Issuance of Listed Companies and other state laws, regulations and regulatory documents in relation to use of proceeds by listed companies, and was in the interests of all the Shareholders of the Company. The Company conducted an earnest analysis on the dilution of immediate returns by the issuance of securities by way of the Rights Issue and proposed specific remedial measures, which was in line with the Several Opinions on Further Promoting the Healthy Development of Capital Market of the Stated Council (Guo Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)), the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Minority Investors on Capital Market (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the Guiding Opinions on Dilution of Immediate Returns by the Initial Public Issuance, Refinancing and Major Asset Reorganization (CSRC Ann [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號)), and other relevant laws, regulations, rules and regulatory documents, and relevant entities issued undertakings for the effective implementation of the remedial measures against dilution of returns of the Company, which was in the interests of all the Shareholders as a whole. The consideration procedures of the Rights Issue complied with the requirements of relevant laws, regulations, regulatory documents and the Articles of Association. The independent Directors agreed to submitting the proposal on public issuance of securities by way of the Rights Issue to the annual general meeting, the A Share class meeting and H Share class meeting for consideration.

**10.    *Absorption and merger with a wholly-owned subsidiary***

The independent Directors of the Company issued independent opinions on the absorption and merger with a wholly-owned subsidiary considered at the 4th meeting of the fifth session of the Board that, the absorption and merger with Orient Investment Banking will facilitate resolution of the problem of splitting the investment banking business licenses, fully utilize the advantages of comprehensive licenses, solve the constraints of liquidity risk and other indicators on carrying out investment banking business, improve the management and decision-making efficiency, promote the overall development of the Company's investment banking business and enhance its comprehensive financial service level. As Orient Investment Banking is a wholly-owned subsidiary of the Company, the absorption and merger will not have a substantive impact on the Company's current profit or loss in the consolidated financial statements, nor will it have any material impact on the assets and liabilities as shown in the Company's consolidated financial statements, and will not prejudice the legitimate rights and interests of the Company and the Shareholders. The consideration procedures of the Board for the absorption and merger complied with laws, regulations and the Articles of Association. The independent Directors agreed to the absorption and merger, and approved to submit the relevant issue to the general meeting for consideration.

**11.    *Performance of the undertakings of the Company and Shareholders***

The independent Directors diligently performed their duties and paid close attention to the performance of the undertakings of the Company and Shareholders. The undertakings that had not yet been fulfilled by the Shareholders and the Company were fully disclosed in the Company's announcements. During the reporting period, the Company and its Shareholders had fulfilled related undertakings in good faith, and there was no breach thereof.

**(iii)    On-site Inspection**

The independent Directors carried out on-site inspection over the Company through attending general meetings, Board meetings and meetings of the special committees, gained insight into the Company's operating condition and financial status, discussed with the Directors, Supervisors and senior management members regarding the economic environment, industry development trends and implementation of resolutions of the Board, proactively kept abreast of the Company's announcements, media reports about the Company, and had timely access to the Company's operation and management information and followed up the operating dynamics of the Company with reference to the Company Newsletters, Board Bulletins, Compliance and Risk Management Comprehensive Report, Compliance Mails and other materials. Meanwhile, the independent Directors also keep contact with the Company through e-mails and telephone calls, so as to establish an effective communication mechanism.

**(iv) Proposing the Convening of Board Meetings and Appointment and Removal of Auditing Firms and Independently Appointing External Auditing Institutions and Advisory Institutions**

During the reporting period, the independent Directors did not propose the convening of Board meetings or appointment or removal of auditing firms, nor did it independently appoint external auditing institutions and advisory institutions.

**(v) Other Work Conducted on Protecting the Legitimate Rights and Interests of Minority Shareholders**

The independent Directors of the Company proactively attended various meetings of the Company, took the initiative to learn about the Company's strategic development, innovation and transformation and compliance and risk management, and raised professional opinions and suggestions for relevant decisions and corporate governance, which effectively improved the scientific and forward-looking decision-making process of the Board and enhanced the Company's corporate governance.

**III. OVERALL EVALUATION AND RECOMMENDATIONS**

In 2021, all the independent Directors faithfully performed their duties. Through diligent and dedicated engagement in the decision-making for significant matters of the Company under the principle of objectivity, fairness and independence, the independent Directors made positive contributions for improving the corporate governance structure and safeguarding the interests of the Company as a whole as well as the legitimate rights and interests of the public Shareholders.

In 2022, all the independent Directors will continuously abide by the regulatory requirements for listed securities companies; diligently and faithfully perform their duties in strict compliance with the relevant requirements under the laws, regulations and the Articles of Association; actively engage in the decision-making for significant matters of the Company; and effectively safeguard the legitimate rights and interests of all the Shareholders and in particular of the minority Shareholders, with a view to promoting the sustainable, healthy and stable development of the Company.

Independent Directors: XU Zhiming, JIN Qinglu, WU Hong, FENG Xingdong and LUO Xinyu

March 2022

Dear Shareholders,

The preparation of 2021 final accounts report of the Company has been completed. The 2021 financial statements of the Company were audited by DTT, who issued a standard unqualified audit report thereon.

Unless otherwise stated, the financial data in this report are based on the audited A Share consolidated financial statements, of which the data on net assets, net profit, and total comprehensive income are all based on those attributable to owners of the parent company.

## 2021 KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

*Unit: RMB100 million*

Items	A Share			H Share		
	As at the end of 2021	As at the end of 2020	Change	As at the end of 2021	As at the end of 2020	Change
Total assets	3,266.00	2,911.17	+12%	3,266.00	2,911.17	+12%
Total liabilities	2,624.57	2,308.86	+14%	2,624.57	2,308.86	+14%
Net assets	641.27	602.03	+7%	641.27	602.03	+7%
Net capital (parent company)	368.95	378.35	-2%	368.95	378.35	-2%
Items	2021	2020	Change	2021	2020	Change
Operating income/revenue and other income	243.70	231.34	+5%	285.63	276.47	+3%
Operating expenses/total expenses	181.40	204.37	-11%	237.00	260.73	-9%
Total profit	63.07	27.86	+126%	63.07	27.86	+126%
Net profit	53.71	27.23	+97%	53.71	27.23	+97%
Total comprehensive income	58.68	22.30	+163%	58.68	22.30	+163%
Earnings per Share (RMB/Share)	0.73	0.38	+92%	0.73	0.38	+92%
Weighted average return on net assets	9.02%	4.85%	↑ 4.17 percentage points	9.02%	4.85%	↑ 4.17 percentage points

*Note:* For A Share and H share financial reports, total assets, total liabilities and net assets are identical. The differences in operating income and operating expenditure are mainly attributable to the income and expenses for fees and interests, which are reflected on a net basis for A Share but reflected separately for H Share.

**I. FINANCIAL POSITION IN 2021****(i) Assets**

As at the end of 2021, total assets of the Company amounted to RMB326.600 billion, representing an increase of RMB35.482 billion or 12% as compared with those of the end of the previous year. The major changes were as follows: with the increase in customer funds, monetary funds recorded an increase of RMB24.915 billion over the end of the previous year; various kinds of financial investment and derivative financial assets recorded an increase of RMB4.512 billion in aggregate from the end of the previous year; clearing settlement funds recorded an increase of RMB3.957 billion over the end of the previous year; lending amount recorded an increase of RMB3.173 billion over the end of the previous year; and the financial assets held under resale agreements recorded a decrease of RMB2.957 billion over the end of the previous year.

**(ii) Liabilities**

As at the end of 2021, total liabilities of the Company amounted to RMB262.457 billion, representing an increase of RMB31.570 billion or 14% as compared with those of the end of the previous year. The major changes were as follows: amount from securities brokerage business increased by RMB23.369 billion over the end of the previous year; financial assets sold under repurchase agreements increased by RMB9.881 billion over the end of the previous year; bonds payable increased by RMB5.244 billion over the end of the previous year; financial liabilities held for trading increased by RMB2.012 billion over the end of the previous year; short-term financing bills payable recorded a decrease of RMB9.159 billion over the end of the previous year and amount due to banks and other financial institutions recorded a decrease of RMB1.184 billion over the end of the previous year.

After deducting amount from securities brokerage business and funds payable to securities issuers, as at the end of 2021, the gearing ratio of the Company was 72.89%, representing a decline of 0.24 percentage points as compared with that of the end of the previous year.

**(iii) Net Assets and Net Capital**

As at the end of 2021, net assets of the Company amounted to RMB64.127 billion, representing an increase of RMB3.924 billion or 7% as compared with that of the end of the previous year. The major changes were as follows: net profit of RMB5.371 billion in 2021, other comprehensive income (net of tax) of RMB497 million, and cash dividend distributed for 2020 of RMB1.748 billion.

At the end of 2021, net asset per Share attributable to owners of the parent company was RMB9.17/Share, representing an increase of RMB0.56/Share or 7% over the end of the previous year.

As of the end of 2021, net capital of the parent company amounted to RMB36.895 billion, representing a decrease of RMB940 million over the end of the previous year. During the year, major risk control indicators such as net capital continued to meet regulatory requirements.

**II. OPERATION RESULTS IN 2021****(i) Operating Income**

In 2021, the Company realized operating income of RMB24.370 billion, representing a year-on-year increase of RMB1.236 billion or 5%, among which:

1. net fee income and commission amounted to RMB9.400 billion, up by RMB2.279 billion year on year, which was mainly attributable to the increase of RMB1.157 billion in net fee income from asset management business as compared with the same period last year; the increase of RMB996 million in net fee income from brokerage business as compared with the same period last year and the increase of RMB123 million in net fee income from investment banking business as compared with the same period last year.
2. the investment income amounted to RMB4.757 billion, representing a year-on-year decrease of RMB255 million and gains from fair value changes amounted to RMB-12 million, representing a year-on-year decrease of RMB1.388 billion, which was mainly attributable to the decrease in the investment income and fair value changes from proprietary securities of the Company due to market turbulences.

**(ii) Operating Expenditure**

In 2021, the Company incurred operating expenditure of RMB18.140 billion, representing a year-on-year decrease of RMB2.298 billion or 11%, which was mainly attributable to a year-on-year decrease of RMB2.571 billion in credit impairment loss due to the decrease in impairment provided for the share pledge business; and a year-on-year increase of RMB595 million in business and management fee.

**(iii) Profit and Comprehensive Income**

In 2021, the Company realized net profit of RMB5.371 billion, an increase of RMB2.649 billion or 97% compared with the same period of last year. The Company realized total comprehensive income of RMB5.868 billion, an increase of RMB3.638 billion or 163% compared with the same period of last year.

In 2021, earnings per Share attributable to ordinary shareholders of the parent company amounted to RMB0.73 per Share, an increase of RMB0.35 per Share or 92% compared with the same period of last year.

In conclusion, amid the robust trading and investment activities in the capital market in 2021, the Company proactively grasped market opportunities to propel the development of various businesses, recorded a year-on-year increase in net fee income from asset management, brokerage and investment banking business, as well as investment income from associates and posted a sound overall operating performance. Meanwhile, the Company prudently conducted assessment on the expected credit impairment risks from share pledge projects and recorded a remarkable year-on-year decline in credit impairment loss.

The above proposal is hereby put forth for Shareholders' consideration.



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## ANNEX V      PROPOSAL REGARDING THE PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2022

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Dear Shareholders,

In accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (revised in January 2022), Guidelines No. 5 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Transactions and Related-party Transactions, and the Administrative Measures for the Related Party Transactions of the Company, taking into consideration of the Company's daily operation and business development needs, the Company has made estimation on the routine related party transactions that may occur in 2022 and up to 2022 annual general meeting, details of which are as follows:

### **I.      DESCRIPTION OF RELATED PARTIES AND RELATED RELATIONSHIP**

#### **1.      Shenergy (Group) Company Limited ("Shenergy Group") and its Related Companies**

Shenergy Group was established by Shanghai State-owned Assets Supervision and Administration Commission on November 18, 1996 with a registered capital of RMB20 billion. Its legal representative is HUANG Dinan. Shenergy Group holds 25.27% shares of the Company as of March 31, 2022 and is the largest shareholder of the Company. The related companies of Shenergy Group include parties acting in concert with Shenergy Group, legal persons or other organizations directly or indirectly controlled by Shenergy Group, major upstream and downstream companies of Shenergy Group and the above entities and 30%-controlled companies held, directly or indirectly, by Shenergy Group and their subsidiaries.

