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**THIS DOCUMENT 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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Nanhua Futures Co., Ltd., you should at once hand this circular and form of proxy to the purchaser or to the bank, stockbroker, licensed securities trader or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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**Nanhua Futures Co., Ltd.**  
**南華期貨股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 南華期貨股份有限公司 and carrying on business in Hong Kong as 橫華國際 through our Hong Kong subsidiaries)*  
**(Stock Code: 2691)**

- (1) 2025 ANNUAL REPORT AND ITS SUMMARY**
- (2) 2025 WORK REPORT OF THE BOARD OF DIRECTORS;**
- (3) 2025 PROFIT DISTRIBUTION PLAN AND CAPITAL RESERVE CAPITALIZATION PLAN;**
- (4) PROPOSED SELECTION AND APPOINTMENT OF AUDITORS;**
- (5) DIRECTORS' REMUNERATION FOR 2025 AND REMUNERATION PLAN FOR 2026;**
- (6) CONFIRMATION OF RELATED PARTY TRANSACTIONS FOR 2025;**
- (7) ESTIMATED DAILY RELATED PARTY TRANSACTIONS FOR 2026;**
- (8) ESTIMATED GUARANTEE AMOUNTS FOR 2026;**
- (9) PROPOSAL ON EXTENSION OF THE VALIDITY PERIOD OF THE ISSUANCE PLAN FOR A-SHARE CONVERTIBLE CORPORATE BONDS TO NON-SPECIFIED INVESTORS;**
- (10) AUTHORISATION TO THE BOARD OF DIRECTORS TO HANDLE MATTERS RELATING TO THE ISSUANCE AND LISTING OF A-SHARE CONVERTIBLE CORPORATE BONDS TO NON-SPECIFIED INVESTORS;**
- (11) REPORT ON THE PREVIOUS USE OF PROCEEDS;**
- (12) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE FOR SHAREHOLDERS' MEETINGS AND OTHER MEASURES;**
- (13) SHAREHOLDER DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2026-2028);**
- AND**
- (14) NOTICE OF 2025 AGM**

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A letter from the Board is set out on pages 4 to 30 of this circular. A notice convening the AGM to be held at Conference Room, 9th Floor, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province, the PRC at 9:30 a.m. on Monday, June 15, 2026 is set out on pages 176 to 178 of this circular.

Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a Shareholder. In order to be valid, the form of proxy for the AGM must be deposited by hand or post, for holders of H Shares of the Company, to the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the AGM (i.e. before 9:30 a.m. on Sunday, June 14, 2026) (or any adjournment thereof) for taking the poll. If the form of proxy is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the form of proxy. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjourned meetings should they so wish.

May 22, 2026

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## EXPECTED TIMETABLE

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*The expected timetable set forth below regarding the 2025 profit distribution plan and capital reserve capitalization plan (in connection with the issuance of the Capitalization H Shares) (subject to approval at the AGM) is for illustrative purposes only and has been prepared on the assumption that all conditions of the 2025 profit distribution plan and capital reserve capitalization plan will be satisfied. Should there be any subsequent changes to the expected timetable, the Company will publish separate announcement in due course.*

Latest time for lodging transfer documents of H Shares

for entitlement to attend and vote at the AGM . . . . . 4:30 p.m. on Tuesday,  
June 9, 2026

Book closure period for determining entitlement

to attend and vote at the AGM . . . . . Wednesday, June 10, 2026 to  
Monday, June 15, 2026  
(both days inclusive)

Latest time for lodging proxy forms for the AGM . . . . . 9:30 a.m. on Sunday,  
June 14, 2026

Record date for determining entitlement

to attend and vote at the AGM . . . . . Monday, June 15, 2026

Date and time of the AGM . . . . . 9:30 a.m. on Monday,  
June 15, 2026

Publication of poll results announcement of the AGM . . . . . Monday, June 15, 2026

Last day of dealings in H Shares on a cum-entitlement  
basis relating to the final dividend distribution

and the Capitalization Issue . . . . . Tuesday, June 16, 2026

First day of dealings in H Shares  
on an ex-entitlement basis relating  
to the final dividend distribution

and the Capitalization Issue . . . . . Wednesday, June 17, 2026

Latest time for lodging transfers of  
H Shares for entitlement to qualify  
for the final dividends distribution

and the Capitalization Issue . . . . . 4:30 p.m. on Thursday,  
June 18, 2026

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## EXPECTED TIMETABLE

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Book closure period for determining entitlement to the final dividends distribution and the Capitalization Issue . . . . .	Monday, June 22, 2026 to Thursday, June 25, 2026 (both days inclusive)
Record date for determining entitlement to the final dividends distribution and the Capitalization Issue. . . . .	Thursday, June 25, 2026
H Share register of members of the Company reopens . . . . .	Friday, June 26, 2026
Share registration date for holders of A Shares . . . . .	Friday, August 7, 2026
Date of payment of the H Share and A Share final dividends and dealings in Capitalization A Shares commence . . . . .	Monday, August 10, 2026
Certificates of the Capitalization H Shares to be dispatched. . . . .	Monday, August 10, 2026
Dealings in Capitalization H Shares commence . . . . .	9:00 a.m. on Tuesday, August 11, 2026
Odd lot arrangement . . . . .	9:00 a.m. on Tuesday, August 11, 2026 4:00 p.m. on Thursday, September 10, 2026

