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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) 2022 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.

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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) 2022 WORK REPORT OF THE BOARD;**
  - (2) 2022 WORK REPORT OF THE SUPERVISORY COMMITTEE;**
  - (3) 2022 PROFIT DISTRIBUTION PROPOSAL;**
  - (4) RE-APPOINTMENT OF EXTERNAL AUDITORS;**
  - (5) 2022 ANNUAL REPORT;**
  - (6) POTENTIAL RELATED PARTY TRANSACTIONS CONTEMPLATED  
IN THE ORDINARY COURSE OF BUSINESS IN 2023;**
  - (7) 2022 DUTY PERFORMANCE REPORT OF THE INDEPENDENT  
DIRECTORS;**
  - (8) PROPOSED APPOINTMENT OF INDEPENDENT DIRECTORS OF THE  
SIXTH SESSION OF THE BOARD;**
  - (9) 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, Shanghai, the PRC at 2:00 p.m. on Monday, 29 May 2023 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.

9 May 2023

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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:*

“2022 Duty Performance Report of the Independent Directors”	the 2022 Duty Performance Report of the Independent Directors of Guotai Junan Securities Co., Ltd.;
“2022 Work Report of the Board”	the 2022 Work Report of the Board of Directors of Guotai Junan Securities Co., Ltd.;
“2022 Work Report of the Supervisory Committee”	the 2022 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 2022 annual general meeting of the Company to be held at Room 405, 768 Nanjing West Road, Shanghai, the PRC, at 2:00 p.m. on Monday, 29 May 2023;
“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 33.35% 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, controlling 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

***Registered Office***

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

*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

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

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

*Independent Non-executive Directors*

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

9 May 2023

*To the Shareholders*

- (1) 2022 WORK REPORT OF THE BOARD;**
- (2) 2022 WORK REPORT OF THE SUPERVISORY COMMITTEE;**
- (3) 2022 PROFIT DISTRIBUTION PROPOSAL;**
- (4) RE-APPOINTMENT OF EXTERNAL AUDITORS;**
- (5) 2022 ANNUAL REPORT;**
- (6) POTENTIAL RELATED PARTY TRANSACTIONS CONTEMPLATED  
IN THE ORDINARY COURSE OF BUSINESS IN 2023;**
- (7) 2022 DUTY PERFORMANCE REPORT OF THE INDEPENDENT  
DIRECTORS;**
- (8) PROPOSED APPOINTMENT OF INDEPENDENT DIRECTORS OF THE  
SIXTH SESSION OF THE BOARD;**

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## LETTER FROM THE BOARD

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### **(9) 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, Shanghai, the PRC at 2:00 p.m. on Monday, 29 May 2023.

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 2022 Work Report of the Board; (2) the 2022 Work Report of the Supervisory Committee; (3) the 2022 profit distribution proposal; (4) the resolution on the re-appointment of external auditors; (5) the 2022 annual report; (6) the resolution on the potential related party transactions contemplated in the ordinary course of business in 2023; (7) 2022 Duty Performance Report of the Independent Directors; (8) the resolution on the proposed appointment of Independent Directors of the sixth session of the Board; and the resolution to be approved by way of special resolution: (9) 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, Shanghai, the PRC at 2:00 p.m. on Monday, 29 May 2023 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 9 May 2023 (the “**Circular**”).

#### ORDINARY RESOLUTIONS

1. To consider and approve the 2022 Work Report of the Board.
2. To consider and approve the 2022 Work Report of the Supervisory Committee.
3. To consider and approve the 2022 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 2022 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 2023, 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 2022 Duty Performance Report of the Independent Directors.
8. To consider and approve the resolution on the Independent Directors of the Sixth Session of the Board, including:
  - 8.1 to appoint Mr. WANG Guogang as an Independent Non-executive Director;
  - 8.2 to appoint Mr. YIM, Chi Hung Henry as an Independent Non-executive Director.

### SPECIAL RESOLUTION

9. 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  
9 May 2023

*As at the date of this notice, 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 2022 Work Report of the Board, the 2022 Work Report of the Supervisory Committee and the 2022 Duty Performance Report of the Independent Directors are set out in Annex A, Annex B and Annex D 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 and on the website of the Company at 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 Tuesday, 23 May 2023 to Monday, 29 May 2023 (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 Monday, 22 May 2023.** H Shareholders who are registered with Computershare Hong Kong Investor Services Limited by 4:30 p.m. on **Monday, 22 May 2023** 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 RMB5.3 (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 8,906,672,636 shares as of 31 December 2022, the total amount of cash dividend distributable will be RMB4,720,536,497, representing 41.02% of the net profit attributable to equity holders of the parent company under the consolidated financial statements for 2022. 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 2022 will be carried forward to the next year. After the 2022 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 and the related enterprises (if they are Shareholders) 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 2022 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 2022 Work Report of the Board was considered and approved by the Board on 29 March 2023.

Details of the 2022 Work Report of the Board are set out in Annex A to this circular.

**II. Proposed to consider the resolution on the 2022 Work Report of the Supervisory Committee**

The Supervisory Committee has prepared the 2022 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 29 March 2023.

Details of the 2022 Work Report of the Supervisory Committee are set out in Annex B to this circular.

**III. Proposed to consider the resolution on the 2022 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 2022 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 RMB5.3 (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 8,906,672,636 shares as of 31 December 2022, the total amount of cash dividend distributable will be RMB4,720,536,497, representing 41.02% of the net profit attributable to equity holders of the parent company under the consolidated financial statements of the Company for 2022.

The above profit distribution proposal for 2022 was considered and approved by the Board on 29 March 2023, and is hereby proposed to the Annual General Meeting for its consideration and approval. Upon the approval by the Shareholders 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 2021 annual general meeting of the Company approved to appoint KPMG Huazhen LLP and KPMG as the external auditors of the Company for 2022, 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 providing audit services for the internal control of the Company. In 2022, 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 2023, which will provide 2023 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 of the Company for 2023; and

3. authorizing the management of the Company to determine the fees of the auditors for 2023 provided that the total amount of the above audit and review fees shall not exceed RMB5.85 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 29 March 2023, and is hereby proposed to the Annual General Meeting for its consideration and approval.

#### **V. Proposed to consider the resolution on the 2022 Annual Report of the Company**

Pursuant to the relevant provisions of the CSRC, the Board hereby submits the 2022 Annual Report to the Annual General Meeting for its consideration and approval. For details about the report, please refer to the 2022 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 20 April 2023.

#### **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 2023**

##### ***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 2023 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:

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; 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 between the Group and International Group and its associates (as defined under the Hong Kong Listing Rules) will be implemented according to the “2023-2025 Framework Agreement for Securities and Financial Products Transactions and Services” (《2023-2025年度證券及金融產品交易及服務框架協議》) entered into by the Company and International Group on December 2022.

(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 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 members 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 stock pledging services 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: with reference 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 2023 (《關於預計公司2023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 2023 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 2023. 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 2023 (《關於預計公司2023年度日常關聯交易的議案》) to be submitted to the general meeting for consideration and approval.

