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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 Guotai Junan Securities Co., Ltd., you should at once hand this circular together with the enclosed proxy form for the Annual General Meeting and (if appropriate) 2021 Annual Report to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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**國泰君安證券股份有限公司**  
**GUOTAI JUNAN SECURITIES CO., LTD.**

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

**(Stock Code: 02611)**

- (1) 2021 WORK REPORT OF THE BOARD;**  
**(2) 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE;**  
**(3) 2021 PROFIT DISTRIBUTION PROPOSAL;**  
**(4) RE-APPOINTMENT OF EXTERNAL AUDITORS;**  
**(5) 2021 ANNUAL REPORT;**  
**(6) POTENTIAL RELATED PARTY TRANSACTIONS CONTEMPLATED**  
**IN THE ORDINARY COURSE OF BUSINESS IN 2022;**  
**(7) 2021 DUTY PERFORMANCE REPORT OF THE INDEPENDENT**  
**DIRECTORS;**  
**(8) GENERAL MANDATE TO ISSUE ADDITIONAL**  
**A SHARES AND/OR H SHARES;**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting to be held at Room 405, 768 Nanjing West Road, Jingan District, Shanghai, the PRC at 2:00 p.m. on Tuesday, 31 May 2022 is set out on pages 7 to 10 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are requested to read the notice of Annual General Meeting carefully and complete the accompanying proxy form in accordance with the instructions printed thereon and return it as soon as possible. H Shareholders are required to return the proxy form to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited; while A Shareholders are required to return the proxy form to the Board's office, but in any event the proxy form shall be returned in person or by mail not less than 24 hours before the time appointed for the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof in person if you so wish.

11 May 2022

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## DEFINITIONS

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

“2021 Duty Performance Report of the Independent Directors”	the 2021 Duty Performance Report of the Independent Directors of Guotai Junan Securities Co., Ltd.;
“2021 Work Report of the Board”	the 2021 Work Report of the Board of Directors of Guotai Junan Securities Co., Ltd.;
“2021 Work Report of the Supervisory Committee”	the 2021 Work Report of the Supervisory Committee of Guotai Junan Securities Co., Ltd.;
“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 601211);
“A Shareholder(s)”	holder(s) of A Shares;
“Annual General Meeting” or “AGM”	the 2021 annual general meeting of the Company to be held at Room 405, 768 Nanjing West Road, Jingan District, Shanghai, the PRC at 2:00 p.m. on Tuesday, 31 May 2022;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of directors of the Company;
“Company”	Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively;
“Company Law”	the Company Law of the People’s Republic of China (as amended from time to time);
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

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## DEFINITIONS

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“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 02611);
“H Shareholder(s)”	holder(s) of H Shares;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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 (as amended from time to time);
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Non-executive Director(s)” or “Independent Directors(s)”	the independent non-executive director(s) of the Company;
“International Group”	Shanghai International Group Co., Ltd. (上海國際集團有限公司), a limited liability company incorporated in the PRC, which is directly administered by the Shanghai State-owned Assets Supervision and Administration Commission, controlling 33.34% interest in the Company in aggregate as at the date of this circular (without taking into consideration of the conversion of convertible bonds);
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

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## DEFINITIONS

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“Shanghai SA”	Shanghai State-owned Assets Operation Co., Ltd. (上海國有資產經營有限公司), a limited liability company incorporated in the PRC in September 1999, a wholly-owned subsidiary of International Group, holding 23.05% interest in the Company as at the date of this circular (without taking into consideration of the conversion of convertible bonds);
“Share(s)”	the ordinary share(s) of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s);
“Shareholder(s)”	the registered holder(s) of the Shares of the Company;
“Shenzhen Investment Holdings”	Shenzhen Investment Holdings Co., Ltd. (深圳市投資控股有限公司), a limited liability company incorporated in the PRC, holding 8.00% interest in the Company as at the date of this circular (without taking into consideration of the conversion of convertible bonds);
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (as amended from time to time);
“Supervisor(s)”	the supervisor(s) of the Company; and
“Supervisory Committee”	the supervisory committee of the Company.

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## LETTER FROM THE BOARD

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國泰君安證券股份有限公司  
**GUOTAI JUNAN SECURITIES CO., LTD.**

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

**(Stock Code: 02611)**

***Directors:***

*Executive Directors*

Mr. HE Qing  
Mr. WANG Song  
Mr. YU Jian

*Non-executive Directors*

Mr. LIU Xinyi  
Ms. GUAN Wei  
Mr. ZHONG Maojun  
Mr. CHEN Hua  
Mr. WANG Wenjie  
Mr. ZHANG Zhan  
Mr. ZHANG Yipeng  
Mr. AN Hongjun

*Independent Non-executive Directors*

Mr. XIA Dawei  
Mr. DING Wei  
Mr. LI Renjie  
Mr. BAI Wei  
Mr. LEE Conway Kong Wai  
Mr. CHAI Hongfeng

***Registered Office***

No. 618, Shangcheng Road  
China (Shanghai) Pilot Free-Trade Zone  
Shanghai  
PRC

***Principal place of business in Hong Kong***

40th Floor  
Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

11 May 2022

*To the H Shareholders*

- (1) 2021 WORK REPORT OF THE BOARD;**
- (2) 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE;**
- (3) 2021 PROFIT DISTRIBUTION PROPOSAL;**
- (4) RE-APPOINTMENT OF EXTERNAL AUDITORS;**
- (5) 2021 ANNUAL REPORT;**
- (6) POTENTIAL RELATED PARTY TRANSACTIONS CONTEMPLATED  
IN THE ORDINARY COURSE OF BUSINESS IN 2022;**
- (7) 2021 DUTY PERFORMANCE REPORT OF THE INDEPENDENT  
DIRECTORS;**

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## LETTER FROM THE BOARD

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### (8) GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES AND/OR H SHARES; AND NOTICE OF ANNUAL GENERAL MEETING

#### 1. INTRODUCTION

On behalf of the Board, I would like to invite you to participate in the Annual General Meeting to be held at Room 405, 768 Nanjing West Road, Jingan District, Shanghai, the PRC at 2:00 p.m. on Tuesday, 31 May 2022.

The purpose of this circular is to give you notice of the Annual General Meeting and to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed for consideration at the Annual General Meeting.

#### 2. BUSINESSES TO BE CONSIDERED AT THE ANNUAL GENERAL MEETING

Details of the businesses to be considered at the Annual General Meeting are set out in the notice of Annual General Meeting, which is set out on pages 7 to 10 of this circular.

Resolutions to be put forward at the Annual General Meeting include the resolutions to be approved by way of ordinary resolution: (1) the 2021 Work Report of the Board; (2) the 2021 Work Report of the Supervisory Committee; (3) the 2021 profit distribution proposal; (4) the resolution on the re-appointment of external auditors; (5) the 2021 annual report; (6) the resolution on the potential related party transactions contemplated in the ordinary course of business in 2022; (7) 2021 Duty Performance Report of the Independent Directors; and the resolution to be approved by way of special resolution: (8) the resolution on the grant of general mandate to the Board to issue additional A Shares and/or H Shares.

In order to enable you to further understand the resolutions to be proposed at the Annual General Meeting and to have sufficient and necessary information to make up your decision, we have provided detailed information to the Shareholders in **Appendix I** to this circular, which includes the information and explanation about the resolutions proposed to be passed at the Annual General Meeting.

#### 3. ANNUAL GENERAL MEETING

A proxy form for the Annual General Meeting is also enclosed herewith. If you wish to attend the Annual General Meeting by proxy, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it as soon as possible. H Shareholders are required to return the proxy form to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited; while A Shareholders are required to return the proxy form to the Board's office, but in any event the proxy form shall be returned

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## LETTER FROM THE BOARD

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in person or by mail not less than 24 hours before the time appointed for the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof in person if you so wish.

The address of the Board's office is at 768 Nanjing West Road, Jingan District, Shanghai, the PRC, Postal code: 200041 (Tel: (8621) 3867 6798, Fax: (8621) 3867 0798). The address of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Fax: (852) 2865 0990).

#### **4. VOTES BY WAY OF POLL**

Pursuant to the requirements of the Hong Kong Listing Rules and the Articles of Association, all votes of shareholders at a general meeting must be taken by poll except under certain circumstances. As such, the resolutions set out in the notice of Annual General Meeting shall be voted by way of poll. The voting results of the poll will be posted on the HKEx news website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.gtja.com](http://www.gtja.com) upon the conclusion of the Annual General Meeting.

#### **5. RECOMMENDATION**

The Directors (including the Independent Non-executive Directors) consider that the resolutions set out in the notice of the Annual General Meeting are in the interest of the Company and Shareholders as a whole and accordingly recommend you to vote in favor of the resolutions mentioned above.

Yours faithfully,  
By order of the Board  
**Guotai Junan Securities Co., Ltd.**  
**HE Qing**  
*Chairman*



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## NOTICE OF ANNUAL GENERAL MEETING

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國泰君安證券股份有限公司  
**GUOTAI JUNAN SECURITIES CO., LTD.**

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

**(Stock Code: 02611)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Annual General Meeting**”) of Guotai Junan Securities Co., Ltd. (the “**Company**”) will be held at Room 405, 768 Nanjing West Road, Jingan District, Shanghai, the PRC at 2:00 p.m. on Tuesday, 31 May 2022 for the purposes of considering and, if thought fit, approving the following resolutions. Unless otherwise specified, capitalized terms used in this notice shall have the same meaning as those defined in the circular of the Company dated 11 May 2022 (the “**Circular**”).

#### ORDINARY RESOLUTIONS

1. To consider and approve the 2021 Work Report of the Board.
2. To consider and approve the 2021 Work Report of the Supervisory Committee.
3. To consider and approve the 2021 profit distribution proposal of the Company.
4. To consider and approve the resolution on the re-appointment of external auditors.
5. To consider and approve the 2021 Annual Report of the Company.
6. To consider and approve the resolution on the potential related party transactions contemplated in the ordinary course of business of the Company in 2022, including:
  - 6.1 to consider and approve the potential related party transactions between the Group and International Group and its related enterprises;
  - 6.2 to consider and approve the potential related party transactions between the Group and Shenzhen Investment Holdings and its related enterprises;
  - 6.3 to consider and approve the potential related party transactions between the Group and the related enterprises of any Director, Supervisor or senior management of the Company; and
  - 6.4 to consider and approve the potential related party transactions between the Group and the related natural persons.

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## NOTICE OF ANNUAL GENERAL MEETING

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7. To consider and approve the 2021 Duty Performance Report of the Independent Directors.

### SPECIAL RESOLUTION

8. To consider and approve the resolution on the grant of general mandate to the Board to issue additional A Shares and/or H Shares.

By order of the Board  
**Guotai Junan Securities Co., Ltd.**  
**HE Qing**  
*Chairman*

Shanghai, the PRC  
11 May 2022

*As at the date of this announcement, the executive directors of the Company are Mr. HE Qing, Mr. WANG Song and Mr. YU Jian; the non-executive directors of the Company are Mr. LIU Xinyi, Ms. GUAN Wei, Mr. ZHONG Maojun, Mr. CHEN Hua, Mr. WANG Wenjie, Mr. ZHANG Zhan, Mr. ZHANG Yipeng and Mr. AN Hongjun; and the independent non-executive directors of the Company are Mr. XIA Dawei, Mr. DING Wei, Mr. LI Renjie, Mr. BAI Wei, Mr. LEE Conway Kong Wai and Mr. CHAI Hongfeng.*

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. Details of the aforesaid resolutions are set out in the **Appendix I** to the Circular, of which the 2021 Work Report of the Board, the 2021 Work Report of the Supervisory Committee and the 2021 Duty Performance Report of the Independent Directors are set out in Annex A, Annex B and Annex C of the Circular, respectively.
2. Pursuant to the requirements of the Hong Kong Listing Rules and the Articles of Association, except under certain circumstances, all votes of shareholders at a general meeting must be taken by poll. As such, the resolutions set out in the notice of the Annual General Meeting shall be voted by way of poll. The voting results of the poll will be posted on the HKEx news website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.gtja.com](http://www.gtja.com) after the Annual General Meeting.
3. Any Shareholder entitled to attend and vote at the Annual General Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his/her behalf at the meeting. A proxy needs not be a Shareholder.
4. To be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy of that power of attorney or authority, must be completed and deposited at the Board's office (for A Shareholders) or the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders) not less than 24 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting thereof. The address of the Board's office is at 768 Nanjing West Road, Jingan District, Shanghai, the PRC, Postal code: 200041 (Tel: (8621) 3867 6798, Fax: (8621) 3867 0798). The address of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Tel: (852) 2862 8555). Completion and return of the proxy form will not preclude Shareholders from attending and voting at the Annual General Meeting or any adjournment thereof in person if he/she so wishes.
5. In order to determine H Shareholders' entitlement to attend the Annual General Meeting, **the H Share register of members of the Company will be closed from Thursday, 26 May 2022 to Tuesday, 31 May 2022 (both days inclusive), during which period no share transfer will be registered.** In order for H Shareholders to be qualified for attending the Annual General Meeting, all share certificates together with the share transfer documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Tel: (852) 2862 8555), **by 4:30 p.m. on Wednesday, 25 May 2022.** H Shareholders who are registered with Computershare Hong Kong Investor Services Limited by 4:30 p.m. on Wednesday, 25 May 2022 are entitled to attend the Annual General Meeting.
6. Based on the total share capital of the Company on the record date for dividend distribution, the Company will distribute to the A Shareholders and H Shareholders whose names appear on the register of members of the Company on the record date for the dividend distribution a cash dividend of RMB6.80 (tax inclusive) for every 10 Shares. As the A Share convertible corporate bonds issued by the Company in July 2017 have entered into share conversion period since 8 January 2018, currently the Company is unable to determine in the total share capital of the Company as at the record date of dividend distribution for A Shareholders. Based on the total share capital amount of 8,908,449,523 shares, the total amount of cash dividend distributable will be RMB6,057,745,676, representing 40.35% of the net profit attributable to equity holders of the Company under the consolidated financial statements for 2021. The total amount and portion of the cash dividends to be distributed will depend on the total share capital of the Company on the record date for the dividend distribution. The balance of profits distributable to investors in 2021 will be carried forward to the next year. After the 2021 profit distribution proposal of the Company has been approved at the Annual General Meeting, the Company will distribute its cash dividends to eligible Shareholders within two months from the date of the Annual General Meeting in accordance with such distribution proposal.