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at 9:30 a.m. on Monday, June 15, 2026 at Conference Room, 9th Floor, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province, the PRC
“AGM Notice”	the notice of the AGM as set out on pages 176 to 178 of this circular
“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“A Share(s)”	the domestic listed share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“A Shareholder(s)”	holder(s) of A Shares
“Board” or “Board of Directors”	the board of Directors of the Company
“Capitalization A Shares”	the A Share(s) to be allotted and issued in accordance with the Capitalization Issue
“Capitalization H Shares”	the H Share(s) to be allotted and issued in accordance with the Capitalization Issue
“Capitalization Issue”	the proposed issue of 4.50 Capitalization Shares for every 10 Shares to all Shareholders by way of capitalization of capital reserve, subject to the terms set out in this circular
“Capitalization Shares”	the Capitalization A Share(s) and the Capitalization H Share(s)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Nanhua Futures Co., Ltd. (南華期貨股份有限公司), a joint stock company incorporated in the PRC, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the SSE, respectively

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## DEFINITIONS

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“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“CSDC”	China Securities Depository and Clearing Corporation
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“Latest Practicable Date”	May 21, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“SSE”	the Shanghai Stock Exchange

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## DEFINITIONS

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“SSE Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“Shares(s)”	the shares of the Company, including A Shares and H Shares
“Shareholder(s)”	holders of the Shares of the Company
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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## LETTER FROM THE BOARD

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### **Nanhua Futures Co., Ltd.** **南華期貨股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 南華期貨股份有限公司 and carrying on business in Hong Kong as 橫華國際 through our Hong Kong subsidiaries)*

**(Stock Code: 2691)**

*Board Members:*

Luo Xufeng (*Chairperson*)  
Lyu Yuelong (*Non-Executive Director*)  
Xu Wencai (*Non-Executive Director*)  
Hu Tiangao (*Non-Executive Director*)  
Li Baoping (*Non-Executive Director*)  
Sun Yingting (*Non-Executive Director*)  
Xu Lin (*Independent Non-Executive Director*)  
Liu Yulong (*Independent Non-Executive Director*)  
Li Jing (*Independent Non-Executive Director*)

*Registered Address:*

Room 301, Room 401, Room 501,  
Room 701, Room 901, Room 1001,  
Room 1101, Room 1201,  
Hengdian Building,  
Shangcheng District,  
Hangzhou, Zhejiang Province, the PRC

*Principal Place of Business*

*in Hong Kong:*  
17/F, Centre Point,  
181-185 Gloucester Road,  
Wanchai, Hong Kong

*To the Shareholders*

Dear Sir or Madam,

- (1) 2025 ANNUAL REPORT AND ITS SUMMARY**
- (2) 2025 WORK REPORT OF THE BOARD OF DIRECTORS;**
- (3) 2025 PROFIT DISTRIBUTION PLAN AND CAPITAL RESERVE CAPITALIZATION PLAN;**
- (4) PROPOSED SELECTION AND APPOINTMENT OF AUDITORS;**
- (5) DIRECTORS' REMUNERATION FOR 2025 AND REMUNERATION PLAN FOR 2026;**
- (6) CONFIRMATION OF RELATED PARTY TRANSACTIONS FOR 2025;**
- (7) ESTIMATED DAILY RELATED PARTY TRANSACTIONS FOR 2026;**
- (8) ESTIMATED GUARANTEE AMOUNTS FOR 2026;**
- (9) PROPOSAL ON EXTENSION OF THE VALIDITY PERIOD OF THE ISSUANCE PLAN FOR A-SHARE CONVERTIBLE CORPORATE BONDS TO NON-SPECIFIED INVESTORS;**
- (10) AUTHORISATION TO THE BOARD OF DIRECTORS TO HANDLE MATTERS RELATING TO THE ISSUANCE AND LISTING OF A-SHARE CONVERTIBLE CORPORATE BONDS TO NON-SPECIFIED INVESTORS;**
- (11) REPORT ON THE PREVIOUS USE OF PROCEEDS;**
- (12) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE FOR SHAREHOLDERS' MEETINGS AND OTHER MEASURES;**
- (13) SHAREHOLDER DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2026-2028);**
- AND**
- (14) NOTICE OF 2025 AGM**

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## LETTER FROM THE BOARD

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### **I. INTRODUCTION**

The purpose of this circular is to provide you with information on, among other things: (1) 2025 Annual Report and its Summary; (2) 2025 Work Report of the Board of Directors; (3) 2025 Profit Distribution Plan and Capital Reserve Capitalization Plan; (4) Proposed Selection and Appointment of Auditors; (5) Directors' Remuneration for 2025 and Remuneration Plan for 2026; (6) Confirmation of Related Party Transactions for 2025; (7) Estimated Daily Related Party Transactions for 2026; (8) Estimated Guarantee Amounts for 2026; (9) Proposal on Extension of the Validity Period of the Issuance Plan for A-Share Convertible Corporate Bonds to Non-specified Investors; (10) Authorisation to the Board of Directors to Handle Matters Relating to the Issuance and Listing of A-Share Convertible Corporate Bonds to Non-specified Investors; (11) Report on the Previous Use of Proceeds; (12) Proposed Amendments to the Articles of Association, the Rules of Procedure for Shareholders' Meetings and Other Measures; and (13) Shareholder Dividend Return Plan for the Next Three Years (2026-2028), so that you may make an informed decision on voting in respect of the resolutions to be proposed at the AGM.

### **II. 2025 ANNUAL REPORT AND ITS SUMMARY**

An ordinary resolution will be proposed at the AGM to consider and approve the 2025 Annual Report and its summary. Please refer to the 2025 A-share Annual Report of the Company and its summary published on March 27, 2026, as well as the Company's 2025 Annual Report.

### **III. 2025 WORK REPORT OF THE BOARD OF DIRECTORS**

An ordinary resolution will be proposed at the AGM to consider and approve the 2025 Work Report of the Board of Directors, the full text of which is set out in Appendix I to this circular.