#### **2.      Other related parties**

Expect for the above-mentioned related parties, related natural persons and other related legal persons of the Company include:

##### ***(1)      Related natural persons***

Related natural persons refer to natural persons who directly or indirectly hold more than 5% of the Shares of the Company; Directors, Supervisors and senior management of the Company; close family members of the aforementioned persons, and other natural persons, recognized based on the principle of substance over form by the CSRC, the Shanghai Stock Exchange, or by the Company, who have a special relationship with the Company and may cause the Company to lean against its interest.

##### ***(2)      Other related legal persons***

Related legal persons refer to legal persons or other organizations which hold more than 5% of the Shares of the Company and parties acting in concert with them other than Shenergy Group; legal persons or other organizations directly or indirectly controlled by the related natural persons of the Company, or where the related natural persons of the Company serve as Directors (excluding being an independent Director of both parties) and senior management, other than the Company and its holding subsidiaries; and legal persons or other organizations, recognized based on the principle of substance over form by the CSRC, the Shanghai Stock Exchange, or by the Company, who have a special relationship with the Company and may cause the Company to lean against its interest.

# ANNEX V      PROPOSAL REGARDING THE PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2022

## II.      DETAILS OF PROJECTED ROUTINE RELATED-PARTY TRANSACTIONS

### 1.      Projected related party-transactions with Shenergy Group and its related companies

No.	Category of Transactions	Description	Projected Amount
1	Securities and Financial Services	The services cover, including but not limited to, securities and futures brokerage; underwriting and sponsoring; financial consultancy; entrusted assets management; settlement and sale of foreign exchange; margin financing and securities lending; securities and financial advisory and consultancy, etc.	Due to uncertainties of the occurrence and volume of such business, the projected cap will be calculated based on the actual amount.
2	Trading in Securities and Financial Products	<p>The trading covers, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. transactions relating to equity products, non-equity products and their derivatives: including but not limited to stocks, bonds, funds, trusts, wealth management products, asset management schemes, asset securitization products, swaps, futures, options, forwards and other financial products;</li> <li>2. financing-related transactions: financial intermediation activities among financial institutions, including but not limited to interbank lending; repurchases; mutual holding of debt instruments such as income certificates, short-term financing bills, subordinated bonds and corporate bonds; and</li> <li>3. other securities and financial products transactions as permitted by the regulatory authorities.</li> </ol>	
3	Purchasing goods and receiving labor	Including services within the business scope of Shenergy Group and its related companies, which cover, including but not limited to, acceptance of goods and labor such as electricity, gas, natural gas, gas stoves, gas equipment, gas kitchen equipment, and acceptance of services such as property management, gas transmission and distribution, gas project planning, design and construction.	

*Note:* Under the requirements of the Hong Kong Listing Rules and other regulations, the Company carried out and managed the connected transactions with Shenergy Group and its related companies in compliance with the Connected Transaction Framework Agreement (2021-2023) with Shenergy (Group) Company Limited.

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## ANNEX V      PROPOSAL REGARDING THE PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2022

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### 2.      Projected related-party transactions with other related companies

No.	Category of Transactions	Description	Projected Amount
1	Securities and Financial Services	The services cover, including but not limited to, securities and futures brokerage; leasing of trading seats; sale of securities and financial products; underwriting and sponsoring; financial consultancy; entrusted assets management; settlement and sale of foreign exchange; securities and financial business; entrusted assets management; securities and financial advisory and consultancy, etc.	Due to uncertainties of the occurrence and volume of such business, the projected cap will be calculated based on the actual amount.
2	Trading in Securities and Financial Products	<p>The trading covers, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. transactions relating to equity products, non-equity products and their derivatives: including but not limited to stocks, bonds, funds, trusts, wealth management products, asset management schemes, asset securitization products, swaps, futures, options, forwards and other financial products;</li> <li>2. financing-related transactions: financial intermediation activities among financial institutions, including but not limited to interbank lending; repurchases; mutual holding of debt instruments such as income certificates, short-term financing bills, subordinated bonds and corporate bonds; and</li> <li>3. other securities and financial products transactions as permitted by the regulatory authorities.</li> </ol>	

### 3.      Projected related-party transactions with related natural persons

Related natural persons of the Company will trade in securities and financial products with, and receive intermediary services and other services from the Company in accordance with laws, regulations and regulatory requirements. Due to uncertainties of the occurrence and volume of such business, the projected cap will be calculated based on the actual amount.

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## **ANNEX V      PROPOSAL REGARDING THE PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2022**

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### **III.    PRICING PRINCIPLE AND BASIS OF RELATED-PARTY TRANSACTIONS**

For the aforementioned related-party transactions in the ordinary course of business, the Company will determine the transaction price in strict compliance with the principle of fairness with reference to the prevailing market price, industry practice and prices determined by any third party. The aforementioned related-party transactions did not prejudice the interests of the Company and its Shareholders, especially the minority Shareholders.

### **IV.    IMPACT OF ROUTINE RELATED-PARTY TRANSACTIONS ON THE COMPANY**

1.    The above related-party transactions are conducted in the ordinary business operation of the Company and will contribute to normal business development of the Company;
2.    The pricing of the aforesaid related-party transactions was determined with reference to the market price, which was fair and reasonable without prejudice to the interests of the non-related shareholders of the Company and the Company;
3.    The above related-party transactions did not affect the independence of the Company as the principal businesses of the Company did not rely on the related parties as a result of the above related-party transactions.

The above proposal is hereby put forth for Shareholders' consideration (the relevant related Shareholders shall abstain from voting on the related proposals, respectively).

**ANNEX VI                      TABLE OF COMPARISON OF THE IMPLEMENTATION RULES  
FOR ONLINE VOTING AT SHAREHOLDERS’ GENERAL MEETINGS  
OF THE COMPANY BEFORE AND AFTER AMENDMENTS**

<b>Before amendment</b>	<b>After amendment</b>	<b>Explanation for amendment</b>
<p><b>Article 1</b> To regulate the online voting procedures at general meetings of 東方證券股份有限公司 (the “Company”), facilitate the shareholders of the Company to exercise their voting rights and protect the legitimate rights and interests of the investors, especially the public investors, these Rules are formulated pursuant to the Company Law of the People’s Republic of China, Rules for Shareholders’ General Meetings of Listed Companies, <u>Implementation Rules for Online Voting at Shareholders’ General Meetings of Listed Companies of Shanghai Stock Exchange</u>, Guidelines for HKSCC Participating in Online Voting of Shanghai-Hong Kong Stock Connect Securities and relevant laws, regulations, rules, regulatory documents and relevant requirements of the Articles of Association of 東方證券股份有限公司 (the “Articles of Association”) and the Rules of Procedure of Shareholders’ General Meetings of 東方證券股份有限公司 and based on the actual situation of the Company.</p>	<p><b>Article 1</b> To regulate the online voting procedures at general meetings of 東方證券股份有限公司 (the “Company”), facilitate the shareholders of the Company to exercise their voting rights and protect the legitimate rights and interests of the investors, especially the public investors, these Rules are formulated pursuant to the Company Law of the People’s Republic of China, Rules for Shareholders’ General Meetings of Listed Companies, <u>Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation</u>, <u>Guidelines No. 2 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Business Handling</u>; <u>No. IV Online Voting at Shareholders’ General Meetings</u>, Guidelines for HKSCC Participating in Online Voting of Shanghai-Hong Kong Stock Connect Securities and relevant laws, regulations, rules, regulatory documents and relevant requirements of the Articles of Association of 東方證券股份有限公司 (the “Articles of Association”) and the Rules of Procedure of Shareholders’ General Meetings of 東方證券股份有限公司 and based on the actual situation of the Company.</p>	<p>Updated based on the relevant new requirements</p>

**ANNEX VI                      TABLE OF COMPARISON OF THE IMPLEMENTATION RULES  
FOR ONLINE VOTING AT SHAREHOLDERS' GENERAL MEETINGS  
OF THE COMPANY BEFORE AND AFTER AMENDMENTS**

<b>Before amendment</b>	<b>After amendment</b>	<b>Explanation for amendment</b>
<b>Article 4</b> Where the Company makes online voting available to the shareholders, it shall, according to the requirements of <u>guidelines of form of relevant temporary</u> announcements of the stock exchange(s), adopt the announcement preparation software of the stock exchange(s) to prepare relevant announcement(s) on general meetings and disclose the same as required.	<b>Article 4</b> Where the Company makes online voting available to the shareholders, it shall, according to the requirements of form of announcements of the stock exchange(s), adopt the announcement preparation software of the stock exchange(s) to prepare relevant announcement(s) on general meetings and disclose the same as required.	Amended pursuant to Rule 2.1.10 of Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation
<b>Article 8</b> In case of any of the following circumstances, the convener(s) of the shareholders' general meeting shall prepare the corresponding announcement(s) in a timely manner according to the requirements set out in Article 4 of these Rules to make supplementary disclosure: (i) to adjourn or cancel the shareholders' general meeting; (ii) to propose provisional motion(s); (iii) to cancel motion(s) as stated in the notice of the shareholders' general meeting; (iv) to supplement or correct the online voting information.	<b>Article 8</b> In case of any of the following circumstances, the convener(s) of the shareholders' general meeting shall prepare the corresponding announcement(s) in a timely manner according to the requirements set out in Article 4 of these Rules <u>and submit the same two trading days prior to the shareholders' general meeting</u> to make supplementary disclosure: (i) to adjourn or cancel the shareholders' general meeting; (ii) to propose provisional motion(s); (iii) to cancel motion(s) as stated in the notice of the shareholders' general meeting; (iv) to supplement or correct the online voting information <u>as set out in the application form</u> .	Amended pursuant to Guidelines No. 2 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Business Handling: No. IV Online Voting at Shareholders' General Meetings "II. Notice and Preparation-2"
<b>Article 10</b> When submitting announcements as required under Article 7 and Article 8 of these Rules for disclosure <u>through the information disclosure electronic system of the stock exchange(s)</u> , the Company <u>shall verify, confirm and guarantee the accuracy and completeness of the online voting information submitted</u> .	<b>Article 10</b> When submitting announcements as required under Article 7 and Article 8 of these Rules for disclosure <u>through its business management system</u> , the Company <u>shall verify the online voting information contained in business application and submit upon confirmation</u> .	Amended pursuant to Guidelines No. 2 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Business Handling: No. IV Online Voting at Shareholders' General Meetings "II. Notice and Preparation-4"

**ANNEX VI                      TABLE OF COMPARISON OF THE IMPLEMENTATION RULES  
FOR ONLINE VOTING AT SHAREHOLDERS' GENERAL MEETINGS  
OF THE COMPANY BEFORE AND AFTER AMENDMENTS**

Before amendment	After amendment	Explanation for amendment
<p><b>Article 13</b> Pursuant to the requirements of relevant rules, where the following nominee holders of shares are required to solicit the voting comments of the actual holders of shares before exercising the voting rights, they may entrust the Information Company to solicit the voting comments of the actual holders of shares towards the matters to be considered at the shareholders' general meeting through the general meeting voting comments collecting system (website: <a href="http://www.sseinfo.com">www.sseinfo.com</a>):</p> <p>.....</p>	<p><b>Article 13</b> Pursuant to the requirements of relevant rules, where the following nominee holders of shares are required to solicit the voting comments of the actual holders of shares before exercising the voting rights, they may entrust the Information Company to solicit the voting comments of the actual holders of shares towards the matters to be considered at the shareholders' general meeting through the general meeting voting comments collecting system <u>and vote accordingly</u>:</p> <p>.....</p>	<p>Amended pursuant to Rule 2.1.13 of Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation</p>
<p><b>Article 19</b> Save and except for under the cumulative voting system, the shareholders' general meeting shall resolve on all the proposals item by item; <u>and in the event of several proposals for the same matter, such proposals shall be voted on and resolved in the order of time at which they are submitted.</u></p> <p>Shareholders <u>who attend the general meeting</u> shall expressly take one of the following stances when a proposal is put forward for voting: for, against or abstain. However, according to relevant rules, the nominee holders of shares stipulated under Article 13 herein shall exercise their voting rights according to the different voting comments to the same proposal from the actual holders.</p>	<p><b>Article 19</b> Save and except for under the cumulative voting system, the shareholders' general meeting shall resolve on all the proposals item by item; <u>and shareholders or shareholder proxies shall not simultaneously vote in favor of proposals in mutual exclusion.</u></p> <p>Shareholders <u>or shareholder proxies voting at a shareholders' general meeting</u> shall expressly take one of the following stances when a proposal is put forward for voting: for, against or abstain. However, according to relevant rules, the nominee holders of shares stipulated under Article 13 herein shall exercise their voting rights according to the different voting comments to the same proposal from the actual holders.</p>	<p>Amended pursuant to Rule 2.1.16 of Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation</p>