The Company will separately publish an announcement containing the information of the record date, book closure dates and distribution date for the dividend distribution to the Shareholders according to relevant laws and regulations, the SSE Listing Rules, the Hong Kong Listing Rules and the Articles and Association once such dates are determined by the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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7. In case of joint Shareholders, if more than one of them are presented at the meeting, either in person or by proxy, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint Shareholders. For this purpose, seniority shall be determined by the order in which the names of the joint Shareholders stand in the register of members of the Company in respect of the joint shareholding.
8. The Annual General Meeting is expected to last for half a day. Shareholders or their proxies attending the meeting shall be responsible for their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the Annual General Meeting.
9. The above ordinary resolutions 6.1 to 6.4 will be voted by the Shareholders who do not have any interest in such resolutions. International Group, the controlling shareholder of the Company, Shanghai SA and the related enterprises of International Group (if they are Shareholders) shall abstain from voting on the above ordinary resolution 6.1. Shenzhen Investment Holdings shall abstain from voting on the above ordinary resolution 6.2. The Directors, Supervisors and the senior management members of the Company and their related entities, if they are Shareholders, shall abstain from voting on the above ordinary resolution 6.3; and the related natural persons who are Shareholders shall abstain from voting on the above ordinary resolution 6.4.

**ORDINARY RESOLUTIONS:****I. Proposed to consider the resolution on the 2021 Work Report of the Board**

Pursuant to the requirements of the Company Law and the Articles of Association, to consider and approve the Work Report of the Board is the duty and authority of the Shareholders' general meeting of the Company. According to the requirements of the Rules of General Meeting of Listed Companies issued by the CSRC, the Board shall report their work during the past year to the Shareholders at the annual general meeting.

The 2021 Work Report of the Board was considered and approved by the Board on 30 March 2022.

Details of the 2021 Work Report of the Board are set out in Annex A to this circular.

**II. Proposed to consider the resolution on the 2021 Work Report of the Supervisory Committee**

The Supervisory Committee has prepared the 2021 Work Report of the Supervisory Committee according to the relevant regulatory requirements and the requirements of the Articles of Association, which was considered and approved by the Supervisory Committee on 30 March 2022.

Details of the 2021 Work Report of the Supervisory Committee are set out in Annex B to this circular.

**III. Proposed to consider the resolution on the 2021 Profit Distribution Proposal of the Company**

Pursuant to the relevant requirements of the Company Law, the Securities Law, the Financial Rules for Financial Enterprises (《金融企業財務規則》), the Regulatory Guidelines for Listed Companies No. 3 – Distribution of Cash Dividends of Listed Companies (《上市公司監管指引第3號–上市公司現金分紅》) issued by the CSRC, the Guidelines No. 1 of the Shanghai Stock Exchange on the Application of Self-Regulation Rules for Listed Companies – Standard Operation (《上海證券交易所上市公司自律監管指引第1號–規範運作》) and the Articles of Association, and taking into account of factors such as interest of Shareholders, the development of the Company and various risk control indicators, the profit distribution plan of the Company for the year 2021 is proposed as follows:

Based on the total share capital of the Company on the record date for dividend distribution, the Company will distribute to A Shareholders and H Shareholders whose names appear on the register of members of the Company on the record date for the dividend distribution a cash dividend of RMB6.80 (tax inclusive) for every 10 Shares. Cash dividend is denominated and declared in Renminbi and payable in Renminbi to the A Shareholders and in

Hong Kong dollars to the H Shareholders. The actual amount declared in Hong Kong dollars will be converted based on the average benchmark exchange rate for Renminbi to Hong Kong dollars as announced by the People's Bank of China five business days before the date of the AGM.

As the A Share convertible corporate bonds issued by the Company in July 2017 have entered into the share conversion period since 8 January 2018 onwards, the Company is currently unable to determine the total share capital of the Company as at the record date of dividend distribution for A Shareholders. Based on the total share capital amount of 8,908,449,523 shares, the total amount of cash dividend distributable will be RMB6,057,745,676, representing 40.35% of the net profit attributable to equity holders of the Company under the consolidated financial statements for 2021.

The above profit distribution proposal for the year 2021 was considered and approved by the Board on 30 March 2022, and is hereby proposed to the Annual General Meeting for its consideration and approval. Upon the approval at the Annual General Meeting, the Company expects to distribute its cash dividends within two months from the date of the Annual General Meeting in accordance with such distribution plan.

The Company will separately publish an announcement containing the information of the record date, book closure dates and distribution date for the dividend distribution to the Shareholders according to relevant laws and regulations, the SSE Listing Rules, the Hong Kong Listing Rules and the Articles and Association once such dates are determined by the Company.

#### **IV. Proposed to consider the resolution on the re-appointment of external auditors**

The 2020 annual general meeting of the Company approved to appoint KPMG Huazhen LLP and KPMG as the external auditors of the Company for 2021, responsible for providing the relevant audit and review services in accordance with the PRC Accounting Standards for Enterprises and International Financial Reporting Standards, respectively; and also provide audit services for the internal control of the Company. In 2021, KPMG Huazhen LLP and KPMG discharged their duties in accordance with the professional standards of independence, objectivity and impartiality and successfully completed the relevant audit and review.

As such, it is proposed to consider:

1. appointing KPMG Huazhen LLP and KPMG as the external auditors of the Company for 2022, which will provide 2022 annual and interim audits and review services in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively;
2. appointing KPMG Huazhen LLP as the auditor for the internal control audit of the Company for 2022; and

3. authorizing the management of the Company to determine the fees of the auditors for 2022 provided that the total amount of the above audit and review fees shall not exceed RMB5.55 million. If additional fees are incurred due to a change in scope and contents of audit or review, the Board will be authorized to determine in accordance with the actual scope and contents of the audit and review.

The above resolution was considered and approved by the Board on 30 March 2022, and is hereby proposed to the Annual General Meeting for its consideration and approval.

#### **V. Proposed to consider the resolution on the 2021 Annual Report of the Company**

Pursuant to the relevant provisions of the CSRC, the Board hereby submits the 2021 Annual Report to the Annual General Meeting for its consideration and approval. For details about the report, please refer to the 2021 Annual Report posted on the HKEx news website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and at the Company's website [www.gtja.com](http://www.gtja.com) on 26 April 2022.

#### **VI. Proposed to consider the resolution on the potential related party transactions to be contemplated in the ordinary course of business of the Company in 2022**

##### ***1. Introduction of the Related Parties and Related Party Transactions***

According to the requirements of the SSE Listing Rules and the Related Party Transaction Administration Rules of the Company, the Company has made the following estimates of the related party transactions to be contemplated in the Company's ordinary course of business in 2022 based on the transactions with its related parties as defined under the SSE Listing Rules during the previous year and the daily operation and business development needs of the Company, and proposed the following to the Annual General Meeting for its consideration and approval:

##### ***(1) Potential related party transactions between the Group and International Group and its related enterprises***

According to the SSE Listing Rules, International Group's "related enterprises" include: enterprises (excluding the Group) controlled directly or indirectly by International Group, enterprises (excluding the Group) of which its directors or senior management members are the Directors nominated by International Group or Shanghai SA, and enterprises (excluding the Group) of which any director, supervisor or senior management member of International Group or Shanghai SA is a director or senior management member.

The potential related party transactions between the Group and International Group and its related entities are as follows:

<b>Category of Transactions</b>	<b>Contents of Transactions</b>	<b>Caps for and Descriptions of Projected Transactions</b>
Services for Securities and Financial Products	Provide securities and futures brokerage services to related parties; lease of trading seats to related parties; the related parties provide open price inquiry service in the interbank market; provide targeted asset management service to related parties; provide asset custody and operation outsourcing services to related parties; place deposits in and loans to and receive interests thereon from related banks; the related parties provide third party fund custody service; agency sales of related parties' financial products; provide underwriting, sponsorship, and financial consultation services to related parties; provide stock pledges, margin financing and securities lending services to related parties; and provide investment consultation service to related parties.	Since the occurrence and the size of such transactions are difficult to estimate, it is proposed to use the actual amount as the cap for such related party transactions.



Category of Transactions	Contents of Transactions	Caps for and Descriptions of Projected Transactions
Trading in Securities and Financial Products	Conduct purchases under resale agreements or sales under repurchase agreements with related parties in the interbank market; conduct subscription and trading of bonds with related parties; carry out interbank lending transactions with related parties in the interbank market; conduct transfer of income rights transactions with related parties; subscribe for funds, wealth management products, trust plans, over-the-counter derivatives and non-public issued bonds issued by related parties; related parties subscribe for funds, asset management plans, wealth management products, structured products, income certificates, over-the-counter derivatives, private equity investments and non-public issued bonds issued, arranged or managed by the Company; conduct transfer of the listed shares in the National Equities Exchange and Quotations System with related parties.	Since the occurrence and the size of such transactions are difficult to estimate, it is proposed to use the actual amount as the cap for such related party transactions.

Mr. LIU Xinyi, Ms. GUAN Wei, Mr. ZHONG Maojun and Mr. CHEN Hua, who are/were Directors nominated by International Group or Shanghai SA, have abstained from voting on the Board resolution approving such transactions. International Group, Shanghai SA, and other related entities of International Group (which are Shareholders) shall abstain from voting for this resolution at the Annual General Meeting.

The connected transactions to be contemplated in 2022 between the Group and International Group and its associates (as defined under the Hong Kong Listing Rules) will be carried out according to the Framework Agreement for Securities and Financial Products and Services entered into by the Company and International Group on 30 December 2019 and the applicable annual caps.

(2) *Potential related party transactions between the Group and Shenzhen Investment Holdings and its related enterprises*

According to the SSE Listing Rules, Shenzhen Investment Holdings' "related enterprises" include enterprises (excluding the Group) of which any Director of the Company nominated by Shenzhen Investment Holdings is a director or senior management member.

The potential related party transactions between the Group and Shenzhen Investment Holdings and its related enterprises are as follows:

<b>Category of Transactions</b>	<b>Contents of Transactions</b>	<b>Caps for and Descriptions of Projected Transactions</b>
Services for Securities and Financial Products	Provide securities and futures brokerage services to related parties; provide targeted asset management service to related parties; provide asset custody and operation outsourcing services to related parties; agency sales of related parties' financial products; provide underwriting, sponsorship, and financial consultation services to related parties; provide stock pledges, margin financing and securities lending services to related parties; and provide investment consultation service to related parties.	Since the occurrence and the size of such transactions are difficult to estimate, it is proposed to use the actual amount as the cap for such related party transactions.

<b>Category of Transactions</b>	<b>Contents of Transactions</b>	<b>Caps for and Descriptions of Projected Transactions</b>
Trading in Securities and Financial Products	Conduct purchases under resale agreements or sales under repurchase agreements with related parties in the interbank market; conduct subscription and trading of bonds with related parties; carry out interbank lending transactions with related parties in the interbank market; conduct transfer of income rights transactions with related parties; subscribe for funds, wealth management products, structured products, trust plans, over-the-counter derivatives, private equity investments and non-public issued bonds issued, arranged or managed by related parties; related parties subscribe for funds, asset management plans, wealth management products, income certificates, over-the-counter derivatives, private equity investments and non-public issued bonds issued by the Company; conduct transfer of the listed shares in the National Equities Exchange and Quotations System with related parties.	Since the occurrence and the size of such transactions are difficult to estimate, it is proposed to use the actual amount as the cap for such related party transactions.

Mr. WANG Wenjie and Mr. ZHANG Zhan who are/were Directors and nominated by Shenzhen Investment Holdings, have abstained from voting on the Board resolution approving such transactions. Shenzhen Investment Holdings shall abstain from voting for this resolution at the Annual General Meeting.

(3) *Potential related party transactions between the Group and the related enterprises of any Director, Supervisor or senior management member of the Company*

The potential related party transactions between the Group and such enterprises are as follows:

Category of Transactions	Contents of Transactions	Caps for and Descriptions of Projected Transactions
Services for Securities and Financial Products	Provide securities and futures brokerage services to related parties; lease of trading seats to related parties; provide targeted asset management service to related parties; provide asset custody and operation outsourcing services to related parties; place deposits in and receive interests thereon from related banks; the related parties provide third party fund custody service; agency sales of related parties' financial products; provide underwriting, sponsorship, and financial consultation services to related parties; provide stock pledges, margin financing and securities lending services to related parties; and provide investment consultation service to related parties.	Since the occurrence and the size of such transactions are difficult to estimate, it is proposed to use the actual amount as the cap for such related party transactions.

Category of Transactions	Contents of Transactions	Caps for and Descriptions of Projected Transactions
Trading in Securities and Financial Products	Conduct purchases under resale agreements or sales under repurchase agreements with related parties in the interbank market; conduct subscription and trading of bonds with related parties; carry out interbank lending transactions with related parties in the interbank market; conduct transfer of income rights transactions with related parties; subscribe for funds, wealth management products, structured products, trust plans, over-the-counter derivatives, private equity investments and non-public issued bonds issued, arranged or managed by related parties; related parties subscribe for funds, asset management plans, wealth management products, income certificates, over-the-counter derivatives and non-public issued bonds issued by the Company; conduct transfer of the listed shares in the National Equities Exchange and Quotations System with related parties.	Since the occurrence and the size of such transactions are difficult to estimate, it is proposed to use the actual amount as the cap for such related party transactions.