### **IV. 2025 PROFIT DISTRIBUTION PLAN AND CAPITAL RESERVE CAPITALIZATION PLAN**

Reference is made to the announcement of the annual results of the Company for the year ended December 31, 2025 dated March 27, 2026, in relation to, among others, the Board's proposal (i) to distribute a final dividend of RMB0.69 per 10 shares (tax inclusive) to all Shareholders for the year ended December 31, 2025; and (ii) to issue 4.50 Capitalization Shares for every 10 Shares to all Shareholders converted out of capital reserves.

In accordance with the relevant laws and regulations, the Board has resolved to submit the following profit distribution plan and capital reserve capitalization plan for the year ended December 31, 2025 to the Shareholders for consideration and approval:

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## LETTER FROM THE BOARD

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1. To distribute a cash dividend of RMB0.69 (tax inclusive) for every 10 Shares to all Shareholders. As of the Latest Practicable Date, calculated based on the total share capital of the Company of 717,724,893 Shares after deducting 5,681,234 A Shares in the Company's designated securities account for repurchase, being 712,043,659 Shares, the total proposed cash dividends to be distributed amounts to RMB49,131,012.47 (tax inclusive), representing 10.10% of the net profit attributable to shareholders of the Company for the year.

Should the total share capital of the Company change before the record date, the total distribution amount will remain unchanged, and the distribution ratio per share will be adjusted accordingly.

The cash dividend shall be denominated and declared in Renminbi and paid in Renminbi or the equivalent amount in Hong Kong dollars. The actual amount payable in Hong Kong dollars shall be calculated on the basis of the average benchmark exchange rate between RMB and Hong Kong dollars as announced by the People's Bank of China for the five working days prior to the date of the AGM.

2. To issue 4.50 Capitalization Shares for every 10 Shares to all Shareholders converted out of capital reserves. As of the Latest Practicable Date, the total share capital of the Company was 717,724,893 Shares, (including 610,065,893 A Shares and 107,659,000 H Shares), after deducting 5,681,234 A Shares in the Company's designated securities account for repurchase, being 712,043,659 Shares. Following this conversion of capital reserve, the total share capital of the Company will be 1,038,144,540 Shares (including 882,038,990 A Shares and 156,105,550 H Shares). The total share capital of the Company shall be subject to the final registration results, and any discrepancies are due to rounding.

Should the total share capital of the Company change before the record date, the conversion ratio will remain unchanged, and the total conversion amount will be adjusted accordingly.

The Capitalization Issue is subject to the following conditions:

- (i) approval of the Shareholders by way of a special resolution at the AGM; and
- (ii) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Capitalization H Shares.

None of the above conditions precedent are capable of being waived. As at the Latest Practicable Date, none of the above conditions precedent has been fulfilled.

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## LETTER FROM THE BOARD

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### Reasons for the Capitalization Issue

The capitalization of capital reserve represents a prudent decision made by the Company in light of its need for robust operation and long-term development. In recent years, the Company has continuously promoted the coordinated development of its domestic and overseas businesses, resulting in steady improvements in profitability and net asset scale, as well as the continuous accumulation of capital reserves, thereby establishing a solid foundation for implementing the Capitalization Issue. The Board further considers that the Capitalization Issue will help optimize the Company's capital structure and trading profile. Following the Capitalization Issue, the market price per Share is expected to be reduced correspondingly, which may lower the investment threshold for investors as the board lot remains unchanged, facilitate broader investor participation, expand the shareholder base and promote a more diversified shareholding structure. The Company also considers that the lower trading cost per board lot may help enhance the liquidity of the Shares and improve trading activity in the secondary market, thereby supporting more effective price discovery and market pricing efficiency.

By converting the Company's capital reserve into share capital and thereby increasing the registered capital of the Company, the Capitalization Issue may provide a stronger capital foundation for the further development of the Company's core businesses. In determining the basis of the Capitalization Issue of 4.5 Capitalization Shares for every 10 existing Shares, the Company has taken into account the need to increase its registered capital to a level of not less than RMB1.0 billion, so as to better support the future development of its core businesses. The China Securities Regulatory Commission published the "Measures for the Supervision and Administration of Futures Companies" (Consultation draft) (《期貨公司監督管理辦法(徵求意見稿)》) which contemplates, among other things, stepped registered capital requirements for certain core trading businesses such as derivatives trading and futures market making, with a minimum registered capital of RMB500 million for a single trading business and RMB1 billion for two or more trading businesses. In this context, the Company considers that the increase in registered capital resulting from the Capitalization Issue may better position the Company to align with the relevant capital-related regulatory requirements for the development of such businesses, further enhance its comprehensive financial service capabilities and strengthen its overall market competitiveness.

The Company further considers that a stronger capital foundation will support it in broadening and enhancing its risk management tools and services, so as to respond more efficiently to the needs of the real economy and better address the increasingly globalised and sophisticated risk management needs of its clients while enabling it to better serve the real economy.

As the Capitalization Issue will be effected by way of capitalization of capital reserve, it will involve a reclassification within shareholders' equity. Upon completion of the Capitalization Issue, the share capital account of the Company will increase by approximately RMB320,419,647, and its capital reserve account will decrease by the same amount. The Capitalization Issue will not result in any cash proceeds to the Company and will not, by itself,

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## LETTER FROM THE BOARD

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increase the total equity or net assets of the Company. Following completion of the Capitalization Issue, the proportional interests of the Shareholders in the Company will remain unchanged (save for any fractional entitlements, if applicable). As the total number of issued Shares will increase, per-share metrics such as net asset value per Share and earnings per Share will be diluted accordingly. The Board believes that the capitalization of capital reserve is in the best interests of the Company and all Shareholders as a whole.

Save as the A-Share convertible corporate bonds proposed to be issued pursuant to the Issue (as defined below) as disclosed in this circular, as of the Latest Practicable Date, the Company does not have any concrete plan to conduct any equity fundraising activity in the next 12 months, nor are there any outstanding options, convertible bonds, warrants or other similar securities of the Company which are convertible into Shares.