**ANNEX VI                      TABLE OF COMPARISON OF THE IMPLEMENTATION RULES  
FOR ONLINE VOTING AT SHAREHOLDERS' GENERAL MEETINGS  
OF THE COMPANY BEFORE AND AFTER AMENDMENTS**

<b>Before amendment</b>	<b>After amendment</b>	<b>Explanation for amendment</b>
<p><b>Article 22</b> The securities companies and China Securities Finance as stipulated under Article 13 herein, who exercise their voting rights as nominee holders of shares via the Online Voting System of the <u>Exchange</u>, shall exercise their voting rights through the margin and refinancing voting platform of the Information Company (website: <a href="http://www.sseinfo.com">www.sseinfo.com</a>). The voting hours are from 9:15 to 15:00 on the date of the shareholders' general meeting.</p>	<p><b>Article 22</b> The securities companies and China Securities Finance as stipulated under Article 13 herein, who exercise their voting rights as nominee holders of shares <u>by virtue of the margin and refinancing businesses</u> via the Online Voting System of the <u>stock exchange</u>, shall exercise their voting rights through the margin and refinancing voting platform of the Information Company (website: <a href="http://vote.sseinfo.com">vote.sseinfo.com</a>). The voting hours are from 9:15 to 15:00 on the date of the shareholders' general meeting.</p>	<p>Amended pursuant to Guidelines No. 2 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Business Handling: No. IV Online Voting at Shareholders' General Meetings “III. Approach and Procedure-8”</p>



**ANNEX VI                      TABLE OF COMPARISON OF THE IMPLEMENTATION RULES  
FOR ONLINE VOTING AT SHAREHOLDERS' GENERAL MEETINGS  
OF THE COMPANY BEFORE AND AFTER AMENDMENTS**

Before amendment	After amendment	Explanation for amendment
<p><b>Article 24</b>        .....</p> <p>Pursuant to the Rules for Shareholders' General Meetings of Listed Companies, <u>Guidelines for Cash Dividend Distribution of Listed Companies on the Shanghai Stock Exchange</u> and relevant requirements, where voting results of the minority investors are required to be disclosed separately for relevant proposals, HKSCC shall provide the voting results of the minority investors holding shares through the Shanghai-Hong Kong Stock Connect.</p> <p>.....</p> <p>Where HKSCC participates in the online voting for certain proposals submitted to the shareholders' general meeting pursuant to the relevant requirements, the number of voting rights concerning the votes casted shall be included in the number of voting rights held by the shareholders who attend the shareholders' general meeting. Where HKSCC does not participate in the online voting or the voting declaration does not comply with the Rules for Shareholders' General Meetings of Listed Companies, <u>the Implementation Rules for Online Voting at Shareholders' General Meetings of Listed Companies of Shanghai Stock Exchange</u> and the Guidelines for HKSCC Participating in Online Voting of Shanghai-Hong Kong Stock Connect Securities, the number of voting rights held by it shall be counted as abstention.</p> <p>.....</p>	<p><b>Article 24</b>        .....</p> <p>Pursuant to the Rules for Shareholders' General Meetings of Listed Companies and relevant requirements, where voting results of the minority investors are required to be disclosed separately for relevant proposals, HKSCC shall provide the voting results of the minority investors holding shares through the Shanghai-Hong Kong Stock Connect.</p> <p>.....</p> <p>Where HKSCC participates in the online voting for certain proposals submitted to the shareholders' general meeting pursuant to the relevant requirements, the number of voting rights concerning the votes casted shall be included in the number of voting rights held by the shareholders who attend the shareholders' general meeting. Where HKSCC does not participate in the online voting or the voting declaration does not comply with the Rules for Shareholders' General Meetings of Listed Companies and the Guidelines for HKSCC Participating in Online Voting of Shanghai-Hong Kong Stock Connect Securities, the number of voting rights held by it shall be counted as abstention.</p> <p>.....</p>	<p>Relevant regulations have been annulled by Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation</p>

**ANNEX VI                      TABLE OF COMPARISON OF THE IMPLEMENTATION RULES  
FOR ONLINE VOTING AT SHAREHOLDERS' GENERAL MEETINGS  
OF THE COMPANY BEFORE AND AFTER AMENDMENTS**

<b>Before amendment</b>	<b>After amendment</b>	<b>Explanation for amendment</b>
<p><b>Article 26</b> Shareholders who vote online for certain proposals considered at the shareholders' general meeting are deemed to have attended the shareholders' general meeting, and the number of voting rights they hold shall be included in the number of voting rights held by the shareholders who attend the general meeting. For proposals that the shareholder has yet to vote on or vote without following the voting <u>declaration</u> requirements herein, the number of voting rights held by him/her shall be counted as abstention.</p>	<p><b>Article 26</b> Shareholders who vote online for certain proposals considered at the shareholders' general meeting are deemed to have attended the shareholders' general meeting, and the number of voting rights they hold shall be included in the number of voting rights held by the shareholders who attend the general meeting. For proposals that the shareholder has yet to vote on or vote without following the voting requirements herein, the number of voting rights held by him/her shall be counted as abstention.</p>	<p>Amended pursuant to Rule 2.1.18 of Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation</p>

**ANNEX VI                      TABLE OF COMPARISON OF THE IMPLEMENTATION RULES  
FOR ONLINE VOTING AT SHAREHOLDERS' GENERAL MEETINGS  
OF THE COMPANY BEFORE AND AFTER AMENDMENTS**

Before amendment	After amendment	Explanation for amendment
<p><b>Article 31</b> Upon the conclusion of the shareholders' general meeting, <u>the convener(s) shall prepare the announcement(s) of the proposal(s) of the shareholders' general meeting according to the requirements of Article 3 and Article 4 of these Rules, and disclose the same in a timely manner.</u></p> <p>Where the shareholders' general meeting considers significant matters affecting the interests of the minority investors, except for the following shareholders, votes casted by other shareholders should be counted separately and disclosed in the announcement of proposals:</p> <p>(i) directors, supervisors and senior management members of the Company;</p> <p>(ii) shareholders individually or collectively holding 5% or more of the Company's shares.</p>	<p><b>Article 31</b> Upon the conclusion of the shareholders' general meeting, <u>the listed company shall count the voting results of the proposals in a timely manner and disclose the announcement of proposals.</u></p> <p><u>In the event of proposals being vetoed, abnormal or emergency conditions or failing to pass any resolution for significant matters with sufficient attention of investors, the Company shall publish an announcement on the date of the convening of the shareholders' general meeting.</u> Where the shareholders' general meeting considers significant matters affecting the interests of the minority investors, except for the following shareholders, votes casted by other shareholders should be counted separately and disclosed in the announcement of proposals:</p> <p>(i) directors, supervisors and senior management members of the Company;</p> <p>(ii) shareholders individually or collectively holding 5% or more of the Company's shares.</p> <p><u>Significant matters affecting the interests of the minority investors referred to in the preceding paragraph represent matters that require independent opinions from the independent directors according to relevant requirements of the Shanghai Stock Exchange.</u></p>	<p>Amended pursuant to Rule 2.1.21 of Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation</p>

**ANNEX VI                      TABLE OF COMPARISON OF THE IMPLEMENTATION RULES  
FOR ONLINE VOTING AT SHAREHOLDERS' GENERAL MEETINGS  
OF THE COMPANY BEFORE AND AFTER AMENDMENTS**

<b>Before amendment</b>	<b>After amendment</b>	<b>Explanation for amendment</b>
<b>Article 32</b> From the second day upon the completion of the on-site voting at the shareholders' general meeting, shareholders may check their <u>valid</u> voting results on the Information Company's website ( <a href="http://www.sseinfo.com">www.sseinfo.com</a> ) <u>in a manner stipulated by the website</u> .	<b>Article 32</b> Upon the completion of the on-site voting at the shareholders' general meeting, shareholders may check their voting results <u>according to the manner stipulated on the Information Company's website (<a href="http://vote.sseinfo.com">vote.sseinfo.com</a>)</u> .	Amended pursuant to Guidelines No. 2 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Business Handling: No. IV Online Voting at Shareholders' General Meetings “IV. Counting and Checking Online Voting Results-4”

*Note:* The Implementation Rules for Online Voting at Shareholders' General Meetings of the Company were prepared in Chinese, and no official English version is available. Therefore, the English translation is for reference only. If there is any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 10</b> The Company shall, in accordance with the provisions of the Constitution of the Chinese Communist Party, establish the organizations of the Chinese Communist Party and carry out party activities. <u>The Company shall provide necessary conditions for the activities of the Party organizations. Party organizations shall act as a political core in the Company, and the Board of Directors shall consult the Party organizations before deciding on the Company's significant issues. For major management issues involving national macro-control, national development strategy and national security, the Board of Directors shall make their decisions based on the opinions of the Party organisations.</u></p>	<p><b>Article 10</b> The Company shall, in accordance with <u>the Company Laws and</u> the provisions of the Constitution of the Chinese Communist Party, establish the organizations of the Chinese Communist Party and carry out party activities. <u>The Party organisation is an integral part of the corporate governance structure of the Company. The Party committee of the Company plays a leading role, sets the directions, manages the overall situations, promotes implementation, and supports the general meeting of shareholders, the board of directors, the board of supervisors and the management to exercise their powers in accordance with the laws. The Board of Directors and management shall take into account the opinions of the Party organizations before deciding on the Company's significant issues. For major management issues, especially involving national macro-control, national development strategy and national security, the Board of Directors and management shall make their decisions according to study and discussion with the Party committee of the Company. The Company establishes a Party work organization, equips with a sufficient number of Party affairs staff, and guarantees the work funds of the Party organisation.</u></p>	<p>Amended in accordance with the Guiding Opinions of the General Office of the State Council on Further Improving the Corporate Governance Structure of State-owned Enterprises and other regulations and revised according to the Company's actual situation</p>

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 13</b> The objectives of business of the Company are to standardize operations and to seek to maximize the long-term interests of shareholders.</p>	<p><b>Article 13</b> The objectives of business of the Company: <u>in accordance with national laws and regulations, principles and policies,</u> to standardize operations, <u>implement the development concepts of innovation, coordination, green, openness and sharing,</u> <u>proactively practice the core values of the securities industry culture,</u> <u>focus on the implementation of national strategies,</u> <u>support the development of the real economy,</u> <u>and serve social wealth management,</u> <u>proactively perform corporate social responsibilities,</u> <u>continue to improve and perform their duties,</u> <u>maintain mutual balance among the governance structure,</u> <u>protect the legitimate rights and interests of investors and stakeholders,</u> and to seek to maximize the long-term interests of shareholders.</p>	<p>Amended based on the actual operation of the Company</p>
<p>–</p>	<p><b>Article 16</b> The goal of corporate culture construction is to promote the practice of the core values of the culture of securities industry – “compliance, integrity, professionalism and stability”, adhere to the concept of sustainable development, adhere to the deep integration with corporate governance, development strategies, development methods and behavioral norms, and adhere to the organic integration of the overall development of people, the inheritance of history and culture, the requirements of Party building work, and the developing of professional capabilities to guide the Company’s high quality development and promote the developing of a first-class modern investment bank.</p>	<p>Added according to the relevant requirements of the CSRC and the Securities Industry Association, and the contents of Ten Elements of Cultural Construction in the Securities Industry</p>