Each of the Directors has abstained from voting on the Board resolution on the transactions with their respective related enterprises. Each of the Directors, Supervisors and senior management and their related entities, of which they act as shareholders shall abstain from voting on this resolution at the Annual General Meeting.

*(4) Potential related party transactions between the Group and related natural persons*

According to the SSE Listing Rules, the “related natural persons” include (1) the Directors, Supervisors and senior management members and their close family members (spouse, children not under 18 years old and their spouses, parents and the parents of the spouses, siblings and their spouses, the siblings of their spouses, and the parents of their children’s spouses); and (2) the directors, supervisors and senior management members of International Group and Shanghai SA.

During the ordinary course of business of the Company, related natural persons receive the securities and futures brokerage services, margin financing and securities lending services and share pledging services provided by the Company or subscribes for the wealth management products issued by the Company in compliance with the relevant requirements of laws and regulations and regulatory requirements. Due to the uncertainty of the occurrence and the size of such transactions, the transactions are subject to the actual amount incurred.

Each of the Directors has abstained from voting on the Board resolution approving the aforementioned transactions with their respective related natural persons. The related natural persons who are Shareholders shall abstain from voting on this resolution at the Annual General Meeting.

***2. Pricing principles and basis of the related party transactions***

For the aforesaid related party transactions in the ordinary course of business, the Company will determine the transaction price with the related party in strict compliance with the principle of fairness, that is, if the transactions are subject to government pricing or industry pricing, the transaction price shall be determined according to prices determined by the government or the industry; if the transactions are not subject to government pricing or the industry pricing, the transaction price shall be determined with reference to market price. The pricing basis for each category of transactions is as follows:

- (1) Securities and futures brokerage services: with reference to commission rates for similar services in the market;
- (2) Leasing of trading seats: with reference to prices of similar services in the market;
- (3) Agency sales of financial products: according to the unified sales policy of the product issuer;
- (4) Asset management services: with reference to market prices and industry standard prices;
- (5) Asset custody and operation outsourcing services: with reference to market prices and industry standard prices;
- (6) Interbank market transactions: with reference to market prices;
- (7) Transfer of income rights: with reference to market prices;

- (8) Subscription for financial products: subscription for relevant financial products and payment for the management fees with reference to market prices and industry standards;
- (9) Public price inquiry services in interbank market: with reference to prices of the similar services in the market;
- (10) Margin financing and securities lending and stock pledging services: with reference to prices of the similar services in the market;
- (11) Underwriting, sponsorship and financial consultation services: with reference to prices of the similar services in the market;
- (12) Investment consultation services: with reference to prices of the similar services in the market.

**3. *Purpose of the transactions and influence on the Company***

- (1) The Company is a service provider for securities and financial products that provides investors with securities and financial products services, or carries out securities and financial product transactions with its counterparties, including related parties of the Company. The transactions with related parties are part of the ordinary course of business of the Company.
- (2) Related party transactions are priced with reference to market prices and the transactions are fair and not detrimental to the interests of the Company and its Shareholders as a whole.
- (3) The principal businesses of the Company do not rely on its related parties by conducting the above-mentioned related party transactions, and the relevant related party transactions do not affect the independence of the Company.

**4. *Reviewing procedures for related party transactions***

- (1) All Independent Directors of the Company have reviewed the Pre-proposal relating to the Related Party Transactions Contemplated in the Ordinary Course of Business of the Company in 2022 (《關於預計公司2022年度日常關聯交易的預案》), issued independent opinions and agreed to submit the proposal to the Board for consideration.
- (2) The Audit Committee of the Board of the Company has reviewed the Pre-proposal relating to the Related Party Transactions Contemplated in the Ordinary Course of Business of the Company in 2022 and agreed to submit the proposal to the Board for consideration.

- (3) The Board of the Company has reviewed the Pre-proposal relating to the Related Party Transactions Contemplated in the Ordinary Course of Business of the Company in 2022. The Related Directors have abstained from the voting regarding the matters in the proposal relating to themselves respectively. The pre-proposal, after being passed, has formed the Resolution on the Related Party Transactions Contemplated in the Ordinary Course of Business of the Company in 2022 (《關於預計公司2022年度日常關聯交易的議案》) to be submitted to the Annual General Meeting for consideration and approval.
- (4) When the Annual General Meeting considers the above-mentioned related party transactions contemplated in the ordinary course of business, related Shareholders shall abstain from voting on the matters of the Company relating to each of themselves, respectively.

#### **VII. Proposed to consider the resolution on the 2021 Duty Performance Report of the Independent Directors**

An ordinary resolution will be proposed at the AGM to approve the 2021 Duty Performance Report of the Independent Directors. Details of the aforesaid duty performance report of the Independent Directors are set out in Annex C to this circular.

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

#### **SPECIAL RESOLUTION:**

#### **VIII. Proposed to consider the resolution on the Grant of General Mandate to the Board to Issue Additional A Shares and/or H Shares**

Pursuant to the requirements of Hong Kong Listing Rules and the Article of Association, and in order to grasp market opportunities, ensure flexibility in issuing new shares and in line with the A+H listed company practices, the Board proposes to approve the grant of a general mandate to the Board by a special resolution at the AGM to authorize the Board to decide to, subject to market condition and the needs of the Company, separately or concurrently issue, allot and deal with new shares not exceeding 20% of the respective amount of A shares and/or H shares in issue at the date of the passing of such resolution at the AGM.

The mandate is made by the Company according to A+H listed company practices, as of the date of this circular, the Board has no existing plan for issuing new shares pursuant to the general mandate.



*Details of the General Mandate*

The general mandate includes but not limited to:

1. Granting of an unconditional and general mandate to the Board (or the director(s) authorized by the Board) to, subject to market condition and the needs of the Company, separately or concurrently issue, allot and deal with additional shares in the share capital of the issued A shares and H shares and make or grant offers, agreements, or options in relation to such Shares during the relevant period (as defined below).
2. The aggregate nominal value of the A shares and/or H shares allotted or agreed to be conditionally or unconditionally allotted by the Board (whether pursuant to the exercise of options or otherwise) shall not exceed:
  - i. 20% of the aggregate nominal value of the existing A shares issued as at the date of the passing of this resolution at the AGM; and/or
  - ii. 20% of the aggregate nominal value of the existing H shares issued as at the date of the passing of this resolution at the AGM.
3. The Board be authorized to, when exercising its power under the aforesaid general mandate, formulate and implement a detailed issuance plan, including but not limited to the class of the new shares to be issued, pricing mechanism and/or issuance price (including price range), number of shares to be issued, allottees and use of proceeds, time of issuance, period of issuance and whether to place shares to existing Shareholders.
4. The Board be authorized to engage intermediate agencies for share issuance related matters, and to approve and execute all acts, deeds, documents or other matters necessary, appropriate, desirable or associated with the share issuances; approve and execute, on behalf of the Company, agreements related to share issuance, including but not limited to placing and underwriting agreement and engagement agreements of intermediate agencies.
5. The Board be authorized to approve and execute, on behalf of the Company, statutory documents in relation to share issuance to be submitted to regulatory authorities, to carry out relevant approval procedures as required by regulatory authorities and venues in which the Company is listed, and to complete all necessary filings, registrations and records with the relevant governmental authorities of Hong Kong and/or any other regions and jurisdictions (if applicable).
6. The Board be authorized to amend, as required by regulatory authorities within or outside the PRC, agreements and statutory documents referred to in (4) and (5) above.

7. The Board be authorized to increase the registered capital of the Company after a share issuance, and to make corresponding amendments to the Articles of Association relating to the aggregate share capital and shareholdings, etc. and the operation management be authorized to carry out the relevant procedures.

*Validity Period of the General Mandate*

The exercising of the mandate referred to above shall only be valid in the Relevant Period, except if the Board has made or granted offers, agreements or options during the Relevant Period in relation to the issuance of A shares and/or H shares, which may require further promotion or implementation after the Relevant Period. The “**Relevant Period**” refers to the period from the passing of this resolution as a special resolution at the AGM until whichever is the earliest of:

1. the conclusion of the 2022 annual general meeting of the Company;
2. the expiration of the 12-month period following the passing of this resolution as a special resolution at the AGM; and
3. the revocation or variation of the authority under this resolution by passing of a special resolution at a general meeting of the Company.

The exercising of the power granted under the abovementioned general mandate by the Board is subject to all the necessary approvals of the CSRC and/or other relevant government authorities of the PRC and in accordance with the Company Law and the relevant requirements under the Hong Kong Listing Rules.

At the same time, if the above resolution is passed at the AGM and unless otherwise required by applicable laws, the Board is authorized to further authorize Mr. HE Qing, chairman of the Board and executive director of the Company, Mr. WANG Song, vice chairman of the Board, executive Director and president of the Company, and Mr. YU Jian, executive director and Board secretary of the Company to jointly or individually sign, execute, modify, complete, and submit all agreements, contracts and documents relating to the allotment, issuance and disposal of shares under the General Mandate.

The above resolution was considered and approved by the Board on 30 March 2022, and is hereby submitted to the Annual General Meeting for its consideration and approval.

**Dear Shareholders,**

As required by the Company Law and the Articles of Association of the Company, the Work Report of the Board of the Company for 2021 is submitted to the General Meeting as below:

## **I. OVERALL OPERATION AND MANAGEMENT OF THE COMPANY IN 2021**

In 2021, the capital market of the PRC deepened the reform comprehensively, with the official establishment of Beijing Stock Exchange and accelerated promotion of the registration-based IPO system reform. The capital market of the PRC entered a new stage of more open, inclusive and high-quality development. In 2021, the SSE Composite Index was up 4.8%, CSI 300 down 5.2%, GEM Index up 12%; Hang Seng Index down 14.1%; ChinaBond New Composite Index up 4.0%, and the average daily transaction volumes of the equity funds in the two markets reached RMB1.1 trillion, representing a year-on-year increase of 25%; the total funds raised from IPO reached RMB535.1 billion, representing a year-on-year increase of 13%. In 2021, the securities industry achieved a revenue of RMB502.4 billion, and a net profit of RMB191.1 billion, representing year-on-year increases of 12% and 21%, respectively.

Facing complicated external environment, the Company adhered to the general principle of “making progress while maintaining stability”, fully implemented the requirements of “integrated services, digital operations, international layout and group management”, insisted on seeking motivation from reform, vitality from talents, efficiency from management and development from innovation, proactively grasped market development opportunities, deepened reform and transformation, optimized strategic layout, strengthened further fundamentals and improved weak links, and completed the key tasks of the First Three-Year Plan, thereby achieving good operating results. As of the end of 2021, the total assets of the Company amounted to RMB791.3 billion, representing an increase of 13% as compared to the end of last year; the equity attributable to owners of the parent company was RMB147.1 billion, representing an increase of 7% as compared to the end of last year. The Company achieved a revenue of RMB42.8 billion for 2021, and the net profit attributable to owners of the parent company reached RMB15 billion, representing year-on-year increases of 22% and 35%, respectively; the weighted average return on net assets was 11.05%, representing an increase of 2.51 percentage points.

**In respect of the wealth management business**, the Company continued to improve the retail customer service system, optimize the financial product collaboration mechanism, strengthen the standardization of branch business outlets and the professionalization of investment consultant teams. We maintained the leading position in the traditional brokerage business and developed fast the sales of financial product and business of investment consultant. At the end of the Reporting Period, the number of affluent customers and high-net-worth customers increased by 21% from the end of last year; the sales of financial products was RMB683.9 billion, representing a year-on-year increase of 7%; the monthly average retaining volume was RMB183.6 billion; the number of customers of the investment advising service exceeded 150,000, and the asset size of clients served at the end of the

Reporting Period was approximately RMB8.3 billion; according to the statistics of the SAC by the caliber of parent company, the Company had a market share of 5.86% in terms of net revenue from the securities brokerage business, remaining the first in the industry. Guotai Junan Futures concentrated efforts to core capability building in financial technology, wealth management and risk management. In 2021, the market share of transaction amount of financial futures amounted to 9.74%, ranking the first in the industry; as at the end of the Reporting Period, the scale of customer equity was RMB78.6 billion, ranking the second in the industry. In terms of margin financing and securities lending business, the Company strengthened provision of comprehensive financial services to institutional customers. As at the end of the Reporting Period, the balance of margin financing and securities lending amounted to RMB104.0 billion, an increase of 18% from the end of last year. The stock pledging business continued the sound and prudent management and the asset quality saw steady improvement. As at the end of the Reporting Period, the outstanding balance of stock pledging business was RMB26.9 billion.

**In respect of investment management business**, the Company deepened divisional system reform, with focuses on key industries, key areas and main products, resulting in significant improvement of IPO weak links and significant increase of project reserve. During the Reporting Period, the lead underwriting amount of securities of the Company was RMB942.4 billion, representing a year-on-year increase of 17%. In terms of IPO business, the Company had underwriting amount of RMB30.3 billion, representing a year-on-year increase of 40%.