- (4) When the 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 2022 Duty Performance Report of the Independent Directors**

An ordinary resolution will be proposed at the AGM to approve the 2022 Duty Performance Report of the Independent Directors. Details of the aforesaid duty performance report of the Independent Directors are set out in Annex D to this circular.

The 2022 Duty Performance Report of the Independent Directors was considered and approved by the Board on 29 March 2023 and is hereby proposed at the AGM for consideration and approval.

#### **VIII. Proposed appointment of the Independent Directors of the Sixth Session of the Board**

We refer to the announcement of the Company dated 28 April 2023, in relation to the proposed appointment of Mr. WANG Guogang (“**Mr. WANG**”) and Mr. YIM, Chi Hung Henry (“**Mr. YIM**”) as candidates for the independent non-executive Directors of the sixth session of the Board (collectively, the “**Independent Directors Candidates**”).

As at the date of this circular, the Company has not entered into any service contract with each of the Independent Directors Candidates. Unless otherwise required by the relevant applicable laws and regulations, the term of office of the Independent Directors Candidates (if appointed) shall be the same as the sixth session of the Board.

Save as disclosed in this circular, the Independent Director Candidates do not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years, and they do not have other relationship with any Directors, Supervisors, senior management members or substantial Shareholders (as defined in the Hong Kong Listing Rules) of the Company, and do not holding any position in the Company or any of its subsidiaries. As at the date of this circular, the Independent Director Candidates do not have any interest in the shares of the Company or its associated companies within the meaning of Part XV of the SFO. There is neither information in relation to the appointments of the Independent Director Candidates which is required to be disclosed pursuant to the requirements set out in Rules 13.51(2) (h) to (v) of the Listing Rules nor any matters which need to be brought to the attention of the Shareholders.



Each of the Independent Directors Candidates has confirmed in writing his independence in accordance with Rule 3.13 of the Hong Kong Listing Rules. The Board considers that each of the Independent Directors Candidates meets the independence requirements set out in Rule 3.13 of the Hong Kong Listing Rules. The Remuneration, Appraisal and Nomination Committee has reviewed and assessed the background, expertise, knowledge and experience of the Independent Directors Candidates in accordance with the board diversity policy of the Company taking into consideration different diversity factors such as gender, age, cultural and educational background, skills and professional experience, knowledge and length of service. The Remuneration, Appraisal and Nomination Committee is of the view that, as further described in their biographical details in Annex C to this circular, they have the basic knowledge of the operation of companies listed in Hong Kong, have solid legal, economic, financial, management or other work experience necessary to perform the duties of the Independent Non-executive Directors, and have the ability to provide independent, balanced and objective opinions on corporate affairs, and meanwhile are consistent with the board diversity policy adopted by the Company. Therefore, their appointment as Independent Non-executive Directors is in the best interests of the Company and Shareholders as a whole.

Biographical details of the Independent Directors Candidates and other information related to their appointment are set out in Annex C to this circular.

The above resolution was considered and approved by the Board on 28 April 2023, and is hereby submitted to the AGM for its consideration and approval.

**SPECIAL RESOLUTION:**

**IX. Proposed to Consider the Resolution of 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 unconditionally and 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 general meeting.

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 Mandate***

The 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 of the Company be authorized to carry out the relevant procedures.

*Validity Period of the 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 2023 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, it is proposed to the general meeting to approve the Board to, subject to the approval of the above mandate and unless otherwise provided by laws, delegate the above mandate to 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 29 March 2023, 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 2022 and the Work Arrangements of the Board for 2023 are submitted to the general meeting as below:

## **I. OVERALL OPERATION AND MANAGEMENT OF THE COMPANY IN 2022**

In 2022, faced with the complex environment of multiple unexpected impacts and large fluctuations in the capital market, the Company resolutely implemented the work tone of “making progress while maintaining stability and persevering in hard work” determined at the beginning of the year, delivered “non-stop transaction services and reform and development”, and maintained the overall stability and stood up to pressures. As a result, all targets of the comprehensive reform were achieved, the endogenous dynamics was strengthened, the comprehensive strength was significantly improved, the industry ranking continued to improve in core indicators, and the Company’s performance was significantly better than the overall level of listed securities companies, ranking second in the industry in terms of both operating income and net profit, signaling a successful wrap-up of the “first three-years” under the “Three Three-Year Plans by Three Steps” strategic blueprint.

As of the end of 2022, the total assets of the Company amounted to RMB860.7 billion, representing an increase of 8.77% as compared to the end of last year; the equity attributable to owners of the parent company was RMB157.7 billion, representing an increase of 7.19% as compared to the end of last year. The Company achieved a revenue of RMB35.5 billion for 2022, and the net profit attributable to owners of the parent company reached RMB11.5 billion, representing year-on-year decreases of 17.16% and 23.35%, respectively; the weighted average return on net assets was 7.88%, representing a decrease of 3.17 percentage points.

## **II. MAJOR ACCOMPLISHMENTS OF THE BOARD IN 2022**

In 2022, 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 fourteen Board meetings, including four regular meetings and ten extraordinary meetings. A total of 52 issues were considered, 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, has passed all resolutions, and has fully performed its function of strategic decision-making, supervision and evaluation. The Board also held three meetings of the Strategy and ESG Committee, four meetings of the Remuneration, Appraisal and Nomination Committee, nine meetings of the Audit Committee and three meetings of the Risk Control Committee.

The principal accomplishments of the Board in 2022 are as follows:

**(I) Constantly optimize the corporate governance system**

Throughout the year, the Board revised the Articles of Association three times and revised eight corporate governance regimes to ensure the compliance of corporate governance with regulatory requirements and the Company's system requirements in all respects; formulated the rules of procedure for the special working meeting of the chairman, revised the working rules for the president's meeting, further standardized the power and responsibility system of each governance body, and improved the "3-Vital-1-Major" (三重一大) decision-making system; implemented the regime of the special working meeting of the chairman and continued to strengthen the study and guidance of the Board on the operation and management, with 5 special working meetings held and 20 studies at the grassroots conducted to gain a comprehensive understanding of the business management situation and the challenges and problems faced by the grassroots; held the strategy seminar for the second consecutive year, discussing institutional and transaction business, investment banking business and the development strategy of Guangdong-Hong Kong-Macao Greater Bay Area, continuously strengthened the communication between the Board, especially the external directors, and the management in strategic decision-making and execution, to give full play to the professional advisory role of the external directors, and to further strengthen the communication and trust between the Board and the management. The Company was awarded the title of "Demonstration State-owned Enterprises for Corporate Governance" by the State-owned Assets Supervision and Administration Commission of the State Council in 2022.