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
–	<b>Article 17</b> The Company should establish a sound corporate governance system to provide an effective mechanism guarantee for cultural construction, establish a scientific performance appraisal and reasonable salary management system, and incorporate the probity practice, compliance and integrity, and practice of industry and company cultural concepts into performance appraisal and salary management system.	Added according to the relevant requirements of the CSRC and the Securities Industry Association, and the contents of Ten Elements of Cultural Construction in the Securities Industry
<b>Article 35</b> The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. ... The Directors, Supervisors, President and other senior management of the Company shall, in their terms of office, <u>periodically</u> report to the Company about their shareholdings and changes thereof ...	<b>Article 37</b> The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. ... The Directors, Supervisors, President and other senior management of the Company shall, in their terms of office, report to the Company <u>in a timely manner</u> about their shareholdings and changes thereof ...	Amended in accordance with Article 11 of Management Rules for the Shares of the Company Held by Directors, Supervisors and Senior Management of Listed Companies and Their Changes
<b>Article 39</b> Shareholders shall hold shares for a period in compliance with laws, administrative regulations and relevant requirements of the CSRC. The actual controllers of shareholders shall be subject to the same lock-up period as the shareholders of the Company with respect to the equities under their control, except for the circumstances as recognized by CSRC according to the law.	<b>Article 41</b> Shareholders shall hold shares for a period in compliance with laws, administrative regulations and relevant requirements of the CSRC, <u>if the shareholder acquires the equity of other securities company by way of share conversion or other means, the share holding time can be continuously calculated.</u> <u>If the main assets of the Company's shareholders is the Company's equity, the controlling shareholder of the shareholders or the actual controllers of shareholders shall be subject to the same lock-up period as the shareholders of the Company with respect to the equities under their control, except for the circumstances as recognized by CSRC according to the law.</u>	Amended in accordance with Article 24 of the Provisions on the Administration of Equity Ownership of Securities Companies

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 40</b> Shareholders shall not pledge the equities held by them in the Company during the lockup period. Upon expiration of the lock-up period, the equities pledged by shareholders shall not exceed 50% of the proportion of equities held by them in the Company.</p> <p>The shareholders' pledge of their equities in the Company shall not harm the interests of other shareholders and the Company, <u>maliciously evade the requirements regarding the lockup period</u>, agree with the exercise of shareholders' rights such as voting rights by the pledgee or other third parties, and transfer the control over the Company's equities in disguise.</p>	<p><b>Article 42</b> Shareholders shall not pledge the equities held by them in the Company during the lockup period. Upon expiration of the lock-up period, the equities pledged by shareholders shall not exceed 50% of the proportion of equities held by them in the Company.</p> <p>The shareholders' pledge of their equities in the Company shall not harm the interests of other shareholders and the Company, agree with the exercise of shareholders' rights such as voting rights by the pledgee or other third parties, and transfer the control over the Company's equities in disguise.</p> <p><u>The first paragraph of this article shall not apply to shareholders who hold less than 5% of the Company's equity.</u></p>	Amended in accordance with Article 25 of the Provisions on the Administration of Equity Ownership of Securities Companies
<p><b>Article 41</b> The shareholder and the actual controllers of the Company shall not have the following conducts:</p> <p>(1)...</p> <p>(7) engaging in any other actions as prohibited by CSRC.</p> <p>The Company, its directors, supervisors, senior management and relevant subjects shall not cooperate with the shareholders and their actual controllers to make the circumstances mentioned above happen.</p> <p>In the event the Company notices that the shareholders and their actual controllers involved in the above circumstances, it shall take timely measures to prevent such violation from aggravating and report it to the branches of CSRC at the places where the Company is domiciled within two business days.</p>	<p><b>Article 43</b> The shareholder and the actual controllers of the Company shall not have the following conducts:</p> <p>(1)...</p> <p>(7) engaging in any other actions as prohibited by CSRC.</p> <p>The Company, its directors, supervisors, senior management and relevant subjects shall not cooperate with the shareholders <u>of the Company</u> and their <u>controlling shareholders or</u> actual controllers to make the circumstances mentioned above happen.</p> <p>In the event the Company notices that the shareholders and their <u>controlling shareholders or</u> actual controllers involved in the above circumstances, it shall take timely measures to prevent such violation from aggravating and report it to the branches of CSRC at the places where the Company is domiciled within two business days.</p>	Amended in accordance with Article 29 of the Provisions on the Administration of Equity Ownership of Securities Companies



## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 61</b> Without the approval of the CSRC, any units or individuals holding or actual controlling more than 5% Shares of the Company shall rectify within a time limit and their corresponding Shares shall not have the right to vote before the rectification.</p>	Deleted	This article has been covered by the original Article 64(7) of the Articles of Association
<p><b>Article 62</b> Shareholders shall have the right to protect their legitimate rights and interests through civil procedures or other legal means according to laws and administrative regulations.</p> <p>...</p> <p>If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholder(s) as mentioned in the <u>first</u> paragraph of this Article may institute legal proceedings to the people's court according to the provisions of the two preceding paragraphs (the dispute settlement rules of the Articles of Association shall apply to holders of foreign shares).</p> <p>In the event that any Director or senior management violates laws, administrative regulations or the Articles of Association to the detriment of the interest of the shareholders, the shareholders may initiate litigation before the People's Court (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).</p>	<p><b>Article 63</b> Shareholders shall have the right to protect their legitimate rights and interests through civil procedures or other legal means according to laws and administrative regulations.</p> <p>...</p> <p>If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholder(s) as mentioned in the <u>second</u> paragraph of this Article may institute legal proceedings to the people's court according to the provisions of the two preceding paragraphs (the dispute settlement rules of the Articles of Association shall apply to holders of foreign shares).</p>	Amended in accordance with Article 36 of the Guidelines on Articles of Association of Listed Companies
	<p><b>Article 64</b> In the event that any Director or senior management violates laws, administrative regulations or the Articles of Association to the detriment of the interest of the shareholders, the shareholders may initiate litigation before the People's Court (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).</p>	Split in accordance with Article 37 of the Guidelines on the Articles of Association of Listed Companies

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 63</b> In the event that any resolutions of the shareholders' general meeting and the Board of Directors violate laws and administrative regulations, such resolutions are void. In the event that the procedures for convening and the voting at a shareholders' general meeting or a meeting of the Board of Directors violate laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, any shareholder <u>may</u> request the people's court to revoke within 60 days from the date of the resolutions (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).</p>	<p><b>Article 65</b> In the event that any resolutions of the shareholders' general meeting and the Board of Directors violate laws and administrative regulations, <u>any shareholder is entitled to request the people's court to determine the resolution as invalid.</u> In the event that the procedures for convening and the voting at a shareholders' general meeting or a meeting of the Board of Directors violate laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, any shareholder <u>is entitled to</u> request the people's court to revoke within 60 days from the date of the resolutions (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).</p>	Amended in accordance with Article 35 of the Guidelines on Articles of Association of Listed Companies
<p><b>Article 66</b> Any shareholder who holds or controls no less than 5% of the voting shares of the Company shall notify the Company within five business days of any of the following events: (1) the shares of the <u>securities</u> company held or controlled by it are subject to any property preservation or other mandatory measures; ...</p>	<p><b>Article 68</b> Any shareholder <u>and actual controller</u> who holds or controls no less than 5% of the voting shares of the Company shall notify the Company within five business days of any of the following events: (1) the shares of the company held or controlled by it are subject to any property preservation or other mandatory measures; ...</p>	Amended in accordance with Article 10 of the Rules for Governance of Securities Companies

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 69</b> The shareholders' general meeting is the authority of the Company and shall exercise the following functions and powers in accordance with the laws:</p> <p>...</p> <p>(10) to resolve on matters such as merger, division, dissolution, liquidation or change of form of the Company;</p> <p>...</p> <p>(13) to consider the guarantees specified in Article 70;</p> <p>(14) to consider and approve the connected transactions which shall be considered by the shareholders' general meeting, according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, namely transactions between the Company and connected persons <u>(excluding provision of guarantees, receipt of cash assets for free and any transaction that simply relieves the Company of any obligatory debt)</u> amounting to RMB30 million or above and accounting for 5% or higher of the absolute value of the latest audited net assets of the Company (hereinafter referred to as "material related transactions"); consider and approve the connected transactions, which are subject to approval of independent shareholders (i.e. shareholders who don't have interest in connected transactions), according to the Hong Kong Listing Rules; as the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Hong Kong Listing Rules are revised to be applicable from time to time, the Company shall comply with the specific provisions concerning connected transactions as set out in the aforesaid two listing rules revised to be applicable from time to time;</p>	<p><b>Article 71</b> The shareholders' general meeting is the authority of the Company and shall exercise the following functions and powers in accordance with the laws:</p> <p>...</p> <p>(10) to resolve on matters such as merger, division, <u>spin-off</u>, dissolution, liquidation or change of form of the Company;</p> <p>...</p> <p>(13) to consider the guarantees specified in Article 72;</p> <p>(14) to consider the <u>financial assistance specified in Article 73</u>;</p> <p>(15) to consider and approve the connected transactions which shall be considered by the shareholders' general meeting, according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, namely transactions between the Company and connected persons <u>(including the debt and expenses assumed thereof)</u> amounting to RMB30 million or above and accounting for 5% or higher of the absolute value of the latest audited net assets of the Company (hereinafter referred to as "material related transactions"); consider and approve the connected transactions, which are subject to approval of independent shareholders (i.e. shareholders who don't have interest in connected transactions), according to the Hong Kong Listing Rules; as the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Hong Kong Listing Rules are revised to be applicable from time to time, the Company shall comply with the specific provisions concerning connected transactions as set out in the aforesaid two listing rules revised to be applicable from time to time;</p>	<p>Amended in accordance with Articles 6.1.9, 6.3.7 and 6.1.3 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and Articles 41 and 78 of the Guidelines for the Articles of Association of Listed Companies</p>

# ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p>(15) to consider external investment, purchasing or selling material assets and financing, in which a single operating capital or operating capitals accumulated within 4 months amounting to or exceeding 20% of the latest audited net assets of the Company;</p> <p>(16) to consider matters of which material assets purchased or sold within one year exceed 30% of the latest audited total assets of the Company;</p> <p>(17) to consider and approve any change of the use of proceeds raised;</p> <p>(18) to consider share incentive scheme;</p> <p>(19) to pass resolutions on purchase of the shares of the Company because of the circumstances (1) and (2) as required in Article 26 of the Articles of Association;</p> <p>(20) to consider such other matters to be resolved at shareholders' general meeting as required by laws, regulations, listing rules of the places where the shares of the Company are listed or the Articles of Association.</p> <p>...</p>	<p><u>(16) to consider and approve the major transactions which shall be considered by the shareholders' general meeting, according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange;</u></p> <p>(17) to consider external investment, purchasing or selling material assets and financing, in which a single operating capital or operating capitals accumulated within 4 months amounting to or exceeding 20% of the latest audited net assets of the Company;</p> <p>(18) to consider matters of which material assets purchased or sold within one year exceed 30% of the latest audited total assets of the Company;</p> <p>(19) to consider and approve any change of the use of proceeds raised;</p> <p>(20) to consider share incentive scheme <u>and employee share ownership plan;</u></p> <p><u>(21) to pass resolutions on purchase of the shares of the Company because of the circumstances (1) and (2) as required in Article 28 of the Articles of Association;</u></p> <p>(22) to consider such other matters to be resolved at shareholders' general meeting as required by laws, regulations, listing rules of the places where the shares of the Company are listed or the Articles of Association.</p> <p>...</p>	

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 70</b> ...The provision of any of the following guarantee for any external party by the Company shall be considered and approved by the shareholders' general meeting:</p> <p>(1) any guarantee after the total amount of guarantee for external parties by the Company and its controlled subsidiaries has reached or exceeded 20% of the Company's latest audited net assets <u>(except providing security or a counter-security for its own liabilities);</u></p> <p>...</p> <p>(5) <u>guarantees exceeding 50% of the latest audited net assets of the Company when being aggregated with guarantees incurred in the preceding 12 consecutive months, with absolute amount exceeding RMB50 million;</u></p> <p>...</p>	<p><b>Article 72</b> ...The provision of any of the following guarantee for any external party by the Company shall be considered and approved by the shareholders' general meeting:</p> <p>(1) any guarantee after the total amount of guarantee for external parties by the Company and its controlled subsidiaries has reached or exceeded 20% of the Company's latest audited net assets;</p> <p>...</p> <p>(5) <u>any guarantee after the total amount of guarantee for external parties by the Company and its controlled subsidiaries has reached or exceeded 30% of the Company's latest audited total assets;</u></p> <p>...</p>	<p>Amended in accordance with Article 6.1.10 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange</p>

# ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
–	<p><b>Article 73</b> In addition to the consideration and approval of more than half of all directors, the financial assistance transactions of the Company shall also be reviewed and approved by more than two-thirds of the directors present at the board meeting, and shall be disclosed in a timely manner.</p> <p>In the event that the financial assistance matters fall under any of the following circumstances, it shall also be submitted to the general meeting of shareholders for consideration after the consideration and approval of the board of directors:</p> <p>(1) the amount of a single financial assistance exceeds 10% of the latest audited net assets of the listed company;</p> <p>(2) the latest financial statement of the funded object shows that the gearing ratio exceeds 70%;</p> <p>(3) the cumulative amount of financial assistance in the last 12 months exceeds 10% of the Company's latest audited net assets;</p> <p>(4) other circumstances prescribed by the stock exchange or the Articles of Association.</p> <p>In the event that the funded object is a controlled subsidiary within the scope of the Company's consolidated statements, and the other shareholders of the controlled subsidiary do not include the Company's controlling shareholder, actual controllers and its affiliates, the provisions of the preceding two paragraphs may be exempted.</p>	Added in accordance with Article 6.1.9 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange

# ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 79</b> If the Supervisory Committee or any such shareholder(s) decide(s) to convene an extraordinary general meeting, the Board of Directors shall be notified in writing, and the meeting shall be registered with <u>the local branch of the CSRC in the place in which the Company is located and</u> the stock exchange(s).</p> <p>The shareholder(s) convening the shareholders' general meeting shall hold no less than 10% of the shares of the Company prior to the announcement of any resolution approved at the shareholders' general meeting.</p> <p>Such convening shareholder(s) shall submit relevant evidence to <u>the local branch of the CSRC in the place in which the Company is located and</u> the stock exchange(s) when issuing the notice of shareholder's general meeting and announcement of any resolution approved at the shareholder's general meeting.</p>	<p><b>Article 82</b> If the Supervisory Committee or any such shareholder(s) decide(s) to convene an extraordinary general meeting, the Board of Directors shall be notified in writing, and the meeting shall be registered with the stock exchange(s).</p> <p>The shareholder(s) convening the shareholders' general meeting shall hold no less than 10% of the shares of the Company prior to the announcement of any resolution approved at the shareholders' general meeting.</p> <p><u>The Supervisory Committee and</u> such convening shareholder(s) shall submit relevant evidence to the stock exchange(s) when issuing the notice of shareholder's general meeting and announcement of any resolution approved at the shareholder's general meeting.</p>	Amended in accordance with Article 50 of the Guidelines on Articles of Association of Listed Companies
<p><b>Article 81</b> In case the Supervisory Committee or shareholder(s) <u>fail(s) to convene meetings in line with above requirements</u>, any such expense necessary to convene the meeting shall be reimbursed by the Company, <u>and any sum so reimbursed shall be deducted from the amount payable by the Company to the defaulting Directors.</u></p>	<p><b>Article 84</b> For the general meeting convened by the Supervisory Committee or shareholder(s), any such expense necessary to convene the meeting shall be reimbursed by the Company.</p>	Amended in accordance with Article 52 of the Guidelines on Articles of Association of Listed Companies
<p><b>Article 83</b> ...</p> <p>Any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may submit an interim proposal in writing to the convener at least 10 days prior to the convening of the shareholders' general meeting. The convener shall then send a supplemental notice to the shareholders to <u>announce</u> the interim proposal, within 2 days upon receipt of such proposal.</p> <p>...</p>	<p><b>Article 86</b> ...</p> <p>Any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may submit an interim proposal in writing to the convener at least 10 days prior to the convening of the shareholders' general meeting. The convener shall then send a supplemental notice to the shareholders to <u>announce</u> the interim proposal, within 2 days upon receipt of such proposal.</p> <p>...</p>	Amended in accordance with Article 54 of the Guidelines on Articles of Association of Listed Companies

# ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 87</b> ...</p> <p>Except the election of Directors and Supervisors by means of cumulative voting, election of every Director and Supervisor candidate shall be conducted by separate resolution.</p> <p><u>Where material connected transactions are scheduled to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the following contents:</u></p> <p><u>(1) a summary of the connected transaction(s);</u></p> <p><u>(2) the information about the connected person(s);</u></p> <p><u>(3) the basic information about the underlying of the connected transaction(s);</u></p> <p><u>(4) the main profile and the pricing policy of the connected transaction(s);</u></p> <p><u>(5) the goal of the connected transaction(s) and its effect on the Company;</u></p> <p><u>(6) prior approvals of the independent Directors;</u></p> <p><u>(7) opinions from independent financial adviser(s) (if any);</u></p> <p><u>(8) the history of connected transaction(s);</u></p> <p><u>(9) commitments of the controlling shareholder(s) (if any).</u></p>	<p><b>Article 90</b> ...</p> <p>Except the election of Directors and Supervisors by means of cumulative voting, election of every Director and Supervisor candidate shall be conducted by separate resolution.</p>	<p>The Guidelines of the Shanghai Stock Exchange on Related Party Transactions of Listed Companies, which has been abolished in January 2022. The original expression is extracted from Article 36 of the Guidelines</p>
<p><b>Article 90</b> <u>Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to attend the shareholders' general meeting and vote at such meeting in accordance with relevant laws, regulations, the listing rules of the places where shares of the Company are listed and the Articles of Association.</u></p> <p>...</p>	<p><b>Article 93</b> <u>Shareholders who are on the register on the record date of shareholding with voting rights or their proxies shall have the right to attend the shareholders' general meeting and vote at such meeting in accordance with relevant laws, regulations, the listing rules of the places where shares of the Company are listed and the Articles of Association.</u></p> <p>...</p>	<p>Amended in accordance with Article 60 of the Guidelines on Articles of Association of Listed Companies</p>



## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 106</b> ...</p> <p>When the shareholders' general meeting considers significant matters that could affect the interests of medium and small investors, <u>to the extent technically feasible</u>, the votes by medium and small investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.</p> <p>Shares held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.</p> <p>The Board,... Consideration or de facto consideration for publicly soliciting shareholders' rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting shareholders' rights. The soliciting parties shall bear compensation liabilities according to relevant laws for damages caused by violation of laws, administrative regulations or relevant provisions of the securities regulatory authorities of the State Council in the process of publicly soliciting shareholders' rights.</p>	<p><b>Article 109</b> ...</p> <p>When the shareholders' general meeting considers significant matters that could affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.</p> <p>Shares held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.</p> <p><u>Where a shareholder purchases the Company's shares with voting right in violation of paragraphs 1 and 2 of Article 63 of the Securities Law, voting rights of the shares beyond the prescribed proportion shall not be exercised within 36 months following such purchase, and those shares shall not be included in the total number of shares with voting rights present at the general meeting.</u></p> <p>The Board,... Consideration or de facto consideration for publicly soliciting shareholders' rights is prohibited. <u>Unless statutory conditions</u>, The Company shall not impose any minimum shareholding limitation for soliciting shareholders' rights. The soliciting parties shall bear compensation liabilities according to relevant laws for damages caused by violation of laws, administrative regulations or relevant provisions of the securities regulatory authorities of the State Council in the process of publicly soliciting shareholders' rights.</p>	<p>Amended in accordance with Article 79 of the Guidelines on Articles of Association of Listed Companies</p>

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 108</b> Resolutions of the shareholders' general meeting are classified into ordinary resolutions and special resolutions.</p> <p>An ordinary resolution shall be passed by votes representing <u>more than half of</u> the voting rights carried by the shareholders (including proxies) present at the meeting.</p> <p>...</p>	<p><b>Article 111</b> Resolutions of the shareholders' general meeting are classified into ordinary resolutions and special resolutions.</p> <p>An ordinary resolution shall be passed by votes representing <u>more than a half of</u> the voting rights carried by the shareholders (including proxies) present at the meeting.</p> <p>...</p>	Amended in accordance with Article 76 of the Guidelines on Articles of Association of Listed Companies
<p><b>Article 109</b> The following matters shall be approved by ordinary resolutions at the shareholders' general meeting:</p> <p>...</p> <p>the Company's annual <u>budget and final accounts, balance sheet, income statement and other financial statements</u>;</p> <p>...</p>	<p><b>Article 112</b> The following matters shall be approved by ordinary resolutions at the shareholders' general meeting:</p> <p>...</p> <p>the Company's annual <u>budget plan and final accounts plan</u>;</p> <p>...</p>	Amended in accordance with Article 77 of the Guidelines on Articles of Association of Listed Companies
<p><b>Article 110</b> The following matters shall be approved by special resolutions at the shareholders' general meeting:</p> <p>...</p> <p>(3) division, merger, dissolution and liquidation of the Company;</p> <p>...</p>	<p><b>Article 113</b> The following matters shall be approved by special resolutions at the shareholders' general meeting:</p> <p>...</p> <p>(3) division, <u>spin-off</u>, merger, dissolution and liquidation of the Company;</p> <p>...</p>	Amended in accordance with Article 78 of the Guidelines on Articles of Association of Listed Companies

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 111</b> The Company shall, on the premise of ensuring a valid shareholders' general meeting, through multiple means and method, among others, provide the online voting system in priority and other means of up-to-date information technology to the extent technically feasible, with the purpose of facilitating shareholders in participating the shareholders' general meeting.</p>	Deleted	Deleted in accordance with Guidelines on Articles of Association of Listed Companies (Revision: January 2022)
<p><b>Article 119</b> Where a shareholders' general meeting adopts vote by ballot, two shareholder representatives shall be appointed for the purpose of counting and monitoring the votes before voting on proposals. In the event that the shareholders have <u>interests</u> in the proposals to be deliberated, such relevant shareholders or their proxies shall not be appointed for counting and monitoring the votes.</p> <p>...</p>	<p><b>Article 121</b> Where a shareholders' general meeting adopts vote by ballot, two shareholder representatives shall be appointed for the purpose of counting and monitoring the votes before voting on proposals. In the event that the shareholders have <u>connection</u> with the proposals to be deliberated, such relevant shareholders or their proxies shall not be appointed for counting and monitoring the votes.</p> <p>...</p>	Amended in accordance with Article 87 of the Guidelines on Articles of Association of Listed Companies

# ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 155</b> The independent Directors shall have the following functions and powers besides those conferred to Directors by the Company Law and other laws, administrative regulations and the requirements of the listing rules of the place where the shares of the Company are listed:</p> <p>(1) any contemplated connected transactions between the Company and its connected person with a total amount of more than RMB3 million or 5% of the Company's latest audited net assets shall be <u>submitted to the Board of Directors for consideration upon</u> approval of the independent Directors; Before making a judgment, an independent Director may appoint an intermediary institution to issue an independent financial advisory report as the basis for such judgment;</p> <p>...</p> <p>(5) to independently engage external audit institutions and advisory institutions.</p> <p>The independent Directors shall exercise <u>the above functions and powers</u> with the approval of more than half of all independent Directors.</p> <p>Except performing the aforesaid duties, the independent Directors may also express independent opinions to the Board of Directors or the shareholders' general meeting on the following material matters:</p> <p>(1)...</p> <p>(6) other matters stipulated by the Articles of Association.</p> <p>The independent Directors shall submit a <u>working report at the annual</u> general meeting.</p> <p>If the independent Directors fail to perform their duties, they shall be liable for the corresponding responsibilities.</p>	<p><b>Article 157</b> The independent Directors shall have the following functions and powers besides those conferred to Directors by the Company Law and other laws, administrative regulations and the requirements of the listing rules of the place where the shares of the Company are listed:</p> <p>(1) any contemplated connected transactions between the Company and its connected person with a total amount of more than RMB3 million or 5% of the Company's latest audited net assets shall be <u>approved in advance by</u> the independent Directors; Before making a judgment, an independent Director may appoint an intermediary institution to issue an independent financial advisory report as the basis for such judgment;</p> <p>...</p> <p>(5) <u>to solicit voting rights of shareholders publicly before convening a shareholders' general meeting;</u></p> <p>(6) <u>to independently engage external audit institutions and advisory institutions to provide audit and consultation in connection with specific affairs of the Company.</u></p> <p>Exercise of the <u>functions and powers set forth in the items (1) to (5) of the preceding paragraph</u> by an independent Director shall be subject to consent of more than half of all independent Directors; and <u>exercise of the function and power set forth in the item (6) shall be subject to consent of all independent Directors.</u></p>	<p>Amended in accordance with Article 22 of Rules for Independent Directors of Listed Companies</p>

# ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
	<p>Except performing the aforesaid duties, the independent Directors may also express independent opinions to the Board of Directors or the shareholders' general meeting on the following material matters:</p> <p>(1)...</p> <p>(6) other matters stipulated by <u>laws, administrative regulations, China Securities Regulatory Commission, Shanghai Stock Exchange, Hong Kong Stock Exchange and the Articles of Association.</u></p> <p>The independent Directors shall submit an <u>annual debriefing</u> report at the general meeting of <u>the Company.</u></p> <p>If the independent Directors fail to perform their duties, they shall be liable for the corresponding responsibilities.</p>	
<p><b>Article 158</b> The Board of Directors shall perform the following duties:</p> <p>...</p> <p>(7) to formulate plans for any substantial acquisition by the Company, repurchase of the shares of the Company, because of the circumstances (1) and (2) as required in Article 26 of the Articles of Association or merger, division, <u>and</u> dissolution of the Company;</p> <p>(8) to decide on matters relating to the Company's external investments, disposal of substantial assets, financing, mortgage of assets, external guarantees and connected transactions as authorized by the shareholders' general meetings;</p> <p>(9) to decide on the establishment of the Company's internal management structure;</p>	<p><b>Article 160</b> The Board of Directors shall perform the following duties:</p> <p>...</p> <p>(7) to formulate plans for any substantial acquisition by the Company, repurchase of the shares of the Company, because of the circumstances (1) and (2) as required in Article 28 of the Articles of Association or merger, division, dissolution and <u>alteration of form</u> of the Company;</p> <p>(8) to decide on matters relating to the Company's external investments, disposal of substantial assets, financing, mortgage of assets, external guarantees, connected transactions and <u>external donations</u> as authorized by the shareholders' general meetings;</p> <p>(9) to decide on the establishment of the Company's internal management structure;</p>	<p>Amended in accordance with Article 107 of the Guidelines on Articles of Association of Listed Companies and actual operation situation of the Company</p>

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p>(10) to appoint or dismiss the Company's President; appoint or dismiss Chief Risk Officer, Chief Compliance Officer and Secretary to the Board of Directors based on the nominations of Chairman of the Board of Directors; to appoint or dismiss other senior management including the Company's Vice President, Chief Finance Officer, Chief Operating Officer, Chief Investment Officer and Investment Banking Director based on the nominations of President, and conduct appraisals of the above personnel to determine their remuneration and penalties;</p> <p>...</p> <p>(20) other duties and powers granted by the laws, regulations and the Articles of Association</p> <p>....</p>	<p>(10) to <u>decide to</u> appoint or dismiss the Company's President; <u>decide to</u> appoint or dismiss Chief Risk Officer, Chief Compliance Officer and Secretary to the Board of Directors based on the nominations of Chairman of the Board of Directors; to <u>decide to</u> appoint or dismiss other senior management including the Company's Vice President, Chief Finance Officer, Chief Operating Officer, Chief Investment Officer and Investment Banking Director based on the nominations of President, and conduct appraisals of the above personnel to determine their remuneration and penalties;</p> <p>...</p> <p>(20) <u>to examine and approve sustainable development strategy and the vision and objectives of environment, society and governance (ESG) of the Company, and to be responsible for its effectiveness;</u></p> <p>(21) other duties and powers granted by the laws, regulations and the Articles of Association</p> <p>...</p>	
<p><b>Article 159</b> The Board of Directors shall make explanation at the shareholders' general meeting for the <u>qualified audit opinions on the audit report</u> on the financial report of the Company issued by the certified public accountant.</p>	<p><b>Article 161</b> The Board of Directors shall make explanation at the shareholders' general meeting for the <u>non-standard audit opinions</u> on the financial report of the Company issued by the certified public accountant.</p>	<p>Amended in accordance with Article 108 of the Guidelines on Articles of Association of Listed Companies</p>

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 161</b> The Board of Directors shall determine its decision-making authorizations as per the following requirements and formulate stringent examination and approval system; Specialists or professionals shall be retained to evaluate major investment projects:</p> <p>(1)...</p> <p>(4) any contemplated connected transactions (<u>except for the guarantee provided by the Company</u>) between the Company and its connected person in an amount over RMB3 million or accounting for 5% or more of the latest audited absolute value of net assets of the Company, which shall be effected after being submitted to the Board of Directors for consideration and approval upon approval of the independent Directors; ...</p> <p>...</p>	<p><b>Article 163</b> The Board of Directors shall determine its decision-making authorizations as per the following requirements and formulate stringent examination and approval system; Specialists or professionals shall be retained to evaluate major investment projects:</p> <p>(1)...</p> <p>(4) any contemplated connected transactions between the Company and its connected person in an amount over RMB3 million or accounting for 5% or more of the latest audited absolute value of net assets of the Company, which shall be effected after being submitted to the Board of Directors for consideration and approval upon approval of the independent Directors;...</p> <p>...</p>	Amended in accordance with Article 22 of Rules for Independent Directors of Listed Companies
<p><b>Article 162</b> Chairman and vice chairman shall be Directors and shall be elected <u>and removed</u> by over half of the members of the Board of Directors.</p>	<p><b>Article 164</b> Chairman and vice chairman shall be Directors and shall be elected by over half of the members of the Board of Directors.</p>	Amended in accordance with Article 111 of the Guidelines on Articles of Association of Listed Companies
<p><b>Article 166</b> When it falls within one of the following circumstances, the chairman shall convene an extraordinary meeting within ten <u>working</u> days:</p> <p>(1) when the shareholders representing more than one-tenth of voting rights make a proposal;</p> <p>...</p>	<p><b>Article 168</b> When it falls within one of the following circumstances, the chairman shall convene an extraordinary meeting within ten days:</p> <p>(1) when the shareholders representing more than one-tenth of voting rights make a proposal;</p> <p>...</p>	Amended in accordance with Article 115 of the Guidelines on Articles of Association of Listed Companies

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 178</b> The Board of Directors of the Company has set up special committees including a strategy development committee, compliance and risk management committee, audit committee, and remuneration and nomination committee. All members of the committees shall be Directors and members shall have the professional knowledge and work experience adaptable to their duties in the specialized committee.</p> <p><u>The number of independent Directors in the audit committee shall be more than half of the total number of members and at least one independent Director with more than five years' experiences in accounting work must be included in the audit committee.</u></p> <p><u>The posts of chairmen of the remuneration and nomination committee and the audit committee shall be held by independent Directors.</u></p>	<p><b>Article 180</b> The Board of Directors of the Company has set up special committees including a strategy development committee, compliance and risk management committee, audit committee, and remuneration and nomination committee. All members of the committees shall be Directors and members shall have the professional knowledge and work experience adaptable to their duties in the specialized committee. <u>The majority of the audit committee and the remuneration and nomination committee and their convenors shall be independent directors.</u></p> <p><u>The convenor of the audit committee shall be a professional accountant.</u></p>	<p>Amended in accordance with Article 4 of the Rules for Independent Directors of Listed Companies and Article 107 of the Guidelines on Articles of Association of Listed Companies</p>



## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 187</b> The principal duties of the Secretary to the Board of Directors shall include:</p> <p>(1) To <u>prepare</u> for shareholders' general meeting and meetings of the Board of Directors, <u>maintain</u> documents and <u>manage</u> shareholders' information;</p> <p>(2) To <u>provide related information, submit information or information disclosure and others in accordance with regulations or upon request by the securities regulatory authority under the State Council, shareholders and other relevant units or individuals;</u></p> <p>(3) To <u>ensure that the Company has complete organizational documents and records;</u></p> <p>(4) To <u>ensure that the Company lawfully prepares and submits reports and documents required by competent authorities;</u></p> <p>(5) To <u>ensure that the registers of shareholders of the Company are properly maintained and persons entitled to access the records and documents of the Company are promptly furnished with such records and documents; and</u></p> <p>(6) To <u>perform</u> other duties required by relevant laws, regulations, listing rules applicable to the place where the Company's stocks are listed or granted by the Board of Directors.</p> <p>Directors of the Company (other than independent Directors) or other senior management may serve as the Secretary to the Board of Directors concurrently. The accountants of the accountant firm and the lawyers of the law firm engaged by the Company shall not serve as the Secretary to the Board of Directors concurrently.</p>	<p><b>Article 189</b> The principal duties of the Secretary to the Board of Directors shall include <u>preparation</u> for shareholders' general meeting and meetings of the Board of Directors, <u>maintaining</u> documents and <u>managing</u> shareholders' information, <u>handling matters relating to information disclosure and others, performing</u> other duties required by relevant laws, regulations, listing rules applicable to the place where the Company's stocks are listed or granted by the Board of Directors.</p> <p>Directors of the Company (other than independent Directors) or other senior management may serve as the Secretary to the Board of Directors concurrently. The accountants of the accountant firm and the lawyers of the law firm engaged by the Company shall not serve as the Secretary to the Board of Directors concurrently.</p>	<p>Amended in accordance with Article 133 of the Guidelines on Articles of Association of Listed Companies</p>

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**ANNEX VII                      TABLE OF COMPARISON OF THE ARTICLES OF  
ASSOCIATION BEFORE AND AFTER AMENDMENTS**

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<b>Before amendment</b>	<b>After amendment</b>	<b>Basis of amendment</b>
<p><b>Article 191</b> ...</p> <p>A person who holds an administrative post other than a Director, supervisor in an entity owned by the controlling shareholder of the Company shall not act as the senior management of the Company. The appointment and removal of senior management by the Company shall be filed with the securities regulatory authorities of the State Council.</p> <p>...</p>	<p><b>Article 193</b> ...</p> <p>A person who holds an administrative post other than a Director, supervisor in an entity owned by the controlling shareholder of the Company shall not act as the senior management of the Company. The appointment and removal of senior management by the Company shall be filed with the securities regulatory authorities of the State Council. <u>The senior management of the Company shall receive salaries only from the Company and not from the controlling shareholder on its behalf.</u></p> <p>...</p>	<p>Amended in accordance with Article 126 of the Guidelines on Articles of Association of Listed Companies</p>

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 193</b> The President shall be accountable to the Board of Directors and perform the following duties:</p> <p>(1) to be in charge of the production and operation management of the Company and report his/her work to the Board of Directors;</p> <p>...</p> <p>The operational management of the Company shall be responsible for implementing the requirements of the Company's Board of Directors in relation to corporate culture construction and carrying out detailed works of corporate culture construction, which include but are not limited to facilitating culture construction, formulating the general framework and implementation procedures of culture construction, reviewing and considering the Company's rules and policies of culture construction, reporting to the Board of Directors on culture construction works and implementing the performance appraisal and reward and punishment system related to culture construction.</p>	<p><b>Article 195</b> The President shall be accountable to the Board of Directors and perform the following duties:</p> <p>(1) to be in charge of the production and operation management of the Company and report his/her work to the Board of Directors;</p> <p>...</p> <p>The operational management of the Company shall be responsible for implementing the requirements of the Company's Board of Directors in relation to corporate culture construction and carrying out detailed works of corporate culture construction, which include but are not limited to facilitating culture construction, formulating the general framework and implementation procedures of culture construction, reviewing and considering the Company's rules and policies of culture construction, reporting to the Board of Directors on culture construction works and implementing the performance appraisal and reward and punishment system related to culture construction. <u>A sustainability committee and a working group shall be established under the operational management to formulate the sustainability vision, goals and strategies, and to coordinate and promote ESG-related works.</u></p>	<p>Amended based on the actual operation of the Company</p>