**In respect of institution and transaction business**, the Company innovated service model for institution business, deepened synergistic collaboration, and increased comprehensive service capabilities, with the coverage of institutional customers increased steadily. As at the end of the Reporting Period, the number of institutional customers was 53,000, representing an increase of 11% from the end of last year; the customer asset size under PB system was RMB444.0 billion, representing an increase of 53% from the end of last year; the scale of custody and outsourcing business amounted to RMB2.8131 trillion, representing an increase of 52% from the end of last year. The ranking maintained the first among securities companies in terms of scale of mutual fund custody. In respect of trading and investment business, the Company centered on the idea of an “outstanding financial asset trader”, steadily enhanced the transaction pricing ability and the customer service ability, actively transformed itself to customer demand-oriented business, and maintained a fast growth in business scale. In respect of the OTC equity derivative business, the cumulative amount of additional nominal principal amount of OTC equity derivatives amounted to RMB389.1 billion in 2021, representing a year-on-year increase of 80%, and the closing notional principal balance was RMB152.9 billion, representing an increase of 98% from the end of last year. In respect of fixed income business, the market share of Bond Connect was 5.44%, ranking the second among securities companies in the overall market, and was awarded the “Excellent Bond Connect Market Maker” in 2021; the Company strengthened the development of the OTC financial cloud system and “Guotai Junan Risk Hedging (國泰君安避險)” brand and accelerated product innovation, resulting steady increase in the scale of customer demand-oriented business. Guotai Junan Zhengyu made investment distribution properly for key industries, and as of the end of the Reporting Period, its total investment amount was RMB2.8 billion.

**In respect of investment management business,** the reconstructions for participating in mutual funds of Guotai Junan Asset Management investment and research systems achieved primary effect, with the successful issue of the first public offering funds. Guotai Junan Innovation Investment strengthened the capability building in fund raising, investment, management and divestment, actively promoted the buyer business layout, and established several industrial funds with strong market influence. HuaAn Funds put efforts on core capability development of investment research, a steady growth of the scale of assets under management and the profitability. As at the end of the Reporting Period, assets under management amounted to RMB650.4 billion, representing an increase of 24% from the end of last year, and the assets under management of non-monetary funds was RMB382.3 billion, representing an increase of 38% from the end of last year.

**In respect of international business,** Guotai Junan International optimized its revenue structure and customer base, improved its cross-border coordination mechanism, and promoted the growth of its wealth management business and capital-based intermediary business. As a result, our comprehensive competitiveness continued to stay at the forefront of Chinese securities companies in Hong Kong. As at the end of the Reporting Period, the custody assets from wealth management customers amounted to HK\$47.9 billion, representing an increase of 36% from the end of last year.

## **II. MAJOR ACCOMPLISHMENTS OF THE BOARD IN 2021**

In 2021, the Board of the Company performed the duties under the Company Law and the Articles of Association with due care to leverage the decision-making and supervision of the Board to facilitate our fast and healthy development. During the year, the Company convened eleven Board meetings, including five regular meetings and six extraordinary meetings. A total of 52 issues were considered, including both regular issues for the year or the half year and major issues such as the election of a new session of Board, director's remuneration, selection and employment of professional manager and remuneration policy, appointment of senior management, amendment to the Articles of Association and relevant systems, the grant of the reserved portion of the Restricted Share Incentive Scheme of the Company, repurchase and cancellation of part restricted shares, assignment of partial equity interest of HuaAn Funds, optimization and adjustment to headquarter institutional settings and mutual investment with related parties, by which the Board has reviewed and made decisions on major issues in relation to development and operation and management of the Company in an efficient and timely manner. The Board has fully performed its function of strategic decision-making and all of these resolutions were passed. The Board also held one meeting of the Strategy and ESG Committee, Seven meetings of the Remuneration, Appraisal and Nomination Committee, six meetings of the Audit Committee and two meetings of the Risk Control Committee.

The principal accomplishments of the Board in 2021 are as follows:

**(I) Complete selection of a new session of Board and the management**

The sixth session of the Board of the Company consisted of 17 directors, including 3 executive directors, 8 shareholder directors and 6 independent directors. 10 of the above 17 directors were re-elected after the fifth session of the Board, including 2 independent directors who were re-elected. The Company engaged high-end professionals as independent directors, selected outstanding professional managers to join the management, so that the structure of each governance body has become more professional, younger, diversified and international while maintaining the continuity of the work of the Board and the management. Changes in directors and members of special committees under the Board are as follows:

**1. Changes in directors**

On 28 June 2021, at the 2020 Annual General Meeting of the Company, HE Qing, WANG Song, YU Jian, LIU Xinyi, GUAN Wei, ZHONG Maojun, CHEN Hua, WANG Wenjie, ZHANG Zhan, FAN Renyi, and AN Hongjun were elected as the Directors; XIA Dawei, DING Wei, LI Renjie, BAI Wei, ZHU Ning, LEE Conway Kong Wai were elected as the independent Directors; ZHOU Lei, LIN Facheng and ZHOU Hao ceased to serve as the Directors; SHI Derong, CHEN Guogang, LING Tao and JIN Qingjun ceased to serve as the independent Directors.

On 9 July 2021, FAN Renyi resigned as a Director of the Company due to his business engagement.

On 29 July 2021, ZHU Ning resigned as an independent Director of the Company due to his business engagement.

On 25 November 2021, at the 2021 first extraordinary general meeting of the Company, ZHANG Yipeng was elected as a Director of the Company and CHAI Hongfeng was elected as an independent Director of the Company.

**2. Changes in members of special committees**

According to the resolutions of the first meeting of the sixth session of the Board and the fourth extraordinary meeting of the sixth session of the Board, the Board confirmed the members of each special committee and renamed the Strategy Committee as the Strategy and ESG Committee. Specifically, they are as follows:

**(1) Strategy and ESG Committee**

Chairman: HE Qing, Members: LIU Xinyi, WANG Wenjie, AN Hongjun, DING Wei, CHAI Hongfeng

(2) *Remuneration, Appraisal and Nomination Committee*

Chairman: XIA Dawei, Members: GUAN Wei, WANG Wenjie, DING Wei, LI Renjie

(3) *Audit Committee*

Chairman: LEE Conway Kong Wai, Members: CHEN Hua, ZHANG Zhan, XIA Dawei, BAI Wei

(4) *Risk Control Committee*

Chairman: LI Renjie, Members: WANG Song, ZHONG Maojun, ZHANG Yipeng, BAI Wei

**(II) Actively practice ESG governance concepts**

The Company deeply involved in the three major tasks assigned to Shanghai by the Central Committee of the Party, ranked among the top in the industry in terms of the number of applicants for listing on the STAR Market, and achieved rapid growth of equity and debt financing in the Yangtze River Delta region, and proposed the establishment of Shanghai Lingang Guotai Junan Science and Technology Frontier Industry Fund. The Company served the construction of Pudong Pilot Area and Shanghai International Financial Center and formulated the action plan to this end, prepared and published a report on accelerating the construction of Shanghai Global Asset Management Center and underwrote the issue for China's first batch and Shanghai's first publicly offered REITs. To contribute to common prosperity, the Company formulated and implemented the Action Plan to Serve the Goal of Common Prosperity (2022-2025), which puts forward 14 special measures in connection with serving the real economy, satisfying residents' wealth management needs, achieving the Company's high-quality development and helping building a capital market with Chinese characteristics. To promote green and low-carbon development, the Company published the Action Plan for Implementing Carbon Peaking and Carbon Neutrality, the first of its kind. In 2021, the Company's trading volume in carbon finance business reached 23 million tons, maintaining the top ranking among counterparts.

In order to better practice the Company's ESG development concept, the sixth session of the Board of the Company renamed the Strategy Committee as the Strategy and ESG Committee. The Company organized a strategy seminar, where directors, supervisors and management had a thorough exchange and discussion on the industrial competition and the Company's strategic goals and vision, implementation path, development strategy and execution, etc. The Company also went into the regional development strategy and wealth management transformation, and went to the front line to exchange ESG governance and sustainable development strategy with customers, resulting positive effects.

**(III) Actively promote the implementation of the Company's strategy, reform and development**

The Company held its first meeting on talent work since the merger, issued several measures and special plans for implementing talent work, accelerated the strategy for making the Company strong through training competent personnel, and built a highland of talent in the securities industry, and won the Excellence in Practice Award from the Association for Talent Development. The Company held its first working meeting on risk control and compliance since its A-share listing, continued to improve the “three lines of defense”, advocated the concept that “risk management creates value, and compliant operation ensures a beautiful future”, and comprehensively built a firm lifeline for high-quality development. The Company has attained the highest Grade AA rating in Class A for 14 consecutive years and maintained the highest international credit ratings by Standard & Poor and Moody among domestic counterparts, and was selected as one of the first batch of securities companies in the “White List” issued by the CSRC. The Company steadily promoted digital transformation, formulated and implemented the Digital Transformation Planning Program, which strengthens top-level design and plans a digital transformation office and a data platform operation department, a new generation of homemade core trading system with minimal delay, and a trans-boundary fintech lab, aiming to create a diversified fintech innovation ecosystem. We accelerated to overcome the weaknesses in strategic layout. The Company held additional 15% stake in HuaAn Fund, renamed the subsidiary in Vietnam, received the official approval for establishment of futures subsidiary in Singapore, the establishment of our European subsidiary and Macao securities company, and the expansion of the scope of operations of our U.S. subsidiary was progressing in an orderly manner.

**(IV) Adhere to standardizing the operation to enhance the level of corporate governance**

During the Reporting Period, the Board carefully fulfilled its duties as the convener of the general meeting in accordance with the relevant laws and regulations as well as the Articles of Association of the Company. In 2021, it convened a total of two general meetings, including one annual general meeting and one extraordinary meeting at which 18 resolutions were proposed for consideration, one matter was reported, and all the resolutions were considered and approved; it convened one class meeting of holders of A shares and H shares respectively, and all the resolutions were considered and approved. Meanwhile, the Board attached great importance to the returns for the shareholders and proposed to implement the 2020 dividend distribution plan upon approval by the general meeting. A dividend of RMB5.6 (tax inclusive) for every 10 shares, or a total of RMB4.983 billion, was distributed to the shareholders, accounting for 44.8% of the net profit attributable to the equity holders of the Company for 2020 on consolidated basis.

The Company has maintained strict management on related party transactions in accordance with the listing rules of exchanges in Shanghai and Hong Kong and the Company's regimes. The Company has made the annual forecast in relation to related party transactions in its daily operation according to the operation situation with due care and maintained strict management on related party transactions in its daily operation in accordance with the annual



forecast and the framework agreements for continuing related party transactions entered into with the controlling shareholders and compiled monthly statistics so as to ensure that the relevant transactions are controlled within the caps. In 2021, the Board considered and approved related party transactions, such as receiving title of partial equity interest in HuaAn Fund held by related parties and joint investment in industrial funds with related parties. In considering the above related party transactions, the Board has made decisions strictly in accordance with the Administrative Measures for Related Party Transactions of the Company. The Audit Committee has pre-examined all these proposals and the directors related to the transactions have abstained from voting. The independent directors have expressed prior consents and independent opinions in accordance with relevant regulations with focus on the necessity and fairness of the related transaction.

**(V) Continue to perform investor relations tasks**

The Company attaches great importance to the management of investor relations, and has formulated a series of thorough rules and regulations such as the Administrative System Regarding Investor Relations. The Company has set up an investor relations management platform with various communication channels such as on-site, telephone and Internet and various communication methods such as performance explanation sessions, road shows, reception of investors for survey and research, company website, investor hotline and e-mails, and through actively participating in e-interactive platform of the Shanghai Stock Exchange, participating in collective reception activities for investors, and attending investment strategies meetings or investment forums of seller institutions, actively enhanced the interactive communication with investors, and thus increased the Company's transparency and ensured that investors could have timely, accurate and comprehensive understanding of the Company.

**(VI) Perform social responsibility actively**

Rooted in the public welfare spirit of "being pragmatic and practical and doing good deeds", the Company continued to consolidate the targeted poverty alleviation achievements under the principle of "One Company for One County", and continued to promote the rural revitalization work in the five pairing assistance counties through industrial support, educational support and medical assistance. In 2021, under the support of Agricultural Industry Poverty Alleviation Fund established in Puge, Sichuan, the Pennisetum sinense Roxb processing industry project was implemented, being a new economic growth point of Puge County; the futures company launched the pilot project of "insurance + futures" for natural rubber planting in Hainan and Yunnan, covering a total planting area of 180,000 mu and serving approximate 19,000 rubber household, 30% of which were poor; the Company helped Malipo County include 172,000 mu of planted forests in the carbon sink emission reduction transactions, increasing economic benefits by nearly RMB400,000 per year and promoting the organic combination of green finance and rural revitalization; paid RMB12 million in the second phase to support the construction of Tianzhushan Center School in Qianshan, continued to purchase the "Guotai Junan Growth Without Worries" supplementary medical insurance for pairing assistance counties and extended the program to children, teachers and students in Xinjiang, Guizhou and Sichuan; invested RMB5 million per year to pair up with Fengxian District to

make contribution to the goal of constructing five new towns of Shanghai; funded four Guotai Junan Hope Primary Schools and launched “Warming Others’ Hearts with One Day’s Salary” donation project, which raised donation of over RMB2.54 million to provide safe and healthy nutritious lunches for over 1,500 children.

### III. DUTY PERFORMANCE OF THE DIRECTORS IN 2021

In 2021, all the directors diligently performed their duties in accordance with the relevant laws and regulations as well as the Articles of Association of the Company, and did a lot of work for the scientific decision-making and standardized operations of the Company. The independent directors carefully considered the resolutions and issued their independent opinions in accordance with the Working System of Independent Directors, which fully ensured the exercise of shareholders’ rights according to law, and protected the rights and interests of minority shareholders. There was no infringement of the rights and interests of minority shareholders.