**(II) Actively promote the implementation of all strategies**

We increased our shareholding in HuaAn Funds twice in 2022, realized the control and consolidation of HuaAn Funds, and became the first securities company to control no more than one securities company and hold a license for public fund management business (一控一牌) after the new rules of public offering. The securities company in Vietnam completed integration, the futures company in Singapore and the subsidiary in Macao officially started operations, and a "no objection" letter for the establishment of a subsidiary in Europe was obtained from the CSRC. We continuously consolidated the Group-based strategic control, implemented "subsidiary-specific policy" management for important subsidiaries, supported the management in issuing guidelines for high-quality development and standardization of branch offices, continuously optimized the centralized operation model and the innovation of the clearing and settlement system, and significantly improved capital operation efficiency and asset operation capacity. We pushed forward the establishment of branches in Xiong An, Qianhai, New Lingang Area and Qingpu New Town, and of a subsidiary in Hainan, adjusted and optimized partly the organizational structure of our wealth management business and institution and transaction business, applied for two business qualifications, namely, stocks market-making business on the Science and Technology Innovation Board and bonds market-making business on the Exchange. We also comprehensively increased the organizational and personnel investment in the Guangdong-Hong Kong-Macao Greater Bay Area, and continued to build a "customer-centric" business system; The industry ranking of

major business, such as agency sales of financial products, sponsoring and underwriting, was improved to varying degrees. We continuously improved comprehensive risk management system, established the chief legal counsel and chief auditor system, incorporated the rule of law for corporate governance and clean practice into the Company's Articles of Association, constantly propelled the compliance risk management to shift from post-mortem to forward-looking judgment, and from passive management to active empowerment, and further solidified the three lines of defense, namely "business units, compliance risk control and audit". We increased investment in technology, deepened the promotion of comprehensive digital transformation, and released a White Paper on Open Securities (《開放證券白皮書》) jointly with Boston Consulting Group. The Company's digital technology capabilities continued to improve, IT and business integration further deepened, digital operations successfully withstood the severe test of extreme conditions, and the Company's informatization level ranked second in the Shanghai state-owned assets sector for the third consecutive year.

### **(III) Strictly implement various requirements of standardized operation**

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 2022, it convened a total of two general meetings, including one annual general meeting and one extraordinary meeting at which 10 resolutions were proposed for consideration, one matter was reported, and all the resolutions were considered and approved. The Board attached great importance to the returns for the shareholders and proposed to implement the 2021 dividend distribution plan upon approval by the general meeting. A dividend of RMB6.8 (tax inclusive) for every 10 shares, or a total of RMB6.058 billion, was distributed to the shareholders, accounting for 40.35% of the net profit attributable to the equity holders of the parent company for 2021 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 regulatory requirements for information disclosure. It promptly revised the regimes of information disclosure and insider registration, optimized and solidified the working process and effectively ensured the quality of information disclosure. 4 regular reports, 1 social responsibility report (ESG report), 142 A-share announcements and 137 H-share announcements were disclosed throughout the year. The Company has made the annual forecast in relation to related party transactions in its daily operation and approval for occasional related party transactions. Strict management and monthly statistics have been maintained to ensure the compliance of related party transactions with the regulatory requirements of the stock exchanges in Shanghai and Hong Kong in the interests of all shareholders of the Company.

The Company attaches great importance to the management of investor relations, and has set up an investor relations management platform with various communication channels such as on-site, telephone and Internet and various communication methods, including performance explanation sessions, road shows, investor open day, 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.

#### **(IV) Perform social responsibility actively**

We has deeply implemented the ESG concept, promoted the establishment of a sound ESG management organization system at the managerial level, and continuously implemented the "Action Plan for Implementing Peak Carbon Dioxide Emissions and Carbon Neutrality of Guotai Junan (《國泰君安踐行碳達峰與碳中和的行動方案》). We forged and enhanced the five key green finance capabilities of "financing, investment, trading, cross border and risk control", accelerated the implementation of the eight action plans of "carbon finance, green investment and financing, carbon-neutral products, international deployment, strategic cooperation, business philosophy, digital transformation and cultural practice" to build an industry-leading integrated carbon financial service system and to promote the Company's own green and low-carbon development.

In response to the national strategy and the call of the industry, we devoted ourselves to public welfare through Guotai Junan Social Welfare Foundation in terms of rural revitalization, educational support, financial empowerment and emergency disaster relief to fulfill the social responsibility as a listed securities company. We continued offering paired assistance for rural revitalization in Ji'an of Jiangxi, Qianshan of Anhui, Puge of Sichuan, Malipo and Guangnan of Yunnan; actively responded to Shanghai's strategy of comprehensively promoting the construction of "five new towns" and urban-rural pairing with Fengxian District; aided construction of four Hope Primary Schools individually or jointly and comprehensively promoted "Dream and Hope (築夢希望)" education support programs; attempted to set up charitable trusts in green finance and supported various natural disaster relief. In 2022, the Company was conferred the first "Shanghai Charity Award (上海慈善獎)".

### **III. DUTY PERFORMANCE OF THE DIRECTORS IN 2022**

In 2022, all 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 of 14 meetings in 2022. The attendance of the Directors is as follows:

Name of Directors	Number of Attendance Required	Number of Attendance in Person	Number of Attendance by Proxy
HE Qing	14	14	0
WANG Song	14	14	0
YU Jian	14	14	0
LIU Xinyi	14	14	0
GUAN Wei	14	14	0
ZHONG Maojun	14	14	0
CHEN Hua	14	14	0
WANG Wenjie	14	14	0
ZHANG Zhan	14	14	0
ZHANG Yipeng	14	14	0
AN Hongjun	14	14	0
XIA Dawei	14	14	0
DING Wei	14	14	0
LI Renjie	14	14	0
BAI Wei	14	14	0
LEE Conway Kong Wai	14	14	0
CHAI Hongfeng	14	14	0

#### IV. WORK ARRANGEMENTS OF THE BOARD FOR 2023

2023 is the first year of the “Second Three Years” under the “Three Three-Year Plans by Three Steps” strategic blueprint. The Board will continue its efforts towards the goal of building the Company into a “respected, comprehensive leading and internationally competitive modern investment bank” in line with the new requirements of capital market development and industry development trends by upholding the Company’s the strategic positioning with a holistic awareness, setting strategic goals with a global perspective, creating new situations in the inheritance and continuous efforts, making steady progress, seizing opportunities, deepening reforms, and riding the momentum. It will focus on the following works:

- 1. Formulate and implement the “Second Three-Years” development plan.** The Board will actively seize the new opportunities in the development of a modern capital market with Chinese characteristics, and guide and organize the formulation of the “second three-years” development plan in consideration of the development stage and reality of operation and management of the Company. We will optimize, finalize and promote the implementation of the overall strategic plan and various sub-plans by holding annual strategic seminars, expert discussions, and meetings of the Board and its special committees, in order to increase the Company’s



comprehensive strength and achieve the goal of “domestic leadership in an all-round way.” Also, the Board will continuously enrich strategic tools and supervision tools, regularly evaluate the promotion and implementation of strategy, and optimize and improve the objectives appropriately, specifically and practically.