### **Status of Capitalization Shares**

The Capitalization Shares will, subject to the Articles of Association, rank *pari passu* in all respects with the Shares in issue on the date of the issue of the Capitalization Shares. Holders of the Capitalization Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Capitalization Shares are allotted and issued. The Capitalization Issue should not result in any change to the rights of the Shares nor any new class of Shares to be listed.

### **Fractional Capitalization Shares**

In respect of H Shareholders, the Capitalization H Shares will be issued on a pro rata basis and any fractional Shares will be rounded down to the nearest whole unit. No fractional Shares will be issued and distributed pursuant to the Capitalization Issue but will be aggregated and sold for the benefit of the Company.

In respect of A Shareholders, in accordance with requirements under the Guideline of the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on Business of Security Issuers (《中國證券登記結算有限責任公司上海分公司證券發行人業務指南》), in the event of registration of fractional shares, CSDC requires that the fractional shares less than one share arising from the issuance of bonus shares or the issuance of shares by capitalization of capital reserve are sorted in descending order by the number of fractional shares held by shareholders, and if the numbers of fractional shares are the same, they shall be sorted randomly by electronic settlement system. The CSDC shall register them as one share one by one according to the order until the issuance of bonus shares or the issuance of shares by capitalization of capital reserve is completed. Accordingly, no fractional Capitalization A Shares shall be allotted to A Shareholders under the Capitalization Issue.

### **Odd Lot Arrangement**

In order to facilitate the trading of odd lots (if any) of the H Shares as a result of the Capitalization Issue, the Company has appointed Zheshang International Financial Holdings Co., Limited as an agent to provide matching service, on a best effort basis, to those H

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## LETTER FROM THE BOARD

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Shareholders who wish to acquire odd lots of the H Shares to make up a full board lot, or to dispose of their holding of odd lots of the H Shares during the period from 9:00 a.m. on Tuesday, August 11, 2026 to 4:00 p.m. on Thursday, September 10, 2026. H Shareholders who wish to take advantage of this service should contact Zheshang International Financial Holdings Co., Limited at Room 1703-06, 17th floor, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong or at telephone number 2346 2346 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of the aforesaid period. H Shareholders who would like to match odd lots are required to make an appointment in advance by dialing the telephone number of Zheshang International Financial Holdings Co., Limited set out above. H Shareholders in odd lots should note that successful matching of the sale and purchase of odd lots of the H Shares is not guaranteed. H Shareholders who are in doubt about this service are recommended to consult their professional advisors.

### **Overseas H Shareholders**

As at the Latest Practicable Date, according to the latest register of members available to the Company, the Company did not have any H Shareholder that is resident outside the PRC and Hong Kong.

Upon the Capitalization Issue becoming unconditional, or should there be any overseas Shareholders on the record date, the Company will make enquiry on whether there are any overseas Shareholders located in other jurisdictions, and if there are such overseas Shareholders, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the relevant overseas Shareholders to be eligible to take part in the Capitalization Issue pursuant to the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the overseas Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Capitalization Shares will not be issued to those overseas Shareholders. If any such overseas Shareholder is excluded, arrangements will be made for the Capitalization Shares which would otherwise have been issued to the overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in HK\$ to the relevant overseas Shareholders, by post at his/her/its own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

Accordingly, overseas Shareholders receiving a copy of this circular about the Capitalization Issue may not be treated the same as an invitation to participate in the Capitalization Issue unless invitation could lawfully be made to him/her/it without requiring the Company or such overseas Shareholders to comply with any registration or other legal requirements in the relevant territory. Furthermore, any Shareholder with a registered address outside the PRC and Hong Kong or otherwise residing outside the PRC and Hong Kong should consult his/her/its professional advisers as to whether he/she/it is permitted to receive the

## LETTER FROM THE BOARD

Capitalization Shares under the Capitalization Issue and the taxation consequences of his/her/its decision. It is the responsibility of the Shareholders who wish to receive the Capitalization Shares to comply with the laws of the relevant jurisdiction(s).

### Effects on the Shareholding upon Completion of the Capitalization Issue

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of allotment and issue of the Capitalization Shares (assuming that no other Shares are allotted or issued and no existing Shares are repurchased or cancelled prior to the record date in respect of H Shareholders and A Shareholders by reference to their entitlements to the Capitalization Issue, upon satisfaction of the conditions set out above):

	As at the Latest Practicable Date				Immediately upon completion of the Capitalization Issue			
	Approximate percentage of issued A Shares or H Shares	Approximate percentage of the total number of issued Shares (as the case may be)	Approximate percentage of the total number of issued Shares	Approximate percentage of the total number of issued Shares (excluding treasury Shares)	Approximate percentage of issued A Shares or H Shares	Approximate percentage of the total number of issued Shares	Approximate percentage of the total number of issued Shares (excluding treasury Shares)	Approximate percentage of the total number of issued Shares (excluding treasury Shares)
<b>A Shareholders</b>								
Hengdian Group Holdings Co., Limited (橫店集團控股有限公司) (“Hengdian Holdings”) <sup>(note 2)</sup>	469,600,900	77.0%	65.4%	66.0%	680,921,305	77.2%	65.6%	66.0%
Dongyang Hengdian Social Organization and Economic Enterprise Association (東陽市橫店社團經濟企業聯合會) (“Dongyang Hengdian Association”) <sup>(note 3)</sup>	469,600,900	77.0%	65.4%	66.0%	680,921,305	77.2%	65.6%	66.0%
Public A shareholders	134,783,759	22.1%	18.8%	18.9%	195,436,451	22.2%	18.8%	18.9%
Treasury shares <sup>(note 5)</sup>	5,681,234	0.9%	0.8%	-	5,681,234	0.6%	0.5%	-
Total number of A Shares in issue (excluding treasury shares)	604,384,659	99.1%	84.2%	84.9%	876,357,756	99.4%	84.4%	84.9%
Total number of A Shares in issue <sup>(note 4)</sup>	610,065,893	100.0%	85.0%	-	882,038,990	100.0%	85.0%	-
<b>H Shareholders</b>								
Public H shareholders	107,659,000	100.0%	15.0%	15.1%	156,105,550	100.0%	15.0%	15.1%
Total number of H Shares in issue	107,659,000	100.0%	15.0%	15.1%	156,105,550	100.0%	15.0%	15.1%
Total number of Shares in issue <sup>(note 1)</sup>	717,724,893	-	-	-	1,038,144,540	-	-	-