The Board of Directors of the Company held a total 11 meetings in 2021. The attendance of the Directors is as follows:

<b>Name of Directors</b>	<b>Number of Attendance Required</b>	<b>Number of Attendance in Person</b>	<b>Number of Attendance by Proxy</b>
HE Qing	11	11	0
WANG Song	11	11	0
YU Jian	11	11	0
LIU Xinyi	11	11	0
GUAN Wei	11	10	1
ZHONG Maojun	11	9	2
CHEN Hua	7	7	0
WANG Wenjie	11	10	1
ZHANG Zhan	7	7	0
ZHANG Yipeng	1	1	0
AN Hongjun	11	11	0
XIA Dawei	11	11	0
DING Wei	7	7	0
Li Renjie	7	7	0
BAI Wei	7	7	0
LEE Conway Kong Wai	11	11	0
CHAI Hongfeng	1	1	0

#### IV. WORK ARRANGEMENTS OF THE BOARD FOR 2022

**In respect of corporate governance**, we will continue to revise the corresponding systems and improve the corporate governance system in accordance with the latest regulatory requirements; further promote the Company's comprehensive reform, organically integrate party building with corporate governance, constantly improve the corporate governance and fully implement the strategies of the Company; strengthen the training of directors, enhance their duty performance capabilities, strengthen the consultation and suggestion functions of various special committees under the Board, and continuously improve the strategic decision-making and management capabilities of the Board; held annual corporate strategy seminar to summarize the implementation of the "first three-year" strategy and go into the "second three-year" strategy layout, and build our three pillars of core capabilities, including integrated service platform, leading digital technology and strong compliance culture; continue to improve investor relations management and information disclosure, promote the implementation of ESG governance concepts and enhance ESG ratings.

**In respect of serving national strategies**, the Company will fully participate in the construction of key regions such as the Yangtze River Delta, Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao and Hainan Free Trade Port, implement the action plan to serve the Pudong Pilot Area and Shanghai International Financial Center, and make every effort to promote the action plan to serve the goal of common prosperity. We will deepen the implementation of the "Dual Carbon" strategic plan, forge and enhance the five key capabilities of investment, financing, trading, cross border and risk control, and continue to consolidate our leading edge in green financial services. We will give full play to the advantage of our nationwide network to fully support the national coordinated regional development strategy. We will also pragmatically promote internationalization, and serve, integrate into and build the development pattern of "dual circulation". We will consolidate and deepen the achievements of pairing assistance, create new projects such as "Model Village in Rural Revitalization" and explore new models of financial empowerment for public welfare.

**In respect of business development**, we will pursue the original intent of wealth management, strengthen the capability construction of buyer's investment consultants, enhance the AUM and professional service capability of wealth management, and particularly strengthen the development of "driving force from headquarters, penetration force from policies and bearing capacity of branches"; improve the "investment banking+" business ecology, form a joint mechanism with investment, institution, wealth, research and cross-border businesses, with focus on key industries and regions; construct an integrated institutional customer service platform on the principle of "spanning across lines, connecting headquarters and branches, and integrating domestic and overseas markets"; accelerate the transformation of business models and construction of technical systems to enhance the service coverage and trading and investment capabilities for key institutional customers; build a headquarters empowerment center, implement "subsidiary-specific policy" management, support subsidiaries to become better and stronger, enhance their contribution to the Group's performance, and empower high-quality development of branches.

**In respect of operational management**, we will continue to “aligning with standards and tables”, closely follow the headquarters-branch strategic planning, improve the strategic management mechanism, and fully achieve the core targets; accelerate the comprehensive digital transformation, promote key tasks, such as data governance, business empowerment, security control and technology capabilities, and launch a new generation of core trading system safely and efficiently; further clarify the responsibilities in connection with the three lines of defense, compact responsibilities, optimize processes, implement requirements, and further promote the construction of integrated compliance and risk control; implement the spirit of the Company’s talent work meeting, deepen the reform of the talent development system and mechanism, and promote the strategy for making the Company strong through training competent personnel; in conjunction with the Company’s 30th anniversary celebration, shape the brand image of “integration of country and family, financial good”, and strive to be the pioneer of the securities industry culture with Chinese characteristics; deeply implement the characteristic Party building model featuring “high, integrated, new, strict and practical”, deepen the creation of the “Inclusive.Party Building” brand to provide strong political guarantee for the Company’s reform and development.

The above resolution is presented for consideration.

The Board of  
Guotai Junan Securities Co., Ltd.  
11 May 2022

**Dear Shareholders,**

In 2021, under the leadership of the Party committee of the Company, and the active support from and cooperation with the Board and operational management of the Company, the Supervisory Committee integrated the role of Party building and corporate governance, continuously consolidated the infrastructure, carried out special supervision in an orderly manner and achieved high-quality development under the development strategy of “Three Three-Year Plans by Three Steps” in line with the supervisory deployment of Shanghai Municipal State-owned Assets Supervision and Administration Commission. The Supervisory Committee’s work report for 2021 is reported as follows:

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

### **(I) Performing statutory duties and making the most of governance efficiency**

In strict compliance with relevant provisions of the Company Law and the Articles of Association of the Company, the Supervisory Committee supervised the daily management, major decisions and execution as well as the performance of duties by directors and senior management of the Company through meetings and reports to safeguard the legitimate rights and interests of the Company and shareholders.

#### ***1. Convening meetings of the Supervisory Committee and considering material matters***

In accordance with the Company’s Articles of Association and the Rules of Procedure of the Supervisory Board, in 2021, the Supervisory Committee convened 9 meetings, including 4 regular meetings and 5 extraordinary meetings, a total of 24 resolutions related to finance, profit distribution, compliance, risk control, etc. were considered. All supervisors fully considered the proposals and expressed their written opinions on material matters such as the Company’s periodic reports, the profit distribution proposal and the share incentive plan, and made valuable suggestions on the Company’s sustainable and healthy development. Details of the meetings are set out in the attached table.

#### ***2. Attending various important meetings and performing supervisory duties***

In 2021, the Supervisors of the Company attended 2 general meetings and were present at 4 on-site meetings of the Board, in the meetings of the Board conducted by way of communication, and the Supervisors had also conscientiously reviewed the relevant meeting materials. Moreover, the Chairman of the Supervisory Committee was also present at important meetings on behalf of the Supervisory Committee, including the Party committee meeting, operation management meetings, meetings of special committees under the Board, the president’s office meeting, to listen to the work reports

and express opinions and suggestions. By attending and being present at the above meetings, supervision was conducted over decision-making procedures for the Company's material matters and the duty performance by the directors and senior management.

### ***3. Reviewing relevant work reports and understanding operational dynamics***

The Supervisory Committee focused on supervision over major matters, took reports on finance, audit, legal compliance and risk management as information window, relied on management systems and consultation platform to keep abreast of the corporate governance and development of internal control system, dynamically monitor the problems and situations detected by internal and external audit supervision, and promote the Company's law-based operation, compliant business development and steady progress from the perspective of safeguarding the legitimate interests of shareholders, the Company and employees.

## **(II) Implementing regulatory requirements and deeply carried out special supervision**

In 2021, the Supervisory Committee carried out special supervision over financial capital and risk control, pledge risk defusing and disposition, annual supervision and evaluation, management and operation of subsidiaries, and implementation of audit issue rectification in line with the strict requirements of the supervisory authorities for the Company to prevent and resolve major economic risks and strengthen the supervision and management of overseas state-owned assets, and took the initiative to integrate external requirements into the supervisory duties of the Supervisory Committee to achieve the purpose of promoting improvement and healthy development through inspection.

### ***1. Following the principle of independence and objectivity, and continuously carrying out annual supervision and evaluation***

The Supervisory Committee organized the annual supervision and evaluation work in an orderly manner in line with the relevant requirements of the Shanghai Municipal State-owned Assets Supervision and Administration Commission. While collecting and analyzing relevant information according to relevant systems and regulations, and objectively stating the basic situation, the Supervisory Committee highlighted the significant matters or latest changes in the reporting period. On the principle of independence, objectivity and professionalism, the Supervisory Committee evaluated the Company's corporate governance, development strategy, financial investment, innovation efforts, internal control, subsidiary governance and problem rectification in 2020 on a case-by-case basis, and thereby identified problems, analyzed the causes and made suggestion.

2. *Focusing on supervision over two matters and implementing the requirements of preventing and resolving major economic risks*

**First**, the study on the financial capital and risk management. In order to implement the requirements for preventing and resolving major economic risks and to implement the supervisory duties on finance and risk management, the Supervisory Committee investigated the organizational structure, system, mechanism and problem rectification with respect to the Company's finance, self-funds and risk management and fed back actual situation to allow the Company to further enhance the ability of risk prevention and defusing. **Second**, special inspection on the disposition of the risks associated with existing pledge financing projects. The Supervisory Committee inspected the system, mechanism, process and progress of the disposition of the risks associated with existing pledges and made specific suggestions on weak links in the risk disposition in line with the requirement of CSRC to "control the number of new projects and effectively carry out existing ones" to promote the Company to continuously strengthen interdepartmental synergy and improve the efficiency of the disposition of the risks associated with existing projects.

3. *Conducting study on subsidiaries and branches based on the systematization of supervision*

**First**, the study on the management and operation of subsidiaries and branches. The Supervisory Committee practically understood the actual situation of some subsidiaries in corporate governance, operation and management, as well as the main risks faced and the problems that shackle the development; followed up the efforts of some branches in developing regional market, deepening the transformation of wealth management and risk prevention; made targeted suggestions for subsidiaries and branches based on their different situation. **Second**, assessment on the setup of the supervisory committees of subsidiaries. The Supervisory Committee conducted phased assessment on the implementation of the guidelines on further strengthening the setup of supervisory committees of subsidiaries, spotted problems and shortcomings, and put forward improvement suggestions in accordance with the requirements of Shanghai Municipal State-owned Assets Supervision and Administration Commission.

4. *Being problem-oriented and supervising rectification implementation to promote problem solution*

**First**, the follow-up of rectification of the problems found in internal and external inspections. The Supervisory Committee followed up and paid special attention to the results of rectification of the problems involved in the annual financial accounts approval and various compliance and risk control reports, in consideration of the financial study, annual supervision and evaluation, and subsidiary supervision and inspection. **Second**, the special supervision on the implementation of audit issue rectification. On the basis of the supervision of the implementation of the previous audit rectification opinions, the

Supervisory Committee continuously carried out special supervision, and “follow-up check” of rectification of the problems detected in the Supervisory Committee’s supervision, so as to realize a closed-loop rectification supervision.

**5. *Special study to understand situation and drive the Company to strengthen the supervision and management of overseas state-owned assets***

The Supervisory Committee conducted study on supervision of overseas state-owned assets at both parent and subsidiary levels. By holding special meetings and listening to reports, the Supervisory Committee learned about the functional structure, system development, budget and financial account management, personnel management and risk warning in relation to the financial supervision and management of overseas state-owned assets of the Company. With the goal of effectively implementing the spirit presented in documents as well as optimizing and improving the mechanism and process, the Supervisory Committee urged the Company to gradually form a management pattern that integrates finance, risk control and audit, and organically considers domestic and overseas assets, and local and overall situation, and to jointly maintain the safety of overseas state-owned assets by improving and perfecting the supervision mechanism.

**(III) Strengthening its own development to continuously increase professionalism**

With the goal of efficient supervision, the Supervisory Committee concentrated efforts to strengthen the building of its organization, system and capacity and laying a solid foundation for its standardized operation and law-based supervision.

**1. *Strengthening the organizational building of supervisory committees of the parent and subsidiaries***

A new Supervisory Committee was selected in a standardized and orderly manner. In compliance with laws and regulations and the Company’s Articles of Association, experienced persons who are qualified to be a supervisor in security Company were selected according to the actual situation of the Company to constitute a new Supervisory Committee. Supervisor appointment filing and information disclosure procedures were gone through in a timely manner to lay a solid organizational foundation for the smooth operation of the Supervisory Committee.

Subsidiaries were urged to have employee supervisors. For subsidiaries without a supervisory committee, the Supervisory Committee continued to promote the staffing of employee supervisors on the principle of “external assignment and internal staffing” stipulated by Shanghai Municipal State-owned Assets Supervision and Administration Commission. As of December 31, 2021, all five wholly-owned domestic subsidiaries had one shareholder supervisor each appointed by the parent, and two of them had two supervisors, i.e., one shareholder supervisor appointed by the parent and one employee supervisor of the subsidiary, to perform the duties of supervisor together.



## ***2. Perfecting the supervision system***

The basic regimes of the Supervisory Committee were organized in accordance with the latest laws and regulations, and the relevant chapters and some articles of the Articles of Association and the Rules of Procedure for the Supervisory Committee were amended to improve the applicability and binding force of the regimes.

The Supervisory Committee horizontally enhanced the communication and consultation between supervisory departments, convened joint meetings on supervisory work, put forward requirements to strengthen the consistency, diversity and differences in supervision, and strengthened the information exchange, result sharing and synergy between the Supervisory Committee and other supervisory forces.

The Supervisory Committee vertically strengthened the guidance for the supervisors of subsidiaries and held joint meetings of supervisory committee to convey the spirit of policies and work requirements, deepening the supervision by the Supervisory Committee.

## ***3. Actively organizing supervisors to participate in training***

The Supervisory Committee organized supervisors to participate in training on performing their duties inside and outside the Company to improve their awareness of responsibility, professionalism and comprehensive ability. Through online and offline centralized training and special lectures, the Supervisory Committee helped supervisors get familiar with the latest laws and regulations and regulatory policies, enhance their awareness of fully performing their duties for shareholders and the Company, and on this basis, encouraged supervisors to actively participate in supervisory practices and draw on their experience and give full play to professional advantages.

## **II. INDEPENDENT OPINIONS OF SUPERVISORY COMMITTEE ON MATTERS OF THE COMPANY**

In 2021, the Supervisory Committee used the comprehensive approach of daily supervision and special supervision, and of study and inspection on headquarters and branches and subsidiaries, to understand the overall situation of the Company's operation and management, and expressed the following opinions on relevant matters.

### **(I) Financial Management**

The Company prepared financial reports and disclosed financial information in accordance with the Enterprise Accounting Standards, International Accounting Standards and other financial, fiscal and tax regulations, as well as the financial information disclosure requirements for A-share and H-share listed companies. The Company continuously improved the construction of the Group's financial information system, continuously improved the level of refined management, and provided professional support for the Company's operation and

development. KPMG Huazhen LLP had issued an audit report with “unqualified opinion” for the 2021 financial statements of the Company which contained no major defects in the internal control of financial reporting of the Company.