- 2. Optimize organizational mechanism and build three pillars of core capabilities.** The Board will continue to optimize the organizational structure, improve the synergy mechanism, and accelerate the construction of the integrated service 2.0 model with digital platform as the carrier and integrated operation as the means; continue to increase investment in financial technology and digital transformation, accumulate professional capabilities through platform construction, optimize the service model, solidify the technological base, strengthen governance and control, consolidate the leading position in information technology in the industry, and escalate technological empowerment; strictly adhere to the bottom line of risk control and compliance, enhance the ability to balance the judgment of market risks and grasp opportunities, and strengthen the inspection and supervision of the implementation of comprehensive risk management requirements, and accelerate construction of an integrated group compliance risk control platform to realize “two shifts” and solidify the “three lines of defense”.
- 3. Increase investment in innovation and comprehensively cultivate advantages in “five finances”.** The Board will continue to strengthen strategic management, deeply implement ESG development requirements and the core concept of the Company’s cultural construction, and through strengthening organizational and institutional innovation, increase resource investment in core business and key regions to form a high-performance asset layout, explore the implementation of more differentiated and flexible, more competitive incentive and restraint mechanisms, increase the efforts to introduce urgently needed, leading and outstanding talents, involve the Company in the national strategies and Shanghai’s “five centers” strategy, and promote the Company to comprehensively cultivate five major advantages, namely “technology innovation finance, inclusive finance, regional finance, green finance and cross-border finance”.
- 4. Deepen the standardized operation mechanism and improve the corporate governance level.** The Board will continue to improve the governance system and mechanism of the Group and subsidiaries at all levels in accordance with the latest regulatory requirements, optimize the “decision-making-execution-evaluation” closed-loop governance mechanism for “enhancing the consideration and decision-making ability, focusing on the implementation effect and highlighting the role of assessment and evaluation” to strengthen the construction of the Board, enhance the effectiveness of governance, and further stimulate the endogenous power and development vitality. It will also strengthen the training of directors, enhance their ability to perform their duties, strengthen the advisory and recommendation functions of the special committees of the Board, and continue to enhance the strategic decision-making and strategic management capabilities of the Board;

continuously improve the investor relations management system, enhance the quality of domestic and overseas information disclosure, and further strengthen the active and pertinent communication with shareholders, investors, analysts and other stakeholders, expand the coverage of investor services through various forms of communication, and continue to improve the protection mechanism for minority investors.

The above resolutions are presented for consideration.

The Board of Guotai Junan Securities Co., Ltd.

29 May 2023

Dear Shareholders,

In 2022, 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, following the industry regulation provisions, carried out the regulatory requirements of the Shanghai State-owned Assets Supervision and Administration Commission, focused on the supervisory duty, and conducted the daily work and special supervision in a solid and orderly manner. The Supervisory Committee effectively safeguarded the legitimate rights and interests of the shareholders, the Company and employees and assisted the Company to end the “First Three Years” with perfect success under the strategic vision of “Three Three-Year Plans by Three Steps”. The Supervisory Committee’s work report for 2022 is reported as follows:

## I. MAJOR WORK OF THE SUPERVISORY COMMITTEE IN 2022

### (I) Performing the supervisory responsibility conferred by laws and regulations in earnest

In strict compliance with relevant provisions of the Company Law, the Securities Law and the Articles of Association of the Company, the Supervisory Committee convened meetings in accordance with laws and regulations, attended and participated in important meetings such as the General Meetings and the Board meetings, and reviewed and deliberated various proposals and reports. The Supervisory Committee continuously paid attention to the Company’s business’s operation and management dynamics, effectively performed the supervisory responsibilities entrusted by laws, regulations and internal management systems, and effectively played a supervisory role in the Company’s governance structure.

#### 1. *Focusing on major responsibilities and major lines and reviewing significant affairs*

In accordance with the Company’s Articles of Association and the Rules of Procedure of the Supervisory Committee, the Supervisory Committee convened 5 meetings, including 4 regular meetings and 1 extraordinary meeting, and heard and deliberated a total of 17 resolutions related to profit distribution, compliance management, anti-money laundering, risk control, share incentive, social responsibility and other aspects. All supervisors fully discussed and considered the proposals, expressed their written review opinions and verification opinions on material matters such as the Company’s periodic reports, the profit distribution proposal and the share incentive plan, and provided reasonable suggestions for the Company to seize the strategic opportunity and optimize the resource allocation. (Details of the meetings are set out in the attached table.)

#### 2. *Attending various important meetings based on its function*

In accordance with the requirements of laws, regulations and the Catalog for the Performance Guarantee of the Chairman of the Supervisory Committee and the Assigned Supervisors of State-owned Enterprises under Municipal Administration(《市管國有企業外派監事會主席和外派監事履職保障目錄》) issued by the Shanghai Municipal State-owned Assets Supervision and Administration Commission, the supervisors attended and

were present at all General Meetings and on-site meetings of the Board, and fully reviewed the meeting materials held in the form of voting through communications. The Chairman and Vice Chairman of the Supervisory Committee, on behalf of the Supervisory Committee, attended various important meetings of the Company's Party Committee, operation and management work meetings, meetings of special committees of the Board, the President's Office Meeting, and heard work reports and expressed opinions and suggestions. The Supervisory Committee supervised meetings and the decision-making procedures for major issues as well as the legality and compliance of the performance of duties by the Board and the management in an objective and impartial manner.

### ***3. Reinforcing process supervision and reviewing related reports***

The Supervisory Committee, in conjunction with the implementation of the Company's strategic plan and annual work priorities, closely monitors the performance of finance planning, auditing, legal compliance, risk management and other aspects, through various means such as reviewing written reports and conducting conference and interviews to understand the implementation of major decisions of the Company, the operation of compliance risk control mechanisms, the rectification of internal audit problems, and continuously strengthens process supervision to promote more consistent and in-depth performance of its supervisory duties.

## **(II) Closely focusing on the requirements of investors and conducted special supervision**

In 2022, the Supervisory Committee closely followed the goal and task of "preventing and resolving risks and promoting management improvement" of Shanghai Municipal State-owned Assets Supervision and Administration Commission, focused on stabilizing growth, preventing risks and promoting transformation around the overall requirements of "laying a foundation and filling shortcomings" in the First Three-Year Plan of the Company, and conducted annual supervision and evaluation in an orderly manner, specially supervised the rectification of major risk-related issues and the implementation of economic responsibility audit rectification, and conducted a special investigation of the overall situation of compliance management and the management and operation of subsidiaries, thereby promoting the Company to further increase the management efficiency.

### ***1. Carrying out supervision and evaluation in 2021***

According to the Notice on Supervision and Evaluation of State-owned Enterprises under Municipal Administration for the year of 2021 (《關於做好2021年度市管國有企業監督評價工作的通知》) issued by Shanghai State-owned Assets Supervision and Administration Commission, the Supervisory Committee conducted supervision and evaluation on the Company's operation and management in 2021. The evaluation, based on the actual situation of the Company and the supervision focus of Shanghai State-owned Assets Supervision and Administration Commission, focused on the operation of the Board, strategy and investment, financial management, risk compliance,

subsidiary governance, problem rectification and other aspects, identified problems and provided suggestions to promote the Company's comprehensive strength, steady operation and healthy development.