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## LETTER FROM THE BOARD

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*Note:*

- (1) As of the Latest Practicable Date, calculated based on the total number of issued Shares of 717,724,893 Shares (including 610,065,893 A Shares and 107,659,000 H Shares), a total of 320,419,647 Capitalization Shares (including 271,973,097 Capitalization A Shares and 48,446,550 Capitalization H Shares) will be issued under the Capitalization Issue. Save as disclosed in this circular in relation to the A Share convertible corporate bonds proposed to be issued under the Issue (as defined hereinafter), as of the Latest Practicable Date, there are no outstanding options, convertible bonds, warrants or other similar securities of the Company which are convertible into Shares (assuming that, as of the record date for implementation of the equity distribution, the Company will continue to have no outstanding options, convertible bonds, warrants or other similar securities which are convertible into Shares).
- (2) Hengdian Holdings directly holds 425,120,900 A Shares of the Company, indirectly holds 10,000,000 A Shares through its subsidiary Hengdian Group DMEGC Magnetics Co., Ltd (橫店集團東磁股份有限公司), and indirectly holds 10,000,000 A Shares through its subsidiary Zhejiang Hengdian Import and Export Co., Ltd. (浙江橫店進出口有限公司). As Hengdian Holdings is the general partner of Dongyang Henghua Investment Limited Partnership (Limited Partnership) (東陽市橫華投資合夥企業(有限合夥)) (“**Dongyang Henghua LLP**”), Hengdian Holdings is deemed to be interested in 24,480,000 A Shares held by Dongyang Henghua LLP for the purposes of the SFO.
- (3) Hengdian Holdings is directly held by Dongyang Hengdian Association and Dongyang Hengchuang Industrial Development Partnership (Limited Partnership) (東陽市衡創實業發展合夥企業(有限合夥)) (“**Dongyang Hengchuang**”) as to 51% and 19%, respectively. Dongyang Hengchuang is held by Dongyang Hengdian Association as to 0.01% as its general partner and as to 99.98% as its limited partner. Therefore, Dongyang Hengdian Association is deemed to be interested in all the shares held by Hengdian Holdings for the purpose of the SFO.
- (4) The total may not be an arithmetic aggregation of the percentages preceding them due to rounding.
- (5) The 5,681,234 A Shares in the Company’s designated securities account for repurchase (i.e. the treasury Shares) will not be entitled to the Capitalization Issue.

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## LETTER FROM THE BOARD

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### **Tax Arrangement**

According to the relevant provisions of the State Administration of Taxation of the PRC, the Capitalization Issue shall be proceeded by the reserves of the Company, and is exempt from any tax or any withholding tax.

### **Individual investors**

In accordance with the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) issued by the fifth session of the Standing Committee of the National People's Congress on September 10, 1980, revised on August 31, 2018 and came into effect on January 1, 2019 and the "Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China" (《中華人民共和國個人所得稅法實施條例》) revised by the State Council on December 18, 2018 and came into effect on January 1, 2019, the dividends paid by Chinese companies shall be subject to the withholding tax at a rate of 20.0%. Non-Chinese resident foreign individuals shall be imposed 20.0% of individual income tax on the dividends from Chinese companies, unless specific exemptions allowed by the tax authorities of the State Council or special deductions in accordance with applicable tax treaty.

According to the Notice on the Management of Individual Income Tax Impose after the Abolition of Guo Shui Fa [1993] No. 045 issued by the State Administration of Taxation (《關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348), for domestic non-foreign-invested enterprises publicly listed in Hong Kong, its overseas resident individual shareholders are entitled to the preferential tax treatments under the taxation agreement entered into between China and the countries in which they reside. Dividends paid by domestic non-foreign-invested enterprises listed in Hong Kong to its H share individual holders who are not Chinese residents shall be subjected to individual income tax at the rate of 10.0%, and without prior approval from the Chinese tax authorities. In the event that the tax rate of 10.0% is not applicable, (i) for a foreign citizen who receives dividend in the capacity of an H share individual holder, where an income tax treaty prescribing a rate of less than 10.0% was entered into between China and the country in which he resides, the non-foreign-invested enterprises listed in Hong Kong may, on behalf of such holder, apply for further preferential tax treatment; and upon approval from the competent tax authorities, the withholding tax paid in excess will be refunded; (ii) for a foreign citizen who receives dividend in the capacity of an H share individual holder, where an income tax treaty prescribing a rate higher than 10.0% but less than 20.0% was entered into between China and the country in which he resides, the non-foreign – invested enterprises listed in Hong Kong shall withhold dividends pursuant to the agreement, without making an application; (iii) for a foreign citizen who receives dividend in the capacity of an H share individual holder, where the country he resides in has not entered into any tax treaty or otherwise with China, the non-foreign – invested enterprises listed in Hong Kong shall withhold dividends at the rate of 20.0%. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (Guo

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## LETTER FROM THE BOARD

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Shui Han [2006] No. 884) with respect to taxes on income signed on August 21, 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10.0% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25.0% equity interest in a PRC company, such tax shall not exceed 5.0% of the gross amount of dividends payable by the PRC company.