## **(II) Performance of Duties by Directors and Senior Management**

The directors and senior management of the Company adhered to the general keynote of “seeking progress while maintaining stability” and the operation policy formulated at the beginning of the year, made scientific decisions and paid close attention to implementation, so that the annual key work progressed smoothly and the operating results achieved significant growth. As of December 31, 2021, the Company had total consolidated assets of RMB791.3 billion and equity attributable to owners of the parent of RMB147.1 billion, up 13% and 7% respectively from the beginning of the year; achieved annual consolidated operating income of RMB42.8 billion and net profit attributable to owners of the parent of RMB15 billion, up 22% and 35% respectively from the same period last year, with a weighted average return on net assets of 11.05%, an increase of 2.51 percentage points year-on-year, and the Company’s position in the industry was further consolidated. During the Reporting Period, the Supervisory Committee did not identify any behavior of directors or senior management members of the Company in the course of performing their duties which were in violation of laws, regulations or the Articles of Association or detrimental to the lawful rights and interests of the Shareholders.

## **(III) Compliance and risk management**

The Company kept on following the right track with innovations, built a compliance management and comprehensive risk management system that is in line with the Company’s operation and development, and under the pilot program for supervision on financial statement consolidation, compacted the responsibilities for compliance and risk control management at front line, intensified the research of key areas and judgment and control of major risks, concentrated efforts to improve the vertical management level, and deepened the docking and empowerment of front, middle and back offices. As of 2021, the Company has attained the rating of Class A Grade AA in the classification and evaluation for 14 consecutive years and was also included in the “white list” of the first securities companies by the China Securities Regulatory Commission. During the Reporting Period, the Company’s risk control indicators operated normally and no significant compliance risks were identified.

## **(IV) Information disclosure**

The Company announced relevant information to the public within the prescribed time, on the designated media and in the prescribed manner to safeguard the legitimate rights and interests of investors in accordance with the regulatory rules for securities in the place of listing and the Company’s “Measures for Management of Information Disclosure Matters”. During the Reporting Period, the Supervisory Committee did not identify any information disclosure of the Company in breach of laws and regulations.

**(V) Related party transaction**

The Company conducted related party transactions in accordance with laws and regulations and internal systems of the Company, such as “Administrative Measures for Related Party Transactions”, and made decisions, approvals and disclosures on related party transaction matters pursuant to the prescribed procedures. During the Reporting Period, the Supervisory Committee did not discover any related party transactions which were detrimental to the interests of the Company.

**(VI) Registration for insiders**

The Company carried out the registration and management of insider information and insider in an orderly manner in accordance with regulatory requirements and the provisions of the Company’s internal management system, continuously strengthened the confidentiality of insider information, maintained the fair principle of information disclosure and protected the legitimate rights and interests of investors. During the Reporting Period, the Supervisory Committee did not discover any breach in insider registration and administrative rules or confidentiality obligations by the Company.

**III. SUPERVISION SUGGESTION BY THE SUPERVISORY COMMITTEE**

In 2021, in the face of market fluctuations and changes in the epidemic, the Board of Directors and the management of the Company made concentrated efforts on reform and practiced innovation for development, as a result of which the Company achieved significant growth in various performance indicators, consolidated further its position in the industry, made positive progress in solidifying the foundation and addressing the shortcomings, and all leaders and staff members forged ahead with determination and passion towards the goal of keeping and improving the leading position. In 2022, the Company will continue to embrace the general keynote of making progress while maintaining stability and strive to achieve the first three-year strategic goals. Adopting a responsible attitude to all shareholders, the Supervisory Committee makes the following suggestion to the Board of Directors and management of the Company.

First, anchoring in the right direction, moving forward with courage and perseverance, maintaining the spirit of keeping and improving the leading position, and grasping the broad situation

The year 2022 is a critical period for the full implementation of the 14th Five-Year Plan, and the security industry is still in an important strategic opportunity period after a deep transformation. It is suggested that the Company should focus on core indicators when proactively serving major regional strategies by overcoming difficulties, making precise efforts and breakthroughs in terms of important areas, achieving leapfrog development in some key indicators, responding steadily to the market impact brought about by economic downward pressure, actively playing the role of capital market to serve the real economy, scientific and

technological innovation and green and low-carbon development, enhancing the integrated financial service capacity for investment and financing across the industry chain, and fully demonstrating the Company's environmental, social and governance responsibilities.

Second, continuing to maintain the momentum of stability and improvement and improve strength in a down-to-earth and persistent manner

The year 2022 is the closing year of the "first three-year" in the "Three Three-Year Plans by Three Steps" strategic path of the Company, and also the last year of the three-year action plan of the Company's comprehensive reform. It is suggested that the Company should maintain its overall development strategy of digitalization, integration, internationalization and collectivization, coordinate the current and long-term, local and general development of the Company, further strengthen implementation, speed up capacity building, promote more precise management and intensify synergy, push forward development and innovation on the basis of safety, take every step steadily in a right direction and seek higher quality and more sustainable development.

Third, continuing to maintain a keen sense of risk and build a strong defense by preparing for danger in times of peace and planning ahead

In view of the complex and volatile economic and financial situation at home and abroad, the task of risk prevention in 2022 is still very arduous due to the epidemic and the international situation. It is recommended that the Company should constantly improve the monitoring, early warning, disposition and accountability mechanisms for major risks, solidify the "three defense lines" of risk management, improve the risk response toolbox, improve the intelligence level of risk supervision, focus on key areas of risk prevention and control, and ensure to protect the bottom line of no occurrence of major risks.

#### **IV. WORK PLAN OF THE SUPERVISORY COMMITTEE IN 2022**

In 2022, the Supervisory Committee of the Company will tightly follow the overall requirements of "prioritizing stability and deepening reform" by the CSRC, closely center the important task of "preventing and solving risks, and raising management level" by Shanghai Municipal State-owned Assets Supervision and Administration Commission, and firmly adhere to the general keynote of "making progress while maintaining stability, and keeping diligent" by the Company to promote stable growth, risk prevention and transformation of the Company with diversified supervisory practices, sharp supervisory approaches and three-dimensional supervisory system, so as to protect the bottom line of major risk prevention and defusing and consolidate the foundation of high-quality development of the Company.

**(I) Deepening the supervisory duties of the Supervisory Committee with diversified supervisory practices**

While grasping the overall situation of the company's operation and management and risk trends in consideration of the market environment and regulatory requirements, the Supervisory Committee will supervise and inspect the Company's directors and senior management in fulfilling their compliance management duties, and enrich the connotation of supervision by the Supervisory Committee with more diversified supervision methods and visions.

***1. Carrying out 2021 annual supervision and evaluation***

Shanghai State-owned Assets Supervision and Administration Commission has promoted the annual supervision and evaluation by the Supervisory Committee as a powerful tool to reflect the will of investors and fulfill the responsibilities of investors for two years with increasingly deep evaluation practices. The Supervisory Committee will earnestly implement the relevant work requirements, standardize the collection of information on all aspects of operation and management in the previous year, accumulate, analyze and compare the result data on the objective and prudent principles, accurately reveal the main problems and risks in the operation and management of the Company, pay attention to the promotion and implementation, progress changes and abnormalities of key tasks and business, make objective evaluation and reports, and put forward clear, practical and concrete suggestion.

***2. Making special inspection on the development and implementation of compliance system***

Since the implementation of the new Securities Law, the Company has strengthened information disclosure requirements, improved the investor protection system, compacted and substantiated the responsibilities of securities intermediaries. And tight regulation will remain to be the keynote for a long time. The Supervisory Committee will take responsibility for the effectiveness of the Company's compliance management and conduct special inspection in accordance with the relevant compliance management rules and regulations of the regulatory authorities and in consideration of the weak links in compliance management identified in the Company's annual compliance management effectiveness assessment report. The Supervisory Committee will pay close attention to the Company's compliance management environment, the performance of compliance management duties, the development and implementation of compliance management guarantee mechanism, as well as the creation of compliance culture, and implementation of compliance management regime and the basic requirements of compliant operation, so as to promote the Company to further optimize the level of compliance control, strengthen initiative management and risk forecast and foresight, and enhance the overall empowerment of compliance to business.

**(II) FOCUSING ON THE PREVENTION AND DEFUSING OF MAJOR RISKS WITH SHARP SUPERVISORY APPROACHES**

The Supervisory Committee will target the areas where major risks are concentrated, follow up and supervise the defusing of existing risks and prevention of new risks, as well as the rectification of economic responsibility audits, and urge the Company to accurately deal with the relationship between innovation, development and safety, to achieve the organic unity of innovation, development and safety, and to further play the role of the Supervisory Committee in preventing risks and improving management.

***1. Carrying out special supervision over rectification of problems associated with major risk prevention and defusing***

On the basis of the Company's self-inspection on the implementation of the major regimes for preventing and defusing major risks in the previous year, the Supervisory Committee will continuously supervise the execution of rectification measures for the problems identified in the self-inspection report, and drive the Company to further consolidate the long-term effectiveness of rectification. The Supervisory Committee will dynamically monitor the results of risk screening in key areas, drive the Company to further address the shortcomings and plug the loopholes, focus on and cross-check links, such as the uniformity of risk appetite, applicability of risk control instruments, early warning rules and standards, negative lists of risk matters, intelligent early warning systems, and construction of risk data marts against the backdrop that current risks are prominent and regulation is tightening, and urge the Company to defuse risks at the early stage when they are low.

***2. Carrying out special supervision on implementation of rectification of problems identified in economic responsibility audit***

After the conclusion of the routine economic responsibility audit against the Company by Shanghai Municipal Audit Bureau in the previous year, the Supervisory Committee will, in line with the requirements stipulated in the relevant documents of the Shanghai Municipal State-owned Assets Supervision and Administration Commission, carry out follow-up supervision over the rectification of the problems identified in the economic responsibility audit. Such supervision will focus on the organizational leadership, division of responsibilities, program development, deployment implementation, assessment and accountability, and result transformation regarding the rectification. The Supervisory Committee will also conduct continuous follow-up supervision based on the completion rate and quality of the rectification measures, urge the Company to further implement the audit supervision opinions, plug management loopholes, and effectively formulate concrete measures based on management suggestion to increase the refinement extent of the Company's management operation.

**(III) ENHANCING THE SUPERVISORY FORESIGHT AND EFFECTIVENESS WITH A THREE-DIMENSIONAL SUPERVISION SYSTEM**

Based on the performance by subsidiary's supervisors, the Supervisory Committee will investigate the operation and management of subsidiaries, and give full play to the supervisory effect of parent-subsidary synergy and further integrate supervisory resources under the work framework and system of the Supervisory Committee characterized by linkage among counterparts at different levels and nested hierarchy to form a three-dimensional supervisory vision and realize full coverage of asset supervision.

***1. Making special study on the management and operation of subsidiaries***

Based on the trend of various risk events in recent years, it can be concluded that risks of subsidiaries have increasingly been the concern of regulators. In the similar state to the previous year, the Supervisory Committee will continue to follow up the operation and management of subsidiaries, investigate the standardized operation of the corporate governance bodies of subsidiaries and the look-through implementation of the Group's management regimes, profoundly analyze and comprehensively identify the problems and risks in the operation, development and management of the subsidiaries, so as to particularly enhance the risk prevention capacity and internal management level, promote the establishment of a sound group-wide control mechanism, drive coordinated development of professional operation and business of subsidiaries, and give full play to the Group's overall competitive advantages.

***2. Creating a favorable environment for duty performance by subsidiary's supervisors***

The Supervisory Committee will strengthen the guidance for and management over duty performance by subsidiary's supervisors, work on team building effectively, supplement the force of subsidiary supervisors, increase the influence of subsidiary's supervisors at work, keep close connection and interaction at work between supervisors of the parent and subsidiaries, and build a team of subsidiary's supervisors with professional ability and professionalism. The Supervisory Committee will also work on a more systematic and penetrating supervision, establish and improve the working system, implement the linkage mechanism, understand the supervision information of subsidiaries in a timely, accurate and comprehensive manner through subsidiary's supervisors, and extend the depth of its supervision.

The above resolution is presented for consideration.

The Supervisory Committee of  
Guotai Junan Securities Co., Ltd.  
11 May 2022

## 2021 DUTY PERFORMANCE REPORT OF THE INDEPENDENT DIRECTORS

Dear Shareholders,

According to the relevant regulations of the CSRC Rules for Independent Directors of Listed Companies (《上市公司獨立董事規則》), the CSRC Guidelines for Corporate Governance of Listed Companies (《上市公司治理準則》), Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Employees of Securities Fund Business Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》), and the Guidelines for Format of Annual Work Report of Independent Directors (《獨立董事年度述職報告格式指引》) issued by the Shanghai Stock Exchange, we, as the Independent Directors of Guotai Junan Securities Co., Ltd. (the “Company”), report on our work in 2021 as follows:

## I. BASIC INFORMATION OF INDEPENDENT DIRECTORS

Upon expiry of the fifth session of the Board of Directors, under the Company Law of the PRC (《公司法》) and the Articles of Association of the Company concerning the re-election of the Board of Directors, on 28 June 2021, the 2020 Annual General Meeting was held to elect the members to the sixth session of the Board of Directors. The sixth session of the Board of Directors has 17 members, including 6 independent directors. The basic information of the independent directors is listed below:

### 1. Working Experience and Professional Background

**Mr. XIA Dawei (夏大慰)**, holder of master’s degree in economics, professor, doctoral tutor; independent non-executive director of the Company since 19 May 2016. Mr. XIA has successively worked as a tutor, the chancellor’s assistant and the vice chancellor of Shanghai University of Finance and Economics(上海財經大學). Mr. Xia has also served as the dean of Shanghai National Accounting Institute. He has also been a professor, a doctoral tutor and the academic committee director of Shanghai National Accounting Institute since August 2012. He once held the following positions in a row: vice chairman of China Industrial Economics Association (中國工業經濟學會), consultant of the China Accounting Standards Committee of the Ministry of Finance (財政部會計準則委員會), vice chairman of Chinese Accounting Society, vice chairman of China Association of Chief Financial Officers, chairman of Shanghai Accounting Society Professor Emeritus of the Chinese University of Hong Kong; Adjunct Professor of School of Management, Fudan University; member of the listed company expert committee of Shanghai Stock Exchange; State Council Special Allowance Expert, and other positions. From September 2004 to the present, he is working as an independent director of Lianhua Supermarket Holdings Co., Ltd. (聯華超市股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 0980); from July 2017 to the present, working as independent director of Juneyao Airlines Co. Ltd. (上海吉祥航空股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603885); from November 2020 to the



present, working as an independent director of Yango Group Co., Ltd. (陽光城集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000671); from May 2016 to the present, working as external supervisor of the Industrial Bank Co., Ltd. (興業銀行股份有限公司) (a company listed on Shanghai Stock Exchange, stock code: 601166).