## ***2. Special supervision of the Company's rectification of prevention and resolution of major risks-related issues***

The Supervisory Committee carried out special supervision on the implementation of self-inspection and rectification in relation to the Company's major risk prevention and resolution systems, according to the requirements of the Notice on Carrying out Risk Investigation in Key Areas and Further Strengthening the Supervision and Management of Municipal State-owned Enterprises (《關於開展重點領域風險大排查進一步加強市屬國有企業監督管理的通知》) and the Notice on Supervising Enterprises to Prevent and Resolve Major Risks in the Economic Field in 2022 (《關於做好2022年監管企業防範化解經濟領域重大風險工作的通知》) issued by Shanghai Municipal State-owned Assets Supervision and Administration Commission. The supervision paid close attention to the implementation quality of rectification measures, provided optimization suggestions based on the resolution of risk issues in 2022 and helped the Company to further consolidate the long-term effects of rectification. Build a deep integration model between business and risk control, continuously improve the capacity and level of dealing with major risk and aimed to resolve risk factors at an early date and at the very beginning.

## ***3. Special supervision of rectification of economic responsibility audit findings***

According to the requirements of the Catalog for the Performance Guarantee of the Chairman of the Supervisory Committee and the Assigned Supervisors of State-owned Enterprises under Municipal Administration (2022 Edition) (《市管國有企業外派監事會主席和外派監事履職目錄(2022版)》) issued by Shanghai Municipal State-owned Assets Supervision and Administration Commission, the Supervisory Committee organized a special inspection on the Company's rectification of the problems found by the Shanghai Audit Bureau during the economic liability audit against the major responsible persons in their terms in 2021. The supervision focused on the audit report and the Company's specific requirements for audit rectification, and mainly focused on the audit rectification of the organization, leadership, implementation, application of results and other aspects, objectively reflected the supervision situation and pertinently purpose management suggestions. Moreover, the supervision urged the Company to complete the rectification task with good quality and quantity, improved the long-term mechanism of audit rectification and further promoted the transformation and application of audit results.

#### *4. Conducting special research on the management and operation of subsidiaries*

According to the annual work plan, the Supervisory Committee conducted special investigations on the management and operation of some subsidiaries. The research combined the results of daily supervision and external inspection, continuously followed up the standardized operation of corporate governance of subsidiaries, the penetrating implementation of group management and control, and the mitigation and disposal of major risks and other aspects, analyzed the main characteristics of their operation and management, and understood the implementation of “one company, one policy” at these subsidiaries. Also, the Committee grasped the main problems existing in their own business development, and put forward suggestions and opinions for improvement so as to fully integrate subsidiaries into the overall situation of high-quality development of the Group.

#### *5. Special investigation on the overall situation of compliance management of the Company*

In order to further fulfill the supervision responsibility of compliance management, the Supervisory Committee conducted a special investigation on the overall compliance management of the Company in accordance with the Measures for Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》) and its supporting guidelines, and the Measures for Compliance Management of Supervised Enterprises of Shanghai State-owned Assets Supervision and Administration Commission (《上海市國資委監管企業合規管理辦法》) and other regulations. The investigation focused on the construction and operation of the Company’s compliance management system and highlighted environmental culture, system implementation and risk prevention and control among others to sum up working results, reveal problems and shortcomings and provide specific suggestions. Moreover, the investigation sought to promote the Company to continuously improve the compliance management system, adhere to the bottom line thinking, and build a risk barrier for the Company’s healthy and sustainable development.

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

In 2022, the Supervisory Committee, based on the supervision orientation, adhered to the strategic guidance, combined the supervision situation and main points of work, expressed the following opinions on related matters while grasping the daily supervision and strengthening the special supervision of important areas and key components:

### **(I) Financial management**

The Company continuously optimized the intensive sharing of financial resources, improved higher refinement of financial accounting, helped to promote the integration of business and finance, which played a professional supporting role for the group management and international layout of the Company. In 2022, the Company prepared quarterly, interim and annual financial reports in accordance with the Enterprise Accounting Standards, the International Accounting Standards and the fiscal information disclosure requirements for A+H listed companies. The reports can reflect the Company’s financial standing and operating results accurately. KPMG Huazhen LLP had issued an audit report with “unqualified opinion” for the 2022 financial statements of the Company, and the Company had no major defects in the internal control of financial reporting.

**(II) Performance of duties by directors and senior management**

The directors and senior management of the Company actively responded to the complicated and changeable international economic situation and the fluctuation of the capital market, earnestly fulfilled the responsibility of state-owned financial enterprises, and promoted the implementation of the “Three Three-Year Plans by Three Steps” strategic blueprint. They resolutely implemented the work tone of “making progress while maintaining stability and persevering in hard work” determined at the beginning of the year, and led the Company to develop steadily and healthily. As of the end of 2022, the Company had total consolidated assets of RMB860.7 billion and equity attributable to owners of the parent company of RMB157.7 billion; achieved annual consolidated operating income of RMB35.5 billion and net profit attributable to owners of the parent company of RMB11.5 billion, with a weighted average return on net assets of 7.88%. The Company maintained prudential operating results and further strengthen industry-lead position. 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 of the Company or detrimental to the lawful rights and interests of the Shareholders.

**(III) Compliance and risk management**

The Company complies with the Company Law, the Securities Law and the regulations of industry regulators, implemented the requirements of higher authorities, continuously improves its compliance and construction of comprehensive risk management system, and further built the “three lines of defense” of business units, compliance risk control and auditing. As of 2022, the Company has attained the rating of Class A Grade AA in the classification and evaluation for 15 consecutive years and was also continuously included in the “white list” securities companies by the China Securities Regulatory Commission. The Company continued to maintain the best international credit rating among Chinese securities companies and sustained the best rating in terms of cultural building. During the reporting period, the Company operated in accordance with the law and regulations, and the risk control indicators operated normally. The Supervisory Committee did not find significant compliance risks.

**(IV) Information disclosure**

The Company revised the Measures for Management of Information Disclosure Matters, and continuously strengthened the management of information disclosure. The Company announced relevant information to the public within the prescribed time, on the designated media and in the prescribed manner and promptly report to the securities regulatory authority to safeguard the legitimate rights and interests of the Company, shareholders, customers, creditors and other stakeholders. 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 the listing rules of the stock exchange and the Administrative Measures for Related Party Transactions of the Company. The Company conducted related party transactions in a compliant manner, and disclosed information in a timely manner, and the procedures for consideration and decision making on connected matters are lawful and effective. During the Reporting Period, the Supervisory Committee did not discover any related party transactions which were detrimental to the interests of the Company and shareholders.

**(VI) Registration for insiders**

The Company revised the Management Policy for Insider Information Registration, further standardized the management of insider information of the Company and its subsidiaries, strengthened the confidentiality of insider information, safeguarded the fair principle of information disclosure and protected the legitimate rights and interests of investors. The Company incorporated the registration of insider information into its daily management, and timely registered and submitted insider information files in accordance with relevant rules. During the Reporting Period, the Supervisory Committee did not discover any violation of the registration management of insiders and confidentiality obligations.