### **Enterprise**

According to the prevailing effective Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), the non-resident enterprises shall be subject to 10.0% enterprise income tax for the income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, but there is no connection between the dividends and bonuses received and the offices or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty. According to the Notice Regarding Questions on Withholding Enterprise Income Tax When PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股利代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation, which became effective on November 6, 2008, PRC resident enterprises should withhold enterprise income tax at a rate of 10.0% when they distribute dividends to Overseas non-resident enterprise shareholders of H Shares from the year of 2008. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

### **Eligibility for Capitalization Shares of Shareholders trading through Southbound Trading and Northbound Trading**

As at the Latest Practicable Date, the A Shares are eligible for investors of the Hong Kong Stock Exchange to invest (the “**Northbound Trading**”) and the H Shares are eligible for investors of the Shanghai Stock Exchange and the Shenzhen Stock Exchange to invest in the H Shares listed on the Hong Kong Stock Exchange (the “**Southbound Trading**”). Subject to compliance with the relevant laws or regulations in the PRC, Capitalization A Shares will be allotted to the A Shareholders in Hong Kong who are holding the A Shares through Northbound Trading and Capitalization H Shares will be allotted to the H Shareholders in the PRC who are holding H Shares through the Southbound Trading under the Capitalization Issue.

### **Application for Listing**

The A Shares and H Shares are listed on the SSE and the Main Board of the Hong Kong Stock Exchange, respectively. An application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the approval for the listing of, and permission to deal in, the Capitalization H Shares. The Capitalization A Shares will be listed on the SSE. Subject to the satisfaction of the conditions as set out in this circular (including

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but not limited to the granting of the aforesaid approval by the Hong Kong Stock Exchange), the Capitalization H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made by the Company for the Capitalization H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Aside from the Hong Kong Stock Exchange, the Capitalization H Shares will not be listed at or dealt in any other stock exchanges, and the Company is not currently seeking for or proposing to seek for the listing at or dealing in any other stock exchanges for the Capitalization H Shares. All Capitalization Shares are non-renounceable.

Subject to the Capitalization Issue becoming unconditional, the certificates for the Capitalization H Shares will be despatched by ordinary post to the H Shareholders who are entitled thereto at their own risk. In case of joint shareholding, the certificates for the Capitalization H Shares will be posted to the first named person on the H Shareholder's register in respect of such joint shareholding. For the date of despatch of the certificates for the Capitalization H Shares and the date of the commencement of dealings in the Capitalization H Shares, please refer to the section headed "Expected Timetable" of this circular.

### **Closure of Register of Members**

In order to determine the H Shareholders who are entitled to the final dividend distribution and entitled to receive the Capitalization H Shares, the register of members of the Company will be closed from Monday, June 22, 2026 to Thursday, June 25, 2026, both days inclusive, during which period no transfer of H Shares will be registered. The H Shareholders whose names appear on the register of members of the Company on Thursday, June 25, 2026 are entitled to the final dividend distribution and entitled to receive the Capitalization H Shares. To qualify to receive the final dividend and receive the Capitalization H Shares, H Shareholders whose transfer of Shares has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the H Shares Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:30 p.m. on Thursday, June 18, 2026.

### **Warning of Risks of Dealing in the H Shares**

H Shareholders should note that H Shares are expected to be dealt in on an ex-entitlement basis from Wednesday, June 17, 2026. The Capitalization Issue set out in this circular is conditional and will not proceed unless all such conditions are fulfilled. Any person dealing in H Shares on an ex-entitlement basis prior to the satisfaction of such conditions and the obtaining of necessary approvals will bear the risk that the proposed Capitalization Issue may not become unconditional or may not proceed at all. Shareholders and potential investors who are in any doubt as to their position are advised to consult their own professional advisers.

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## LETTER FROM THE BOARD

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The 2025 profit distribution plan and the capitalization of capital reserve plan are subject to approval by the Shareholders by way of a special resolution at the AGM. The Board has approved the aforementioned profit distribution plan and the capitalization of capital reserve plan. Subject to authorization by the shareholders' meeting, the Board agrees to authorize Dr. Luo Xufeng, chairman of the Company, to have full authority to deal with and, at his discretion, determine the specific implementation matters of the profit distribution plan and the capitalization of capital reserve plan, including but not limited to: (i) dealing with procedures such as approval, registration, filing, authorization, and consent with relevant domestic and overseas regulatory authorities, institutions, and stock exchanges regarding the profit distribution plan and the capitalization of capital reserve plan, and applying for the listing and trading of the shares issued under the Capitalization Issue on the stock exchanges; (ii) reviewing, approving, and signing documents, applications, announcements, instructions, and other relevant documents related to the profit distribution plan and the capitalization of capital reserve plan, and approving the signing, execution, amendment, and supplementation of such documents. The Company will make further announcement(s) on the final distribution details including but not limited to the final distribution per Share, book closure time and distribution date (where appropriate).

### V. PROPOSED SELECTION AND APPOINTMENT OF AUDITORS

Reference is made to the announcement of the Company dated March 27, 2026 in relation to the Company's proposed change of auditors.

The terms of office of the Company's current domestic auditor, Pan-China Certified Public Accountants LLP ("**Pan-China**"), and overseas auditor, Confucius International CPA Limited ("**Confucius International**"), will expire upon the conclusion of the AGM. In accordance with the provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Guidelines No. 1 for the Application of Self-regulatory Rules of Companies Listed on the Shanghai Stock Exchange — 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》), the Articles of Association, and other relevant laws, regulations and regulatory documents, and to further meet the needs of the Company's international development, and better address the needs of both domestic and overseas investors, the Board of Directors and the Audit Committee have considered and approved the proposal to engage Ernst & Young Hua Ming LLP ("**EY Hua Ming**") and Ernst & Young ("**EY**") as the Company's domestic and overseas auditor for 2026, respectively, with a term of office commencing from the date of approval at the AGM to the end of the 2026 annual general meeting, and to authorize the management to determine their remuneration (the "**Proposed Selection and Appointment of Auditors**").