**Mr. DING Wei (丁瑋)**, holder of bachelor's degree in finance; independent non-executive director of this Company since 28 June 2021. Mr. DING held the following positions in a row: economist and department head of the World Bank and International Monetary Fund; President of China of Deutsche Bank; Chairman of Investment Bank Management Committee and head of China Gold Investment Banking Department, of China International Finance Co., Ltd. (A share listed on Shanghai Stock Exchange, stock code: 601995; H shares listed on The Stock Exchange of Hong Kong Limited, stock code: 3908); member of global senior management committee, member of global investment decision making committee, president of China region, Temasek; Vice Chairman, Asia, Investment Banking, Morgan Stanley; President and Chairman of China Capital Operation Co., Ltd. From January 2021 to the present, he is the Founder and Chairman of Xiamen Borun Capital Investment Management Co., Ltd. (廈門博潤資本投資管理有限公司); from September 2021 to the present, working as independent director of Hundsun Technologies Inc. (恒生電子股份有限公司) (a company listed on Shanghai Stock Exchange, stock code: 600570). From October 2014 to February 2020, he worked as independent director of Hengsheng Electronics Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 600570); from August 2014 to July 2021, worked as independent director of Shenzhou Car Rental Co., Ltd. (神州租車有限公司) (a company previously listed on the Hong Kong Stock Exchange with former stock code of 0699; and de-listed on 8 July 2021).

**Mr. LI Renjie (李仁傑)**, holder of bachelor's degree in economics, working as an independent non-executive director of the Company since 28 June 2021. Mr. LI once held the following positions in a row: director of Planning Department of PBOC Fujian Branch; executive director of Jiang Nan Finance Limited, chairman of Great Wall Securities Co., Ltd., President of Shenzhen Branch of Industrial Bank, vice president of Industrial Bank, director and President of Industrial Bank, and chairman of Lufax Holding Ltd. (a company listed on New York Stock Exchange, stock code: LU).

**Mr. BAI Wei (白維)**, holder of master's degree in law; working as an independent non-executive director of the Company since 28 June 2021. Mr. BAI once held the following positions in a row: lawyer of Global Law Office (GLO); lawyer of Sullivan & Cromwell LLP; member of the CSRC nineteenth Shares Issue Review Committee; member of SSE Listing Committee; independent non-executive director of China Pacific Insurance (Group) Co., Ltd. (A share listed on Shanghai Stock Exchange, stock code: 601601; H shares listed on Hong Kong Stock Exchange, stock code: 2601) from July 2013 to August 2019; independent non-executive director of Huatai Securities Co., Ltd.; independent director of Ningxia Orient Tantalum Industry Co., Ltd., among others. Since April 1992, Mr. BAI has been working as founding partner/lawyer of Beijing Jingtian & Gongcheng Law Firm.

**Mr. LEE Conway Kong Wai (李港衛)**, holder of master's degree, working as an independent non-executive director of the Company since 11 April 2017. From September 1980 to September 2009, Mr. LI worked as a partner of Ernst & Young. Currently, he is an independent non-executive director of several HKEX-listed companies, including: from June 2010 to the present, independent non-executive director of Chaowei Power Holdings Limited (超威動力控股有限公司) (a company listed on Hong Kong Stock Exchange, stock code: 0951); from July 2010 to the present, independent non-executive director of West China Cement Limited (中國西部水泥有限公司) (a company listed on Hong Kong Stock Exchange, stock code: 2233); from October 2010 to the present, independent non-executive director of China Modern Dairy Holdings Ltd (中國現代牧業控股有限公司) (a company listed on Hong Kong Stock Exchange, stock code: 1117); from March 2011 to the present, independent non-executive director of GOME Retail Holdings Limited (國美電器控股有限公司) (a company listed on Hong Kong Stock Exchange, stock code: 0493); from November 2012 to the present, independent non-executive director of NVC Lighting International (雷士照明控股有限公司) (a company listed on Hong Kong Stock Exchange, stock code: 2222); from November 2013 to the present, independent non-executive director of Yashili International Holdings Ltd (雅士利國際控股有限公司) (a company listed on Hong Kong Stock Exchange, stock code: 1230); from May 2014 to the present, independent non-executive director of GCL New Energy Holdings Limited (協鑫新能源控股有限公司) (a company listed on Hong Kong Stock Exchange, stock code: 0451); from August 2014 to the present, independent non-executive director of Wanzhou International Co., Ltd. (萬州國際有限公司) (a company listed on Hong Kong Stock Exchange, stock code: 0288). From March 2011 to February 2020, he worked as an independent non-executive director of Tibet 5100 Water Resources Ltd. (a company listed on Hong Kong Stock Exchange, stock code: 1115); from August 2014 to December 2020, worked as an independent non-executive director of China Rundong Auto Group Limited (中國潤東汽車集團有限公司) (a company listed on Hong Kong Stock Exchange, stock code: 1365). From 2007 to 2017, he was appointed as member of Hunan Provincial CPPCC. Mr. LI is member of several Institutes of Chartered Accountants, including: Institute of Chartered Accountants in England and Wales, Institute of Chartered Accountants in Australia, Association of Certified Chartered Accountants (ACCA), Hong Kong Institute of Certified Public Accountants and Macau Institute of Certified Public Accountants.

**Mr. CHAI Hongfeng (柴洪峰)**, financial information engineering management expert, academician of Chinese Academy of Engineering, holder of master's degree in finance, first-level professor, doctoral tutor; working as an independent non-executive director of the Company since 25 November 2021. Mr. CHAI once held the following positions in a row: Deputy Director of the Information Center of the State Administration of Foreign Exchange; Vice President of China Foreign Exchange Trading Center; Director and Executive Vice President of China UnionPay Co., Ltd.; Chairman and Director of the National Electronic Commerce and Electronic Payment Engineering Laboratory; from March 2020 to the present, he is working as Professor, School of Computer Science and Technology, Fudan University. Mr. CHAI is concurrently the chairman of the Mobile Finance Professional Committee of China Internet Finance Association, Expert member of China Construction Bank Smart Government Strategy Expert Advisory Committee, State Council Special Allowance Expert.

## 2. Positions at other entities

Name	Position at the Company	Position at other entities	
		Other entities	Positions
XIA Dawei	Independent non-executive director	Lianhua Supermarket Holdings Co., Ltd.	Independent non-executive director
		Industrial Bank Co., Ltd.	External supervisor
		Juneyao Airlines Co., Ltd.	Independent director
		China Three Gorges Corporation Limited	External director
		Yango Group Co., Ltd	Independent director
		Baowu Carbon Industry Technology Co., Ltd.	Independent director
		Zhengxin Bank Limited	Independent director
		Shanghai Chengchuang Investment Management Co., Ltd.	Independent director
DING Wei	Independent non-executive director	Xiamen Borun Capital Investment Management Co., Ltd.	Executive director, legal representative
		Hundsun Technologies Inc.	Independent director
LI Renjie	Independent non-executive director	Huaneng Guicheng Trust Co., Ltd.	Independent director
		Xiamen International Bank Co., Ltd.	Independent director
BAI Wei	Independent non-executive director	Beijing Jingtian & Gongcheng Law Firm	Partner
LEE Conway Kong Wai	Independent non-executive director	Chaowei Power Holdings Limited	Independent non-executive director
		West China Cement Limited	Independent non-executive director
		China Modern Dairy Holdings Ltd	Independent non-executive director
		Gome Electric Holdings Co., Ltd.	Independent non-executive director
		NVC Lighting Holdings Limited	Independent non-executive director
		Yashili International Holdings Limited	Independent non-executive director
		GCL New Energy Holdings Limited	Independent non-executive director
		Wanzhou International Co., Ltd.	Independent non-executive director
CHAI Hongfeng	Independent non-executive director	School of Computer Science and Technology, Fudan University	Professor

**3. Independence Statement**

The six independent directors perform their duties independently and have no related relationship with the Company's major shareholders, de facto controllers, or any other entities or individuals that have an interest on the Company. There exists no circumstances that would affect their independence.

**II. ANNUAL PERFORMANCE OF INDEPENDENT DIRECTORS****(I) Presence at Meetings****1. Presence at Board meetings and General Meetings**

Within the reporting period, the Company held 2 General Meetings, and 4 on site meetings of the Board of Directors, as well as 7 remote voting meetings of the Board of Directors; all resolutions were passed, all Independent Directors voted for the resolutions, without abstention. The following table shows the attendance of independent directors at Board meetings and General Meetings:

Name	Required presence	Personal presence	Board meetings		Absence	Remarks	Attendance
			Remote presence	Proxy presence			at on-site General Meetings
XIA Dawei	11	11	7	0	0		0
DING Wei	7	7	4	0	0		0
LI Renjie	7	7	4	0	0		1
BAI Wei	7	7	4	0	0		0
LEE Conway							
Kong Wai	11	11	7	0	0		2
CHAI Hongfeng	1	1	1	0	0		0
ZHU Ning							
(resigned)	2	2	0	0	0		0
SHI Derong							
(retired)	4	4	3	0	0		0
CHEN Guogang							
(retired)	4	4	3	0	0		0
LING Tao							
(retired)	4	4	3	0	0		0
JIN Qingjun							
(retired)	4	4	3	0	0		0

*Notes:* On 28 June 2021, Mr. DING Wei, Mr. LI Renjie and Mr. BAI Wei were elected as independent directors to the sixth session of the Board of Directors of the Company. On 25 November 2021, Mr. CHAI Hongfeng was elected as independent directors to the sixth session of the Board of Directors of the Company. From 28 June 2021 to 29 July 2021, Mr. ZHU Ning was independent director of the sixth session of the Board of Directors of the Company.

*2. Attendance at meetings of Board committees*

There are 4 committees under the Board of Directors, namely: the Strategy and ESG Committee, Remuneration, Appraisal and Nomination Committee, the Audit Committee, and the Risk Control Committee.

<b>Name</b>	<b>Positions</b>
XIA Dawei	Chairman of the Remuneration, Appraisal and Nomination Committee, member of the Audit Committee of the fifth and sixth session of the Board of Directors
DING Wei	Member of the Strategy and ESG Committee, member of the Remuneration, Appraisal and Nomination Committee of the sixth session of the Board of Directors
LI Renjie	Chairman of the Risk Control Committee, member of the Remuneration, Appraisal and Nomination Committee of the sixth session of the Board of Directors
BAI Wei	Member of the Audit Committee and the Risk Control Committee of the sixth session of the Board of Directors
LEE Conway Kong Wai	Member of the Audit Committee of the fifth session of the Board of Directors, Chairman of the Audit Committee of the sixth session of the Board of Directors
CHAI Hongfeng	Member of the Strategy and ESG Committee of the sixth session of the Board of Directors
ZHU Ning (resigned)	Member of the Strategy and ESG Committee, member of the Audit Committee of the sixth session of the Board of Directors
CHEN Guogang (Retired)	Chairman of the Audit Committee, member of the Remuneration, Appraisal and Nomination Committee of the fifth session of the Board of Directors
LING Tao (Retired)	Member of the Strategy Committee and Risk Control Committee of the fifth session of the Board of Directors
JIN Qingjun (Retired)	Member of the Remuneration, Appraisal and Nomination Committee of the fifth session of the Board of Directors

(3) *Attendance details of Independent Directors in the relevant meetings are as follows:*

Within the reporting period, the Company held 1 meeting of the Strategy and ESG Committee, 7 meetings of the Remuneration, Appraisal and Nomination Committee, 6 meetings of the Audit Committee, and 2 meetings of the Risk Control Committee, and the attendance of independent directors at those meetings are listed below:

Name	Remuneration,			
	Strategy and ESG Committee	Appraisal and Nomination Committee	Audit Committee	Risk Control Committee
XIA Dawei	–	7/7	6/6	–
DING Wei	1/1	4/4	–	–
LI Renjie	–	4/4	–	1/1
BAI Wei	–	–	4/4	1/1
LEE Conway Kong Wai	–	–	6/6	–
CHAI Hongfeng	–	–	–	–
ZHU Ning (resigned)	–	–	–	–
CHEN Guogang (retired)	–	3/3	2/2	–
LING Tao (retired)	–	–	–	1/1
JIN Qingjun (retired)	–	3/3	–	–

**(II) Performance of Duties**

Within the reporting period, the Independent Directors of the Company fully performed their duties in the principles of objectivity, independence and prudence. The Independent Directors took active part in the Board meetings and various Committee meetings, carefully, professionally and independently considered each resolution; and fully understood the Company's operation and management situation through adequate communication with the management team and auditors of the Company. The Independent Directors focused on the Company's corporate governance, Shareholders' interest protection, risk control, compliance management, related party transactions, major investment and financing, directors' nomination, executives' appointment, equity incentives, etc., and actively participated in discussions and proposed constructive professional suggestions, played an active role in the scientific decision-making of the Board of Directors, and effectively safeguarded the legitimate rights and interests of the Company and all Shareholders. Meanwhile, the Company also actively cooperated with the Independent Directors, and provided sufficient convenience for the Independent Directors to fully perform their duties.