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

In 2022, the Board and operational management of the Company adhered to justice and innovation, deepened reform, maintained prudential business performance, steadily improved core competitiveness and achieved a successful conclusion of the “First Three Years”. In 2023, the Company has established the overall operating requirements of concentrating on cohesion, seizing opportunities, striving for progress steadily and striving for the leadership place, and will make every effort to achieve a good start in the “Second Three Years”. Based on the Supervisory Committee’s own responsibilities and the attitude of being responsible to all shareholders, it has provided the following suggestions for the Board and operational management of the Company:

**(I) Conduct systematic planning and implementation, join forces to promote the implementation of the “Second Three-year Plan”**

The “Second Three-Year Plan” is a roadmap to guide the Company to achieve higher-quality development and a practical path to build the Company into a “respected, comprehensive leading and internationally competitive modern investment bank”. Suggest that the Company: **First, the Company should make scientific overall plans and enhance the system concept.** The Company should improve the overall planning system, scientifically plan all lines and levels, and seek a higher level of overall coordination and system balance. The Company should match strategic objectives with resource endowments. **Second, pay close attention to execution and enhance the concept of implementation.** The Company should organically link the strategic planning with the performance plan, take practical support



measures, and improve the supervision system of key work. Also, the Company should regularly evaluate the implementation of strategic promotion, ensure the gradual decomposition and implementation of planning objectives, and realize the orderly and powerful implementation of various tasks.

**(II) Take advantage of the situation to gather talents, and take multifaceted measures to build a high-quality professional talent team**

Talent is the first resource, which is a strong driving force for the Company to realize “integrated service, digital management, international layout and group-wide management”. Talent competition, especially for high-end leading talents, is becoming increasingly fierce. It is suggested that: **First, the Company should first grasp the current strong support.** In the strategy of building a high-level talent highland in Shanghai, the Company should take advantage of the situation, implement a more active and open talent policy. We should not only build nests to attract talents, but also build an internal competition mechanism, and gather a group of compound leading talents in key fields to provide a strong talent support for realizing the strategic planning. **Second, strengthen the stamina and store potential.** The Company should adhere to the market-oriented and professional direction of selecting and employing people, select and appoint outstanding young talents with international vision and strategic thinking, who are familiar with digital technology and emerging fields, ensure that the reservoirs of young talents in all parts are relatively abundant, and accumulate potential for future development.

**(III) Strictly guard against the bottom line, and comprehensively and firmly establish the bottom line thinking of preventing and resolving major risks**

After the comprehensive implementation of registration-based IPO system, it will further establish the responsibility of intermediaries and put forward more urgent requirements for brokers to improve their practice quality and accelerate the transformation and upgrading of compliance and risk management models. It is suggested that: **First, the Company should firmly establish the bottom line thinking.** The Company should regard the strict prevention and effective resolution of major risks as the bottom line that must be firmly observed in business work, optimize the vertical risk management of branches and subsidiaries, further exert the functions of the three lines of defense, and enhance the collaborative efficiency of risk management within the group. **Second, we must deepen the risk management and control mechanism.** The Company should deepen the operation of risk judgment mechanism, decision-making mechanism, risk assessment mechanism, risk prevention and control coordination mechanism and risk prevention and control responsibility mechanism, and achieve effective control in the detailed management of equity assets, cross-border derivatives, abnormal transactions and differentiated management of subsidiaries.

#### IV. KEY WORK OF THE SUPERVISORY COMMITTEE IN 2023

To implement the requirement of strengthening the leadership of the Party in corporate governance, focusing on the Securities Commission's objective of "consolidate the effect of the protracted war and tough war in preventing and defusing major financial tasks", based on the Shanghai Municipal State-owned Assets Supervision and Administration Commission's objective of "adhering to the underlying principle of seeking progress while maintaining stability and promoting the overall objective of improving the quality and quantity of the state-owned economy" and the Company's "Second Three-Year Plan" of "enhancing capacity and strengthening growth", and focusing on the key areas of comprehensive risk management, anti-money laundering and internal control of branches. The Company performs the supervisory duties and gives full play to the supervisory effectiveness, continues to protect the fundamental interests of the Company and common interests of all shareholders, and protects the Company to achieve high-quality development.

##### **(I) Focus on overall risk management and perform the process supervision role of the Supervisory Committee**

Combined with the requirements of industry regulators and Shanghai State-owned Assets Supervision and Administration Commission on risk prevention, the Supervisory Committee will conduct special investigation on the Company's comprehensive risk management system with the goal of "intensive and efficient, professional and accurate empowerment". The Committee will pay close attention to key contents such as management system, organizational structure, risk indicator system, risk response mechanism, information technology system and talent team, promote the Company to continuously strengthen the level of risk management and control through special investigation, enhance the fineness and effectiveness of overall risk management, and further play the role of the Supervisory Committee in process supervision in preventing risks and improving management.

##### **(II) Focus on anti-money laundering management and perform the closed-loop supervisory role of the Supervisory Committee**

The Committee will implement the requirements of the Measures for the Supervision and Administration of Anti-Money Laundering and Anti-Terrorist Financing of Financial Institutions (《金融機構反洗錢和反恐怖融資監督管理辦法》), and fulfill the supervisory responsibility of the Supervisory Committee on the risk management of corporate money laundering. According to the results of the anti-money laundering law enforcement inspection by Shanghai Branch of the People's Bank of China, the Supervisory Committee will conduct the follow-up supervision on the rectification of the problems identified during the law enforcement inspection. In view of the organization and implementation of rectification work, the implementation of rectification measures, the effectiveness of rectification, the arrangement and progress of the follow-up work of rectification and other contents, the

Supervisory Committee will urge the Company to further implement the rectification opinions of law enforcement inspection, make up the loopholes in anti-money laundering management, and promote the Company to improve its management level and form a closed loop of rectification.

**(III) Focus on internal control management of branches, and perform the role of the Supervisory Committee in preventing small problems and grasping early ones.**

Based on the Company's goal of "striving for the best, sustained growth, comprehensive transformation and characteristic operation" for branches, the Supervisory committee will, in accordance with regulatory priorities and frequent risks, specially investigate the internal control management of branches. The investigation will cover the front line and penetrate into the business department. From the aspects of preventing and controlling integrity risks, operational risks and money laundering risks and other aspects, we will investigate the key contents such as the branches' compliance and risk control duties and internal control management, find problems in time, investigate potential risks, and promote the branches to further improve their internal control mechanism and enhance their sound business philosophy.

**(IV) Focus on the annual supervision and evaluation, and perform the role of the Supervisory Committee as a benchmark reminder**

In accordance with the requirements of Shanghai State-owned Assets Supervision and Administration Commission to make state-owned assets and enterprises grow bigger and stronger, the Supervisory Committee will continue to perform the annual supervision and evaluation. Based on the evaluation points of the Outline of the Annual Supervision and Evaluation Report of the Supervisory Committee of State-owned Enterprises under Municipal Administration (《市管國有企業監事會年度監督評價報告提綱》), the Committee will form an evaluation report objectively and prudently, evaluate the Company's main aspects in 2022, such as strategic planning, major investment, main business development, group management and control, and risk prevention, and put forward practical and valuable opinions and suggestions.