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## LETTER FROM THE BOARD

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The following reasons were considered in relation to the Proposed Selection and Appointment of Auditors:

- (a) In recent years, the Company's overseas business has continued to expand, with an increasing proportion of the Company's operations and profit contribution being generated from offshore markets, and the Company's business footprint has become more geographically diversified. Based on the public disclosures of the Company, the Company has been actively strengthening its overseas financial services capabilities and expanding its offshore operations.
- (b) Following the listing of the Company's H Shares on the Hong Kong Stock Exchange, the Company anticipates a materially higher level of scrutiny and attention from international institutional and retail investors. The Board and the Audit Committee considered it important and in the interests of all Shareholders to further enhance the alignment of the Company's audit arrangements with the expectations of both domestic and overseas investors. Against this backdrop, the Board and the Audit Committee, having carefully deliberated on the matter, determined that the proposed engagement of EY Hua Ming (as the domestic auditor) and EY (as the overseas auditor) would be conducive to, and consistent with, the Company's continued international development and its obligations to a broadened international shareholder base.
- (c) The Board and the Audit Committee took into account that EY Hua Ming and EY generally have relatively higher market recognition among overseas investors and have broader experience in handling audit and financial reporting matters across different jurisdictions. Critically, given the Company's increasing international business presence and broadening global footprint, the Board and the Audit Committee considered that EY Hua Ming and EY's integrated global network and cross-border coordination capabilities would materially facilitate the consistency and efficiency of audit execution across different regions, reduce fragmentation in audit coverage, and better address the legitimate expectations of both domestic and international investors – including those in markets where EY Hua Ming and EY's network firms operate.
- (d) The Board and the Audit Committee confirm that a proper and orderly handover process has been agreed with Pan-China and Confucius International, the outgoing auditors, and that there are no outstanding disputes, disagreements on accounting treatments, or unresolved audit matters between the Company and the outgoing auditors that have influenced or precipitated this decision.

The fees for the audit services to be provided by EY Hua Ming and EY for 2026 are estimated to be approximately RMB1.80 million to RMB2.00 million. The estimated audit fee has been determined after due consideration and arm's length negotiations between the Company and each of EY Hua Ming and EY, taking into account, among other things, the size, nature and complexity of the Group's business operations, the expected scope of the audit, the

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## LETTER FROM THE BOARD

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audit timetable, and the level and mix of professional staff to be deployed. The estimated audit fee also assumes that there will be no material change in the Group's operations, accounting policies or regulatory environment during the financial year, and that the Company will provide timely and adequate assistance and information as reasonably required for the purposes of the audit. Unless there is a material change in the basis or assumptions set out above, the final audit fee should not deviate materially from the estimated amount initially disclosed. In the event of any material change, the Company will make further disclosure as appropriate. The Proposed Selection and Appointment of Auditors will only take effect upon being considered and approved by way of an ordinary resolution by the Shareholders at the AGM.

In assessing whether EY Hua Ming and EY are qualified as the incoming auditors, the Audit Committee has had regards to the guidelines issued by the Accounting and Financial Reporting Council (“AFRC”), including section 2 of the Guidelines for Effective Audit Committees — Selection, Appointment and Reappointment of Auditors published by the AFRC in December 2021 as follows:

- (a) **Governance and leadership** – EY Hua Ming and EY are members of the global EY network and operate under established governance structures with robust quality management systems. EY Hua Ming is a special general partnership established in accordance with PRC laws, while EY is a Hong Kong partnership registered as a public interest entity auditor with the AFRC. The Audit Committee has reviewed EY Hua Ming and EY's organisational structure, leadership profile, and firm-wide policies on governance and quality management, and has taken into account its extensive experience in serving both PRC and Hong Kong listed companies. The Audit Committee is satisfied that EY demonstrates strong leadership and a commitment to audit quality, stakeholders' interests, and the wider public interest.
- (b) **Compliance with relevant ethical requirements** – The Audit Committee has obtained an understanding of EY Hua Ming and EY's policies and procedures for monitoring and complying with applicable ethical requirements, including those relating to integrity, objectivity, independence under the relevant PRC and Hong Kong professional standards. Further, the profiles of EY Hua Ming and EY's directors and principals confirmed adherence to professional standards. No ethical breaches were noted. The Audit Committee is satisfied that EY Hua Ming and EY's audit methodology is effective in ensuring that EY Hua Ming and EY can deliver high quality, independent and rigorous audits.
- (c) **Industry knowledge and technical competence** – EY Hua Ming and EY have demonstrated extensive experience in auditing listed companies and providing cross-border audit services. EY Hua Ming has a strong track record in the PRC capital markets, having provided annual audit services to a substantial number of A-share listed companies across a wide range of industries, including those relevant to the Company, while EY has extensive experience serving Hong Kong listed companies, including financial institutions and companies that are engaged in futures businesses. The Audit Committee has reviewed EY Hua Ming and EY's

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## LETTER FROM THE BOARD

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credentials, market standing, and industry experience, as well as its understanding of the Company's business, operational scale, and risk profile, and is satisfied that EY Hua Ming and EY have the necessary industry knowledge and technical capabilities to perform the audit effectively.