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

Within the reporting period, the Resolution on the Potential Related Party Transactions Contemplated in the Ordinary Course of Business in 2021 (《關於預計公司2021年度日常關聯交易的議案》) was passed at the 19th meeting of the fifth session of the Board of Directors, and was passed at the General Meeting. The Independent Directors of the Company believe that: the expected connected transactions are public services or transactions to be provided by the Company in the securities market, being the Company's daily operations, the transactions are executed at fair prices, without detriment to the interests of the Company and minority shareholders; the development of relevant business is conducive to the Company's business growth, in line with the Company's actual business needs, and conducive to the Company's long-term development; the relevant connected transactions should be disclosed in the Company's annual report and interim report in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (上海證券交易所股票上市規則).

The 19th meeting of the fifth session of the Board of Directors passed the Resolution to Consider Connected Transactions Possibly Involved in the Company's Issue of Onshore/Offshore Debt Financing Instruments and Assets-backed Securities (《關於提請審議公司發行境內外債務融資工具及資產支持證券可能涉及關聯交易的議案》). The Independent Directors believe that: the issue of onshore/offshore debt financing instruments and asset-backed securities is conducive to ensuring the Company's source of funds, supporting the growth of business scale, optimizing the asset-liability structure, and improving the efficiency of capital utilization, which is in line with the Company's actual business needs and conducive to the Company's long-term development. The interest rate of onshore/offshore debt financing instruments is determined by the Company and the lead underwriter according to market conditions and relevant regulations on interest rate management related to debt financing instruments. Possible connected transactions in the issue of onshore/offshore debt financing instruments and asset-backed securities should be exercised at fair prices, without prejudice to the interests of the Company and minority shareholders.

The 20th meeting of the fifth session of the Board of Directors passed the Resolution to Consider the Joint Investment of the Company and Related Parties to Create the SHTIC Phase II Fund (《關於提請審議公司與關聯方共同投資參與設立上海科創二期基金的議案》). The Independent Directors believe that: the Company, related parties and other investors should jointly invest and participate in the establishment of the SHTIC Phase II Fund, which should be conducive to the further development of the Company's equity investment and other related businesses, and the optimization of the Company's asset allocation, in the interests of the Company and all Shareholders, without Detriment to the interests of the Company and minority shareholders. The decision-making procedures for this connected transaction complied with the relevant provisions of the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other requirements under the Articles of Association.

The 2nd meeting of the sixth session of the Board of Directors passed the Resolution to Consider the Joint Investment of the Company and Related Parties to Create the Sailing Fund (《關於提請審議公司與關聯方共同投資參與設立賽領基金的議案》). The Independent Directors believe that: the Company, related parties and other investors should jointly invest and participate in the establishment of Sailing Fund, which should be conducive to the further development of the Company's equity investment and other related businesses, and the optimization of the Company's asset allocation, in the interests of the Company and all Shareholders, without detriment to the interests of the Company and minority shareholders. The decision-making procedures for this connected transaction complied with the relevant provisions of the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other requirements under the Articles of Association.

The 3rd extraordinary meeting of the sixth session of the Board of Directors passed the Resolution to Consider the Company to be Transferee of Some Equities of HuaAn Funds Management Co., Ltd. (《關於提請審議公司受讓華安基金管理有限公司部分股權的議案》). The Independent Directors believe that: the Company should be transferee of part of the equities of HuaAn Funds, which should be conducive to filling the shortfall of the public fund business layout, strengthening business synergy, and enhancing the Company's core competitiveness. The transaction price of this connected transaction should be negotiated and determined by both parties on the basis of the evaluation results confirmed by the competent SASAC independently, at fair and reasonable pricing, without detriment to the interests of the Company and minority shareholders. The decision-making procedures for this connected transaction complied with the relevant provisions of the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other requirements under the Articles of Association.

The 4th extraordinary meeting of the sixth session of the Board of Directors passed the Resolution to Consider the Joint Investment of the Company and Related Parties to Create the Shanghai Lingang Guotai Junan Technology Frontier Industry Fund (《關於提請審議公司與關聯方共同投資參與設立上海臨港國泰君安科技前沿產業基金的議案》). The Independent Directors believe that: the Company should invest in the establishment of Shanghai Lingang Guotai Junan Frontier Technology Industry Fund, which should be conducive to the development of private equity fund business, enhancing business synergy, and reinforcing the Company's competitiveness, without detriment to the interests of the company and minority shareholders. The decision-making procedures for this connected transaction complied with the relevant provisions of the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other requirements under the Articles of Association.



**(II) External Guarantees and Capital Occupation**

Within the reporting period, Independent Directors made special instructions and gave independent opinions on the external guarantees of the Company by 31 December 2020. The Independent Directors believe that: under relevant laws and regulations, the Company strictly controlled the guarantee risks, and all external guarantees were submitted to the Board of Directors or the General Meeting according to the approval authority, to fully protect the legitimate interests of the Company and all shareholders.

Within the reporting period, there was no capital occupation by the controlling shareholder, the actual controller or any other related parties.

**(III) Nomination and Remuneration of Senior Management**

Within the reporting period, the 1st meeting of the sixth session of the Board of Directors passed the Resolution to Engage Senior Management of the Company (《關於提請聘任公司高級管理人員的議案》), to engage Mr. WANG Song as President of the Company; engage Mr. GONG Dexiong, Mr. XIE Lebin, Mr. LUO Dongyuan, Mr. NIE Xiaogang and Mr. LI Junjie as Vice Presidents of the Company; engage Mr. NIE Xiaogang concurrently as Chief Financial Officer and Chief Risk Officer of the Company; engage Mr. YU Jian as Secretary to the Board of Directors; engage Ms. ZHANG Zhihong as Chief Compliance Officer of the Company. The Independent Directors believe that: after reviewing the materials such as working experiences records of the nominated persons, Mr. WANG Song, Mr. GONG Dexiong, Mr. XIE Lebin, Mr. LUO Dongyuan, Mr. NIE Xiaogang, Mr. LI Junjie, Mr. YU Jian, and Ms. ZHANG Zhihong are considered to be eligible as senior managers of listed companies and securities companies and competent for the duties and responsibilities of the corresponding positions in the Company, conducive to the operation and development of the Company. The nomination and appointment procedures of the above-mentioned persons complied with the relevant laws, regulations and other requirements under the Articles of Association.

Within the reporting period, the 2nd meeting of the sixth session of the Board of Directors passed the Resolution to Adjust the Grant Price of Reserved Restricted A Shares (《關於提請審議調整預留A股限制性股票授予價格的議案》), which was also passed at the General Meeting. The Independent Directors believe that: the adjustment to the grant price of reserved portion under the Guotai Junan Securities Co., Ltd. Restricted A-Shares Incentive Scheme (《國泰君安證券股份有限公司A股限制性股票激勵計劃》) would be compliant with the Administrative Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》) among other laws, regulations, normative documents and incentive schemes. This adjustment was within the scope of authority by the 2020 First Extraordinary General Meeting. The adjustment procedures were legal, compliant, without detriment to the interests of the Company and all Shareholders. Therefore, the Independent Directors agreed with such adjustment.

The 2nd extraordinary meeting of the sixth session of the Board of Directors passed the Resolution to Consider the Implementing Plan to Further Deepen the Professional Managers Remuneration System Reform (《關於提請審議公司進一步深化職業經理人薪酬制度改革實施方案的議案》). The Independent Directors believe that: the Implementing Plan to Further Deepen the Professional Managers Remuneration System Reform (《進一步深化職業經理人薪酬制度改革實施方案》) and other systems developed by the Company are based on the pilot reform of professional managers' remuneration system approved by the 9th extraordinary meeting of the 5th Session of the Board of Directors held in 2017, to further deepen the reform in the spirits of the Implementing Plan of Shanghai Regional State-Owned Assets and State-Owned Enterprises Comprehensive Reform Pilot (《上海市區域性國資國企綜合改革試驗的實施方案》) and other documents, which were compliant with the Company Law and the requirements under the Articles of Association, conducive to further improving the Company's corporate governance mechanism and long-run development, without detriment to the interests of the Company and minority shareholders. Therefore, independent directors agreed with this plan and submitted to the Board of Directors.

#### **(IV) Results Forecasting and Preliminary Results Announcements**

Within the reporting period, the Company published the Guotai Junan 2020 Preliminary Annual Results Announcement on 30 January 2021, and published the Guotai Junan 2021 Preliminary Semi-Annual Results Announcement on 31 July 2021.

The Independent Directors believe that the Company has disclosed information in a timely manner under relevant provisions of laws and regulations, and the content is true, accurate and complete, without any false records, misleading statements or major omissions.

#### **(V) Appointment and Replacement of Accounting Firm**

Within the reporting period, the 19th meeting of the fifth session of the Board of Directors passed the Proposed Resolution on the Reappointment of the Accounting Firm (《關於提請審議公司續聘會計師事務所的議案》), which was also passed at the General Meeting.

The Independent Directors believe that: both KPMG Huazhen LLP and KPMG have the qualifications to engage in securities and futures-related business audits, and in the services provided to the Company in 2020, they have well completed the audit work in compliance with independent, objective and impartial professional standards. The decision-making procedures for the Company to reappoint KPMG Huazhen LLP and KPMG as the Company's 2021 annual financial and internal audit body complied with the Company Law of the PRC, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Articles of Association of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司章程》), among other regulations, without detriment to the legitimate interests of the Company and all Shareholders.

**(VI) Cash Dividends and Other Returns to the Investors**

Within the reporting period, the 19th meeting of the fifth session of the Board of Directors passed the 2020 Annual Profit Distribution Plan of the Company (《公司2020年度利潤分配預案》), which was also passed at the General Meeting. The plan was implemented in August 2021.

The Independent Directors believe that the 2020 Annual Profit Distribution Plan of the Company was prepared by the Board of Directors under the Guideline of Shanghai Stock Exchange for Cash Dividends of Listed Companies (《上海證券交易所上市公司現金分紅指引》) and the Articles of Association of Guotai Junan Securities Co., Ltd. among other regulations, taking in account Shareholders' interests and corporate development among other factors. This plan complied with laws, regulations, normative documents and the Company's actual situation, in line with the overall interests and long-term interests of Shareholders and conducive to the long-term development of the Company.

**(VII) The Performance of the Undertakings of the Company and Shareholders**

The Independent Directors actively pay attention to the performance of the undertakings by the Company and Shareholders to safeguard the overall interests of the Company, and pay particular attention to the protection of the legitimate rights and interests of minority shareholders. The Company and all Shareholders strictly abide by the relevant provisions of laws and regulations, without any violation of relevant undertakings. During the reporting period, there were no new commitments made.

**(VIII) Performance in Relation to Information Disclosure**

Within the reporting period, the Company disclosed a total of 136 announcements for A shares, including 4 regular reports; and 117 announcements and circulars for H shares. There was no error or omission in the format, content or text of information disclosure throughout the year.

The Independent Directors believe that: the Company has a standardized information disclosure process, strictly abide by the relevant provisions of laws and regulations, disclosed information in a timely and fair manner to ensure that the information disclosed is true, accurate and complete, without false records, misleading statements or major omissions.

**(IX) Performance in Relation to Internal Control**

The 19th meeting of the fifth session of the Board of Directors passed the Proposed Resolution on the 2020 Annual Internal Control Assessment Report of the Company (《關於提請審議公司2020年度內部控制評價報告的議案》).

The Independent Directors believe that: the Company has developed relevant internal control systems in accordance with laws, regulations, normative documents, in the basic principles of internal control, taking in account the Company's operation and management needs, covering all levels and all aspects of corporate operation and management, forming standard management system in actual operation, which can effectively control operation and management risks, protect the safety and integrity of the Company's assets, and protect the interests of the Company and all Shareholders. The Company carried out the internal control assessment according to the Assessment Measures for Internal Control (《内部控制評價辦法》), and formed the internal control evaluation report that comprehensively, truthfully and accurately reflected the actual situation of the Company's internal control, without false records, misleading statements or major omissions. The Independent Directors agree with the conclusions made in the Company's 2020 Internal Control Assessment report, and submit to the Board of Directors.

#### **(X) Operation of Board and its Committees**

Within the reporting period, the Board of Directors held 11 meetings, the Strategy and ESG Committee held 1 meeting, the Remuneration, Appraisal and Nomination Committee held 7 meeting, the Audit Committee held 6 meetings, and the Risk Control Committee held 2 meetings. The Board of Directors reviewed and made decisions on major issues of corporate development and operation management in a timely and efficient manner, passed all the resolutions, and gave full play to the strategic decision-making function of the Board of Directors. The Board Committees also took active parts in the discussion and gave constructive, viable professional opinions, assisting the Board in scientific decision-making.

The Board and its Committees carefully performed their duties and responsibilities under relevant laws and regulations, the Articles of Association and various work rules, gave full play to the functions of the Board and its Committees, standardized their operations, and drove the healthy and rapid growth of the Company.

#### **IV. OVERALL EVALUATION AND RECOMMENDATION**

Within the reporting period, the Independent Directors fully performed their duties of credit and diligence, in accordance with the relevant laws, regulations and the Articles of Association, carefully performed their duties, promoted the standardization of operations and healthy development of the Company, and effectively safeguarded the overall interests of the Company and the legitimate interests of all Shareholders.

The above resolution is presented for consideration.

The Board of  
Guotai Junan Securities Co., Ltd.  
11 May 2022