The Supervisory Committee of  
Guotai Junan Securities Co., Ltd.  
29 May 2023

**Mr. WANG Guogang (王國剛)**, aged 67, obtained the doctorate degree in economic from Renmin University of China (中國人民大學). He has concurrently served as a first-class professor at the School of Finance of Renmin University of China since September 2017, and a member of the Chinese Academy of Social Sciences (中國社科院). He is a recipient of special government allowance. He was the director of the Institute of Finance of the Chinese Academy of Social Sciences, and the vice president of China Huaxia Securities Co., Ltd (中國華夏證券有限公司). He also serves as an expert of the Planning and Assessment Group of the National Social Science Fund of China (國家社科基金規劃評審組), an executive director of the China Society for Finance and Banking (中國金融學會), an executive director of the China Urban Finance Society (中國城市金融學會), and an executive director of the China Institute of Rural Finance (中國農村金融學會).

**Mr. YIM, Chi Hung Henry (嚴志雄)**, aged 62, Hong Kong resident, graduated from the University of Hong Kong with a bachelor's degree in social science. Mr. YIM has over 30 years of experience in financial auditing and was a partner of audit business of Ernst & Young and Ernst & Young Hua Ming LLP (collectively "Ernst & Young") for many years until his retirement from Ernst & Young on 31 December 2021.

Mr. YIM is a member of the Hong Kong Institute of Certified Public Accountants in China and a member of the Association of Chartered Certified Accountants in the United Kingdom.

## 2022 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 2022 as follows:

## I. BASIC INFORMATION OF INDEPENDENT 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, has served as the 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 and 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 November 2020 to August 2022, he worked 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 May 2022, he worked as an external supervisor of the Industrial Bank Co., Ltd. (興業銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601166). From September 2004 to the present, he has been 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).

**Mr. DING Wei (丁瑋)**, holder of bachelor's degree in finance, has served as the Independent Non-executive Director of the 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 Investment Banking Department, of China International Capital Corporation Limited (A shares listed on the 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 of Temasek; Asia Vice Chairman of the investment banking department of Morgan Stanley; President and Chairman of CICC Capital Management 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 the Shanghai Stock Exchange, stock code: 600570); from June 2022 to the present, working as independent director of Chongqing Changan Automobile Company Limited (重慶長安汽車股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000625). From October 2014 to February 2020, he worked as independent director of Hundsun Technologies Inc.; from August 2014 to July 2021, worked as independent director of CAR Inc. (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, has been 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, has been 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, has been 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 the 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 the 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 the 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 the Hong Kong Stock Exchange, stock code: 0493); from November 2012 to the present, independent non-executive director of NVC International Holdings Limited (雷士照明控股有限公司) (a company listed on the 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 the 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 the Hong Kong Stock Exchange, stock code: 0451). From March 2011 to February 2020, he worked as an independent non-executive director of Tibet Water Resources Ltd. (a company listed on the 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 the Hong Kong Stock Exchange, stock code: 1365); from August 2014 to June 2022, independent non-executive director of WH Group Limited (萬州國際有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 0288). From 2007 to 2017, he was appointed as member of Hunan Provincial Chinese People's Political Consultative Conference. 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 the Chinese Academy of Engineering, holder of master's degree in finance, first-level professor and doctoral supervisor, has been 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 has been working as a professor of the School of Computer Science and Technology of 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, and 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
		Juneyao Airlines Co., Ltd.	Independent director
		China Three Gorges Corporation Limited	External director
		Baowu Carbon Industry Technology Co., Ltd.	Independent director
		Zhengxin Bank Limited	Independent director
		Shanghai Chengchuang Investment Management Co., Ltd.	Independent director
		Foresight Fund Management Co., Ltd.	Independent director
DING Wei	Independent Non-executive Director	Xiamen Borun Capital Investment Management Co., Ltd.	Executive director, legal representative
		Xiamen Borun Capital Holding Partnership (limited partnership)	Executive partner
		Borun Duocelue (Xiamen) Equity Investment Partnership (limited partnership)	Executive partner Assigned representative
		Xiamen Borun Bowei Consultation Management Co., Ltd.	Legal representative
		Hundsun Technologies Inc.	Independent director
		Chongqing Changan Automobile Company Limited	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
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 2 on site meetings of the Board of Directors, as well as 12 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 at on-site General Meetings
			Remote presence	Proxy presence			
XIA Dawei	14	14	12	0	0		0
DING Wei	14	14	12	0	0		1
LI Renjie	14	14	12	0	0		0
BAI Wei	14	14	12	0	0		2
LEE Conway Kong Wai	14	14	12	0	0		2
CHAI Hongfeng	14	14	12	0	0		1

*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 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	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

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

Within the reporting period, the Company held 3 meetings of the Strategy and ESG Committee, 4 meetings of the Remuneration, Appraisal and Nomination Committee, 9 meetings of the Audit Committee, and 3 meetings of the Risk Control Committee, and the attendance details of Independent Directors at those meetings are listed below:

Name	Strategy and ESG Committee	Remuneration, Appraisal and Nomination Committee	Audit Committee	Risk Control Committee
XIA Dawei	–	4/4	9/9	–
DING Wei	3/3	4/4	–	–
LI Renjie	–	4/4	–	3/3
BAI Wei	–	–	9/9	3/3
LEE Conway Kong Wai	–	–	9/9	–
CHAI Hongfeng	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) Related Party Transactions**

Within the reporting period, the 5th 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 Financial Technology Fund (《關於提請審議公司與關聯方共同投資參與設立上海金融科技基金的議案》). The Independent Directors believe that: the Company should invest in the Shanghai Financial Technology Fund, which can boost its private equity fund business, serve the Company's strategy of digital transformation in all respects and enhance the Company's strength in financial technology, 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 (《香港聯合交易所有限公司證券上市規則》), and other requirements under the Articles of Association. The Resolution to Consider the adjustment to Part of the Plan for establishment of the Shanghai Lingang Guotai Junan Technology Frontier Industry Fund (《關於提請審議調整上海臨港國泰君安科技前沿產業基金設立方案部分內容的議案》) was passed. The Independent Directors believe that: the Company's efforts to promote the establishment of the Shanghai Lingang Guotai Junan Technology Frontier Industry Fund according to the resolution of the 4th extraordinary meeting of the sixth session of the Board of Directors and plans to adjust the fund's size, investor structure and composition of the Investment Committee according to the progress in fund-raising complied with supervisory requirements and the basic principles established in the resolution of the Board of Directors, in the interests of the Company and all Shareholders and without detriment to the interests of the Company and minority shareholders. The decision-making procedures for this adjustment 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 meeting of the sixth session of the Board of Directors passed the Resolution on the Potential Related Party Transactions Contemplated in the Ordinary Course of Business in 2022 (《關於預計公司2022年度日常關聯交易的議案》), which was also approved by the General Meeting. The Independent Directors of the Company believe that: the expected related party transactions are public services or transactions to be provided by the Company in the securities market, being the Company's daily operations, and 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 related party 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. It is agreed that the Resolution will be submitted to the Board for review and subject to discussion in the General Meeting after approval by the Board.