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 199</b> <u>The senior management shall abide by laws, administrative regulations and the Articles of Association of the Company and fulfill the obligations of good faith and diligence.</u> If a senior management violates any laws, administrative regulations, departmental rules and the Articles of Association during performing his/her duties of the Company and causes losses to the Company, such a senior management shall be liable for compensation.</p> <p>The senior management shall approve securities offering documents and regular reports of the Company in written form and ensure the timely and fair disclosure of true, accurate and complete information by the Company.</p>	<p><b>Article 201</b> If a senior management violates any laws, administrative regulations, departmental rules and the Articles of Association during performing his/her duties of the Company and causes losses to the Company, such a senior management shall be liable for compensation.</p> <p><u>The senior management of the Company shall faithfully perform their duties and protect the best interests of the Company and all shareholders. If a senior management of the Company fails to faithfully perform his/her duties or violates his/her fiduciary duties and causes damage to the interests of the Company and public shareholders, such a senior management shall be liable for compensation in accordance with the law.</u></p> <p>The senior management shall approve securities offering documents and regular reports of the Company in written form and ensure the timely and fair disclosure of true, accurate and complete information by the Company.</p>	Amended in accordance with Article 134 and 135 of the Guidelines on Articles of Association of Listed Companies
<p><b>Article 206</b> The Supervisors shall ensure that all information disclosed by the Company is true, accurate and complete.</p>	<p><b>Article 208</b> The Supervisors shall ensure that all information disclosed by the Company is true, accurate and complete, <u>and sign written confirmation opinions for regular reports.</u></p>	Amended in accordance with Article 140 of the Guidelines on Articles of Association of Listed Companies

## ANNEX VII      TABLE OF COMPARISON OF THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENTS

Before amendment	After amendment	Basis of amendment
<p><b>Article 243</b> The Company shall <u>prepare</u> an annual <u>financial</u> report within four months upon expiration of each fiscal year; the Company shall prepare an <u>interim financial</u> report within 2 months from the end of the <u>first 6 months</u> of each fiscal year and submit the same to the local branch office of the CSRC and the stock exchange in which shares of the Company are listed; and the Company shall prepare and submit to the local branch office of the CSRC and Shanghai Stock Exchange a quarterly financial report within 1 month from the end of <u>first 3 months and first 9 months of each fiscal year, respectively</u>.</p> <p>The abovementioned financial reports shall be prepared in accordance with relevant laws, administrative regulations and departmental rules, and shall be disclosed in accordance with the requirements of the securities regulatory authorities of the locality where shares of the Company are listed.</p>	<p><b>Article 245</b> The Company shall <u>prepare</u> an <u>annual report</u> within four months upon expiration of each fiscal year <u>and submit and disclose the same to the CSRC and the stock exchange; and</u> the Company shall prepare an <u>interim report</u> within 2 months from the end of the <u>first half</u> of each fiscal year and submit <u>and disclose</u> the same to the local branch office of the CSRC and the stock exchange.</p> <p>The abovementioned <u>annual reports and interim reports</u> shall be prepared in accordance with relevant laws, administrative regulations <u>and requirements of the CSRC and the stock exchange</u>, and shall be disclosed in accordance with the requirements of the securities regulatory authorities of the locality where shares of the Company are listed.</p>	Amended in accordance with Article 151 of the Guidelines on Articles of Association of Listed Companies
<p><b>Article 251</b> The principle of allocating profits of the Company: adhering to the principle of “the same shares entitled to the same rights and dividend”, the Company allocates profits as per the proportions of shareholding in the Company by its shareholders. The Company implements a sustainable and stable profit distribution policy, and places a great emphasis on the reasonable investment returns of its investors as well as the long-term development of the Company.</p> <p>The policy of profit distribution of the Company is as follows:</p> <p>...</p>	<p><b>Article 253</b> The principle of allocating profits of the Company: adhering to the principle of “the same shares entitled to the same rights and dividend”, the Company allocates profits as per the proportions of shareholding in the Company by its shareholders. The Company implements a sustainable and stable profit distribution policy, and places a great emphasis on the reasonable investment returns of its investors as well as the long-term development of the Company.</p> <p>The policy of profit distribution of the Company is as follows:</p> <p>...</p> <p><u>The proportion of cash dividends in the profit distribution shall be calculated by dividing cash dividends by the sum of cash dividends and stock dividends.</u></p>	Amended in accordance with Article 5 of the Guideline No. 3 on Supervision and Administration of Listed Companies – Cash Dividends of Listed Companies

*Note:* The Articles of Association was prepared in Chinese, and no official English version is available. Therefore, the English translation is for reference only. If there is any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

**SPECIAL REPORT ON USE OF PROCEEDS FROM  
PREVIOUS FUND-RAISING ACTIVITIES  
AS OF DECEMBER 31, 2021 OF 東方證券股份有限公司**

Dear Shareholders,

The Board of Directors prepared the report on use of proceeds from initial public offering of H Shares and non-public issuance of A shares as of December 31, 2021 (the “**Report on Use of Proceeds from Previous Fund-raising Activities**”) pursuant to Regulations on Use of Proceeds from Previous Fund-raising Activities (《關於前次募集資金使用情況報告的規定》) (Zheng Jian Fa Xing Zi [2007] No. 500) issued by the CSRC and other relevant regulations. The special report on use of proceeds from initial public offering of H Shares and non-public issuance of A Shares is hereby stated below:

**I. BASIC INFORMATION ON PROCEEDS FROM THE PREVIOUS FUND-RAISING ACTIVITIES**

Upon the approval of Zheng Jian Xu Ke [2016] No. 1026 by the China Securities Regulatory Commission, the Company issued the overseas-listed foreign shares (H shares) on Hong Kong Stock Exchange on July 8, 2016, and exercised the over-allotment option on August 3, 2016. As of August 3, 2016, the Company issued 933,709,090 overseas-listed foreign shares (H shares), and the selling shareholders sold 93,370,910 H Shares, which amounted to a total of 1,027,080,000 shares with a par value of RMB1 per share at an issuing price of HK\$8.15 per H share in cash, totaling HK\$8,370,702,000.00. After deduction of the transaction fee and other expenses of HK\$145,045,025.30, HK\$8,225,656,974.70 was deposited in the special account for the proceeds from the issuance of H shares. Actual capital assigned to the above account amounted to RMB7,083,154,510.65 (including interest income received) on the basis of the median exchange rates of HK\$ against RMB announced by the People’s Bank of China. After deduction of the proceeds for the National Council for Social Security Fund of the PRC and other issuing expenses, the net proceeds from the issuance of H shares of the Company amounted to HK\$7,417,133,357.56 (equivalent to RMB6,386,884,274.40).

After deducting issuing expenses of RMB61,949,749.63 paid by the Company, the actual net proceeds were HK\$7,345,307,900.42 (equivalent to RMB6,324,934,524.77). The above actual net proceeds from the issuance of H shares have been verified by Deloitte Touche Tohmatsu Certified Public Accountants LLP, who issued the capital verification report (De Shi Bao (Yan) Zi (16) No. 1082) thereon.

As of December 31, 2021, the Company had accumulatively utilized HK\$1,114,273,672.19 (before foreign exchange rate settlement) and RMB5,452,307,940.06 (after foreign exchange rate settlement) out of the proceeds, totaling RMB6,411,524,860.38 based on actual foreign exchange rate settlement and utilization. As of December 31, 2021, balance of the proceeds account in Hong Kong dollars was HK\$446,668.58 and balance of the proceeds account in Renminbi was RMB107,685,282.60, aggregating RMB108,050,478.82 based on the closing exchange rate.

Upon the Approval in Relation to the Non-public Issuance of Shares by 東方證券股份有限公司 (《關於核准東方證券股份有限公司非公開發行股票的批覆》) (Zheng Jian Xu Ke [2017] No. 1940) by the China Securities Regulatory Commission, the Company completed non-public issuance of Renminbi-denominated ordinary shares (A shares) in December 2017. The Company non-publicly issued a total of 778,203,792 Renminbi-denominated ordinary shares (A shares) at an issue price of RMB14.21 per share, and raised total proceeds of RMB11,058,275,884.32 and proceeds of RMB10,988,790,614.35 after deducting certain underwriting fees of RMB69,485,269.97. The aforesaid proceeds were fully deposited in the designated account opened by the Company on December 27, 2017, and were verified by Deloitte Touche Tohmatsu Certified Public Accountants LLP, which has issued the capital verification report (De Shi Bao (Yan) Zi (17) No. 00593) thereon.

After deducting the issuing expenses incurred of RMB101,095,545.51, the actual net proceeds were RMB10,957,180,338.81.

As of December 31, 2019, the aforesaid proceeds raised from non-public issuance of A shares had been fully utilized and the designated proceeds accounts had been cancelled. The report on use of proceeds raised from the non-public issuance of A shares on December 27, 2017 as of December 31, 2019 has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, which has issued the audit report (De Shi Bao (He) Zi (20) No. E00095) thereon.

**II. DEPOSIT AND MANAGEMENT OF PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES**

As at December 31, 2021, the total closing balance of the bank accounts for the proceeds from the issuance of H Shares of the Company amounted to HK\$446,668.58 and RMB107,685,282.60, which amounted to a total of RMB108,050,478.82 according to the closing exchange rate. Details are set out below:

	Bank account number	Currency	Amount in original currency	RMB equivalent
Industrial and Commercial Bank of China (Asia) Limited	86152010748-6	HK\$	319,477.61	261,204.89
Bank of Communications of China Limited Hong Kong Branch	027-532-0-2147940	HK\$	26,401.13	21,585.56
Bank of Shanghai Hong Kong Branch	200173	HK\$	–	–
Standard Chartered Bank (Hong Kong) Limited	447-1-799978-8	HK\$	35,769.41	29,245.07
Industrial and Commercial Bank of China Shanghai Branch	1001244329137000285	HK\$	4,479.83	3,662.71
Bank of Shanghai Huangpu Branch	3160811305000274072	HK\$	50,994.17	41,692.83
Bank of Communications Shanghai Huangpu Branch	310066713132404000118	HK\$	9,546.43	7,805.16
		Sub-total	<u>446,668.58</u>	<u>365,196.22</u>
Industrial and Commercial Bank of China Shanghai Branch	1001244329072201621	RMB	107,685,279.98	107,685,279.98
Bank of Shanghai Huangpu Branch	31608103002995394	RMB	–	–
Bank of Communications Shanghai Huangpu Branch	310066713012113000392	RMB	<u>2.62</u>	<u>2.62</u>
		Sub-total	<u>107,685,282.60</u>	<u>107,685,282.60</u>
		Total	<u><u>                    </u></u>	<u><u>108,050,478.82</u></u>



As of December 31, 2019, proceeds from non-public issuance of A shares of the Company had been fully utilized and the bank accounts had been cancelled. Details are set out below:

*Unit: RMB*

Deposit bank	Bank account number	Date of deposit	Amount deposited	Account closing date
China Construction Bank Corporation Shanghai Second Branch	31050163360000003841	December 27, 2017	6,000,000,000.00	October 9, 2019
Industrial and Commercial Bank of China Limited Shanghai Super Brand Mall Branch	1001141529025702817	December 27, 2017	<u>4,988,790,614.35</u>	September 25, 2019
Total	/	/	<u><u>10,988,790,614.35</u></u>	/

*Note:* The above amount deposited included issue expenses payable yet to be paid.

### III. ACTUAL USE OF PROCEEDS FROM THE PREVIOUS FUND-RAISING ACTIVITIES

Use of proceeds under the prospectus of H Shares of the Company is described below:

- (1) About 35% of the proceeds will be used for further developing the brokerage and securities financing business of the Company;
- (2) About 30% of the proceeds will be used for developing the overseas business of the Company;
- (3) About 15% of the proceeds will be used for expanding the investment management business of the Company;
- (4) About 10% of the proceeds will be used for developing the securities sales and trading business of the Company;
- (5) About 5% of the proceeds will be used for capital expenditure to improve the IT system and expand capital-light branches network;
- (6) About 5% of the proceeds will be used for working capital and other general corporate purpose.

As of December 31, 2021, the Company had utilized H share proceeds equivalent to RMB6,411.5249 million pursuant to the undertakings made in the prospectus for initial public offering of H shares. For details, please refer to Appendix I to this report “Checklist for the Use of the Proceeds from the Issuance of H Shares”.

In the plan for non-public issuance of A shares by the Company in 2017 (third revision), the Company had undertaken to use the proceeds for increasing the capital and replenishing working capital of the Company to expand business scale.