The 12th extraordinary meeting of the sixth session of the Board of Directors passed the Resolution to Consider Signing the 2022 Framework Agreement for Securities and Financial Products Transactions and Services with HuaAn Funds Management Co., Ltd. (《關於提請審議公司與華安基金管理有限公司簽署2022年證券及金融產品交易及服務框架協議的議案》). The Independent Directors believe that: all connected transactions and services included in the 2022 Framework Agreement for Securities and Financial Products Transactions and Services the Company signed with HuaAn Funds Management Co., Ltd. are executed at fair prices and according to normal commercial terms, and proceeded in a fair and reasonable manner without detriment to the interests of the Company and minority shareholders as well as the Company's independence; relevant business cooperation is expected to deepen the synergy between the Company and HuaAn Funds, conform to the actual business needs of the Company and HuaAn Funds and facilitate business growth and long-term development of the Company and HuaAn Funds; 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 and the Administrative Rules on Related Party Transactions (《關聯交易管理辦法》).

The 13th extraordinary meeting of the sixth session of the Board of Director passed the Resolution to Consider the Joint Investment of the Company and Related Parties to Establish the YRD Fund II (《關於提請審議與關聯方共同投資參與設立長三角協同優勢產業二期基金的議案》). The Independent Directors believe that: the Company's investment in the YRD Fund II can boost its private equity fund business, ramp up business synergy and reinforce the Company's competitiveness without detriment to the interest of the Company and minority shareholders. The decision-making procedures for this related party 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 14th extraordinary meeting of the sixth session of the Board of Directors passed the Resolution to Consider Signing the 2023-2025 Framework Agreement for Securities and Financial Products Transactions and Services with Shanghai International Group Co., Ltd. (《關於提請審議公司與上海國際集團有限公司簽署2023-2025年年度證券及金融產品交易及服務框架協議的議案》). The Independent Directors believe that: all related/connected transactions and services expected in the above Framework Agreement for Securities and Financial Products Transactions and Services (《證券及金融產品交易及服務框架協議》) are public services or transactions provided in the securities market and in the ordinary course of business of the Company, International Group and its associates. Transactions and services are executed at fair prices and according to general business terms, and proceed in a fair and reasonable manner without detriment to the interests of the Company and minority shareholders as well as the Company's independence; relevant business development is expected to facilitate the Company's business growth, in line with the Company's business

needs and conducive to the Company's long-term development; the decision-making procedures for this related/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 and the Administrative Rules on Related Party Transactions.

The 14th extraordinary meeting of the sixth session of the Board of Directors passed the Resolution to Consider Signing the 2023 Framework Agreement for Securities and Financial Products Transactions and Services with HuaAn Funds Management Co., Ltd. (《關於提請審議公司與華安基金管理有限公司簽署2023年年度證券及金融產品交易與服務框架協議的議案》). The Independent Directors believe that: all connected transactions and services included in the Framework Agreement for Securities and Financial Products Transactions and Services the Company signed with Huanan Funds are executed at fair prices and according to normal commercial terms, and proceed in a fair and reasonable manner without detriment to the interests of the Company and minority shareholders as well as the Company's independence; relevant business cooperation is expected to deepen the synergy between the Company and HuaAn Funds, conform to the actual business needs of the Company and HuaAn Funds and facilitate business growth and long-term development of the Company and HuaAn Funds; 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 and the Administrative Rules on Related Party Transactions.

## (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 2021. 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 12th extraordinary meeting of the sixth session of the Board of Directors passed the Resolution to Consider the Achievement of Releasing Selling Restrictions in the First Lock-Up Period for the First Grant Under the Restricted Share Incentive Plan of A Shares and Releasing Selling Restrictions, (《關於提請審議公司 A 股限制性股票激勵計劃首次授予部分第一個限售期解除限售條件成就並解除限售的議案》). The Independent Directors believe that: the releasing of selling restrictions complied with the provisions in the Restricted A-Shares Incentive Scheme (hereinafter referred to as the Incentive Scheme) (《A股限制性股票激勵計劃》) and the Implementation and Administrative Measures for the Restricted A-Shares Incentive Scheme (《A股限制性股票激勵計劃實施考核管理辦法》), without the circumstances stipulated in the incentive scheme where selling restrictions cannot be released; these incentive participants that are entitled to the releasing of selling restrictions have in whole or in part met the conditions for the releasing of sales restrictions, and have legal and valid qualification for the releasing of sales restrictions; the Company's released of sales restrictions for incentive objects hasn't violated the provisions in laws and regulations and without detriment to the interests of shareholders; conditions for the releasing of selling restrictions for the first grant of restricted A-Shares incentive scheme in the first sales restriction period have been met, and the Independent Directors agreed with the Company to release selling restrictions for 420 incentive participants' 24,900,183 restricted shares.

The 12th extraordinary meeting of the sixth session of the Board of Directors passed the Proposal to Consider the Resolution on the Repurchase and Annuling of Certain Restricted A-Shares (《關於提請審議回購註銷部分A股限制性股票的議案》). From 9 September 2021 to 18 November 2022, 19 of 487 incentive participants in the restricted A-Shares incentive scheme have terminated labor contracts with the Company or failed partly the performance assessment. The Company intends to repurchase and cancel a total of 2,156,747 wholly or partially restricted shares granted to the above 19 incentive participants according to the relevant provisions in the Restricted A-Shares Incentive Scheme (hereinafter referred to as "Incentive Scheme"). The Independent Directors believe that: the repurchase and cancel complied 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 the Incentive Scheme, which would not affect the continued implementation of the Company's Incentive Scheme or cause any change in the Company's controlling shareholder, still makes the Company's equity structure compliant with listing condition and exerts no significant influence on the Company's results and financial conditions, without any detriment to the interests of the Company and shareholders. The adjustment in repurchase prices under the Incentive Scheme complied with the Administrative Measures for Share Incentives of Listed Companies among other laws, regulations, normative documents and the Incentive Scheme as well as the authorization of the General Meeting to the Board of Directors. The Independent Directors agreed with the decision on repurchasing and cancelling part of restricted shares, and agreed to submit the resolution to the General Meeting, the A-Shares Class Meeting and the H-Shares Class Meeting for review.

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

Within the reporting period, the Company published the Guotai Junan 2021 Preliminary Annual Results Announcement on 22 January 2022, and published the Guotai Junan 2022 Preliminary Semi-Annual Results Announcement on 23 July 2022.

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 4th meeting of the sixth 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 independent corporate capacity and the qualifications to engage in securities and futures-related business audits, and in the services provided to the Company in 2021, 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 2022 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., 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 4th meeting of the sixth session of the Board of Directors passed the 2021 Annual Profit Distribution Plan of the Company (《公司2021年度利潤分配預案》), which was also passed at the General Meeting. The plan was implemented in July 2022.

The Independent Directors believe that: the 2021 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 142 announcements for A shares, including 4 regular reports; and 137 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 4th meeting of the sixth session of the Board of Directors passed the Proposed Resolution on the 2021 Annual Internal Control Assessment Report of the Company (《關於提請審議公司2021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 (《內部控制評價辦法》), 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 2021 Internal Control Assessment Report, and submit them to the Board of Directors.

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

Within the reporting period, the Board of Directors held 14 meetings, the Strategy and ESG Committee held 3 meetings, the Remuneration, Appraisal and Nomination Committee held 4 meetings, the Audit Committee held 9 meetings, and the Risk Control Committee held 3 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 its strategic decision-making function. 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.  
29 May 2023