In the response to feedback on application for non-public issuance of A shares, the Company had undertaken to use the proceeds primarily for the following purposes:

- (1) Not more than RMB2.5 billion to be used for supporting brokerage and securities financing business development;
- (2) Not more than RMB3 billion to be used for investing in securities distribution and trading development;
- (3) Not more than RMB2 billion to be used for improving investment management service capacity;
- (4) Not more than RMB2 billion to be used for expanding innovative business field;
- (5) Not more than RMB2.3 billion to be used for advancing collectivized development strategy of the Company;
- (6) Not more than RMB0.2 billion to be used for working capital and other general corporate purposes.

As of December 31, 2019, proceeds from non-public issuance of A shares had been fully utilized. For details, please refer to Appendix II to this report – “Checklist for the Use of the Proceeds from the Non-public Issuance of A Shares”.

#### **IV. CHANGE OF USE OF PROCEEDS RAISED FROM THE PREVIOUS FUND-RAISING ACTIVITIES**

As of December 31, 2021, the Company did not change the use of proceeds from the previous fund-raising activities.

#### **V. DISPOSAL OR ASSET SWAP WITH EXTERNAL PARTIES OF PROJECTS TO BE FINANCED WITH PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES**

As of December 31, 2021, the Company did not dispose of or swap the projects to be financed with proceeds from previous fund-raising activities.

#### **VI. USE OF TEMPORARILY IDLE PROCEEDS**

As of December 31, 2021, balance of the H share proceeds were deposited in designated bank accounts and the idle proceeds were not temporarily used for other purposes.

As of December 31, 2019, proceeds from non-public issuance of A shares had been fully utilized and no idle proceeds were available therefore not temporarily used for other purposes.

**VII. ECONOMIC BENEFITS GENERATED FROM PROJECTS TO BE FINANCED WITH PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES**

After receiving the proceeds from the issuance of H shares, the proceeds have partially been used for the commitments under the prospectus. Accordingly, the net assets and net capital of the Company have been increased. As the funds invested in the projects invested with the previous proceeds both include the original funds of the Company and the proceeds, the benefits from the proceeds as at December 31, 2021 cannot be calculated on a separate basis.

After receiving the proceeds from the non-public issuance of A shares, the proceeds have been fully used for further developing the brokerage and securities financing business, investing in securities distribution and trading business, improving investment management service capacity, expanding innovative business field, advancing collectivized development strategy of the Company and working capital and other general corporate purposes. As the funds invested in the projects invested with the previous proceeds both include the original funds of the Company and the proceeds, the benefits from the proceeds cannot be calculated on a separate basis.

**VIII. USE AND DISCLOSURE OF THE PROCEEDS**

The use of the proceeds raised from previous fund-raising activities was in line with the relevant disclosures in the periodic reports of the Company and other information disclosure documents.

**IX. UNUSED PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES**

As at December 31, 2021, the committed proceeds from the issuance of H shares that were not used by the Company were RMB99.7274 million. The Company invested proceeds from the issuance of H shares in accordance with the actual business development. In particular, proceeds from the issuance of H shares proposed to be used for overseas business will be utilized based on the actual business requirements of the Company and proceeds proposed to be used for capital expenditure will be used for the upgrading of information system and the expansion of the network of the capital-light branches. The capital-light branches of the Company have entered preparation stage and the information system is improving as scheduled, and the proceeds will be put into use according to the actual demands in follow-up periods.

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ANNEX VIII	<b>SPECIAL REPORT ON USE OF PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES AS OF DECEMBER 31, 2021 OF THE COMPANY AND THE AUDIT REPORT THEREON</b>
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APPENDIX I:

**CHECKLIST FOR THE USE OF THE PROCEEDS FROM THE ISSUANCE OF H SHARES**

Closing date: December 31, 2021

Net proceeds ( <i>HK\$0'000</i> )	741,713.34	Total accumulative proceeds invested ( <i>RMB0'000</i> )	641,152.49
		Total proceeds used in 2016 ( <i>RMB0'000</i> )	487,602.94
Total accumulative amount of proceeds with change in purpose ( <i>HK\$0'000</i> )	–	Total proceeds used in 2017 ( <i>RMB0'000</i> )	140,936.27
		Total proceeds used in 2018 ( <i>RMB0'000</i> )	–
Percentage of total accumulative amount of proceeds with change in purpose	–	Total proceeds used in 2019 ( <i>RMB0'000</i> )	2,378.81
		Total proceeds used in 2020 ( <i>RMB0'000</i> )	8,189.38
		Total proceeds used in 2021 ( <i>RMB0'000</i> )	2,045.09

## ANNEX VIII

SPECIAL REPORT ON USE OF PROCEEDS FROM PREVIOUS  
FUND-RAISING ACTIVITIES AS OF DECEMBER 31, 2021 OF  
THE COMPANY AND THE AUDIT REPORT THEREON

Investment projects		Total investment amount with the proceeds			Accumulative investment amount with the proceeds as at closing date			Difference between actual investment amount and committed investment amount after fund-raising	Date of the project reaching expected condition for use
No.	Committed investment projects	Actual investment projects	Committed investment amount prior to fund-raising	Committed investment fund-raising amount (Note)	Actual investment amount (Note)	Committed investment amount prior to fund-raising (Note)	Committed investment fund-raising amount after fund-raising (Note)	Actual investment amount (Note)	
			HK\$0'000	RMB0'000 (Note)	RMB0'000	RMB0'000	RMB0'000	RMB0'000	
1	Brokerage and securities financing business	Brokerage and securities financing business	256,034.13	229,164.95	229,164.95	229,164.95	229,164.95	229,164.95	- N/A
2	Overseas business	Overseas business	222,513.99	189,057.99	189,046.55	189,057.99	189,057.99	189,046.55	N/A (11.44)
3	Investment management business	Investment management business	109,725.00	98,236.79	98,236.79	98,236.79	98,236.79	98,236.79	- N/A
4	Securities distribution and trading business	Securities distribution and trading business	73,150.00	65,491.20	65,491.20	65,491.20	65,491.20	65,491.20	- N/A
5	Capital expenditure	Capital expenditure	40,145.11	33,589.67	22,416.68	33,589.67	33,589.67	22,416.68	N/A (11,172.99)
6	Working capital and other general corporate purposes	Working capital and other general corporate purposes	40,145.11	35,584.63	36,796.32	35,584.63	35,584.63	36,796.32	N/A 1,211.69
	Total		741,713.34	651,125.23	641,152.49	651,125.23	651,125.23	641,152.49	N/A (9,972.74)

*Note:* The proceeds from the issuance of H shares in RMB that were used are calculated based on the actual settlement exchange rate, and the proceeds from the issuance of H Shares in HK\$ that were used are calculated based on the exchange rate at the end of the current month, and the proceeds from the issuance of H shares that were not yet used are calculated based on the exchange rate at the end of the period.

Note: The proceeds from the issuance of H shares in RMB that were used are calculated based on the actual settlement exchange rate, and the proceeds from the issuance of H Shares in HK\$ that were used are calculated based on the exchange rate at the end of the current month, and the proceeds from the issuance of H shares that were not yet used are calculated based on the exchange rate at the end of the period.

# SPECIAL REPORT ON USE OF PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES AS OF DECEMBER 31, 2021 OF THE COMPANY AND THE AUDIT REPORT THEREON

## APPENDIX II:

## CHECKLIST FOR THE USE OF THE PROCEEDS FROM THE NON-PUBLIC ISSUANCE OF A SHARES

Closing date: December 31, 2021  
Unit: RMB0'000

Total amount of proceeds:		1,105,827.59	Total accumulative used proceeds:		1,099,264.10	
Net proceeds:		1,095,718.03	Annual breakdown:			
Total accumulative amount of proceeds with change in purpose:		Nil	Total proceeds used in 2017:		320,000.00	
Percentage of the total accumulative proceeds with change in purpose:		Nil	Total proceeds used in 2018:		755,000.00	
			Total proceeds used in 2019:		24,264.10	
Investment project		Total investment amount with the proceeds			Accumulative investment amount with the proceeds as at closing date	
		Committed investment amount prior to fund-raising	Committed investment amount after fund-raising	Actual investment amount (including deposit interest)	Actual investment amount (including deposit interest)	Difference between actual investment amount and committed investment amount after fund-raising (including deposit interest)
No.	Actual investment project					
1	Supporting brokerage and securities financing business development	Not more than RMB2.5 billion	Not more than RMB2.5 billion	250,000.00	250,000.00	N/A
2	Investing in securities distribution and trading business development	Not more than RMB3 billion	Not more than RMB3 billion	300,000.00	300,000.00	N/A
3	Improving investment management service capacity	Not more than RMB2 billion	Not more than RMB2 billion	125,000.00	125,000.00	N/A
4	Expanding innovative business field	Not more than RMB2 billion	Not more than RMB2 billion	200,000.00	200,000.00	N/A
5	Advancing collectivized development strategy of the Company	Not more than RMB2.3 billion	Not more than RMB2.3 billion	204,264.10	204,264.10	N/A
6	Working capital and other general corporate purposes	Not more than RMB0.2 billion	Not more than RMB0.2 billion	20,000.00	20,000.00	N/A
Total		Not more than RMB12 billion	Not more than RMB12 billion	1,099,264.10	1,099,264.10	N/A
						3,546.07

Note: The projects invested with the proceeds and the invested funds of the Company both include the original funds of the Company and the proceeds. The original funds and the proceeds used for the same project cannot be calculated on a separate basis, and the income cannot be accounted for on a separate basis.

**AUDIT REPORT ON THE SPECIAL REPORT ON USE OF  
PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES  
AS OF DECEMBER 31, 2021 OF 東方證券股份有限公司**

De Shi Bao (He) Zi (22) No. E00089

To all shareholders of 東方證券股份有限公司,

We have audited the attached report on use of proceeds raised from the initial public offering of overseas-listed foreign shares (H shares) on July 8, 2016 and non-public issuance of Renminbi ordinary shares (A shares) on December 27, 2017 (the “**Proceeds from Previous Fund-raising Activities**”) as of December 31, 2021 of 東方證券股份有限公司 (the “**Company**”) (the “**Report on Use of Proceeds from Previous Fund-raising Activities**”).

**I. RESPONSIBILITY OF THE BOARD FOR THE REPORT ON USE OF PROCEEDS FROM  
PREVIOUS FUND-RAISING ACTIVITIES**

The Report on Use of Proceeds from Previous Fund-raising Activities has been prepared in accordance with the Provisions Regarding the Report on the Use of Proceeds from Previous Fund Raising Activities (Zheng Jian Fa Xing Zi [2007] No. 500) (《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) promulgated by the China Securities Regulatory Commission and other relevant requirements, and it is the responsibility of the Board to ensure the contents of Report on Use of Proceeds from Previous Fund-raising Activities is true, accurate and complete and without false representation, misleading statement or material omission.

**II. RESPONSIBILITY OF THE CERTIFIED PUBLIC ACCOUNTANT**

Our responsibility is to issue opinions on the Report on Use of Proceeds from Previous Fund-raising Activities on the basis of performing our audit work. We have conducted the audit work according to the requirements of Standards on Other Assurance Engagements of PRC Certified Public Accountants No. 3101 – Assurance Engagements Other than Audit or Review of Historical Financial Information (《中國註冊會計師其他鑑證業務準則第3101號—歷史財務信息審計或審閱以外的鑑證業務》). The Standards require us to comply with the Code of Professional Ethics, plan and perform the audit work so as to obtain reasonable assurance that there is no material misstatement in the Report on Use of Proceeds from Previous Fund-raising Activities.

We conducted the audit procedures that we deem necessary, to obtain the amount of the Report on Use of Proceeds from Previous Fund-raising Activities and the evidence disclosed. We believe that the audit work has laid a reasonable foundation for issuing our opinion.

**III. AUDIT OPINION**

In our opinion, the Report on Use of Proceeds from Previous Fund-raising Activities of the Company has been prepared in accordance with the Provisions Regarding the Report on the Use of Proceeds from Previous Fund Raising Activities (Zheng Jian Fa Xing Zi [2007] No. 500) promulgated by the China Securities Regulatory Commission and other relevant requirements, and has truly reflected the Company's use of Proceeds From Previous Fund-raising Activities in all material aspects.

**IV. THE SCOPE OF USING THIS REPORT**

This report is solely for the application for A share and H share rights issue of the Company; and shall not be used for any other purpose.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

PRC Certified Public Accountant

Shanghai, the PRC  
March 30, 2022