- (d) **Engagement performance** – The Audit Committee has reviewed EY Hua Ming and EY's proposed audit approach, audit plan, and engagement team composition. The proposed engagement partner and key team members possess relevant experience in auditing listed companies and appropriate industry expertise. The audit plan demonstrates a clear and risk-based approach, with adequate allocation of resources, personnel, and time to address key audit areas. The Audit Committee considers that the proposed audit team has sufficient expertise, experience, and capacity to deliver a high-quality audit.
- (e) **Communication and interaction with the Audit Committee** – The Audit Committee has discussed and agreed with EY Hua Ming and EY on a communication plan that facilitates effective and timely two-way communication in accordance with applicable auditing standards and corporate governance requirements. The arrangement includes work transition and handover plan, regular reporting mechanism and key focus areas, as well as private sessions without management when necessary. The Audit Committee is satisfied that such communication arrangements will support effective oversight of the audit process.
- (f) **Monitoring process** – The Audit Committee has noted that each of EY Hua Ming and EY maintains a comprehensive system of quality management in accordance with applicable standards. In addition, the Audit Committee has reviewed public searches conducted on the websites of the relevant authorities, which did not identify any disciplinary actions concerning the relevant audit engagement partner and other key engagement team members of EY Hua Ming and EY. To the best knowledge of the Audit Committee, the Audit Committee is not aware of any behaviour or activities from EY Hua Ming and EY that would threaten the integrity, objectivity and independence, or adversely affect its quality of audit, to the Company.
- (g) **Audit fee proposals** – The audit fees for EY Hua Ming and EY are to be determined based on a fair and reasonable pricing principle, taking into account the Company's industry, business scale, complexity, and the expected level of audit effort and resources required. The final fees will be determined with reference to the actual scope of services provided. The Audit Committee considers the proposed fee arrangement to be appropriate.

The Company has communicated with Pan-China and Confucius International with respect to the change of auditors and learnt that they have no objection to the change of auditors. The Company has confirmed with Pan-China and Confucius International that with respect to the change of auditors, they have no disagreement between them and the Company

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## LETTER FROM THE BOARD

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and that there are no other matters that need to be brought to the attention of the Shareholders. The Board hereby expresses its gratitude to Pan-China and Confucius International for their professional services and support to the Company over the years.

The above resolution has been approved by the Board of Directors and is hereby submitted to the AGM for consideration.

### VI. DIRECTORS' REMUNERATION FOR 2025 AND REMUNERATION PLAN FOR 2026

The Board of Directors will, based on the recommendation of the Remuneration and Appraisal Committee, propose an ordinary resolution at the AGM for Shareholders to consider and approve the remuneration of Directors for 2025 and the remuneration plan for 2026.

The remuneration of Directors for 2025 is as follows:

Name	Position	Total Remuneration for 2025 (RMB'0,000)
Luo Xufeng	Chairman	233.73
Lyu Yuelong	Director	–
Xu Wencai	Director	–
Hu Tiangao	Director	–
Li Baoping	Director	–
Xu Lin	Independent Director	12.00
Liu Yulong	Independent Director	5.61
Li Jing	Independent Director	10.20
Sun Yingting	Employee Representative Director	46.34
Zhang Hongying	Independent Director (Resigned)	6.43
Chen Rong	Independent Director (Resigned)	6.43

*Note:* The above represents the remuneration received during the period of serving as a Director from January 1, 2025 to December 31, 2025.

The remuneration plan for Directors for 2026 is as follows:

The remuneration of Directors who hold specific management positions in the Company consists of base salary, performance-based remuneration and medium- to long-term incentive income, etc., among which the performance-based remuneration shall, in principle, account for not less than 50% of the aggregate of basic remuneration and performance-based remuneration. A certain percentage of the performance-based remuneration for the relevant year shall be paid after the disclosure of the annual report for that year and after the performance evaluation. The performance evaluation shall be conducted based on audited financial data. Independent

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## LETTER FROM THE BOARD

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Directors shall receive an annual allowance of RMB120,000 (pre-tax). For independent Directors whose place of work is in Hong Kong (if any), the annual allowance shall be HKD240,000 (pre-tax), payable on a monthly basis.

### VII. CONFIRMATION OF RELATED PARTY TRANSACTIONS FOR 2025

An ordinary resolution will be proposed at the AGM for Shareholders to consider and approve the resolution on confirmation of related party transactions for 2025. In order to meet the production and operation needs of the Company, the Company entered into related party transactions with related parties during 2025. For details of such related party transactions, please refer to Appendix II to this circular.

The related party transactions for 2025 did not constitute any non-fully exempted connected transactions and/or continuing connected transactions under Chapter 14A of the Listing Rules, which required reporting, announcement or independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company's connected transactions and continuing connected transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules.

### VIII. ESTIMATED DAILY RELATED PARTY TRANSACTIONS FOR 2026

Pursuant to the provisions of relevant laws and regulations and the Company's Management Rules for Connected Transactions (《關聯交易管理制度》), and taking into account the needs of daily operations and business development, the Company has made reasonable estimates of the daily related party transactions that may occur in 2026.

The Company is required by the applicable PRC laws and regulations to seek the approval of the Shareholders with respect to the estimation of the daily related party transactions for 2026.

If any of the related party transactions as set out in Appendix III to this circular materialises and constitutes a connected transaction under Chapter 14A of the Listing Rules or is no longer exempted, the Company will strictly comply with the applicable requirements under Chapter 14A of the Listing Rules (including but without limitation to, the reporting, announcement, annual review and independent Shareholders' approval requirements).

An ordinary resolution will be submitted to the AGM for Shareholders' consideration and approval of the reasonable estimates made by the Company regarding the amounts of estimated daily related party transactions for 2026. For details, please refer to Appendix III to this circular.

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## LETTER FROM THE BOARD

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### **IX. ESTIMATED GUARANTEE AMOUNTS FOR 2026**

Taking into account the actual operating conditions and funding needs of the Company's subsidiaries, and the fact that under current regulatory conditions the Company cannot provide external guarantees at its own level, an ordinary resolution will be proposed at the AGM to approve the provision of mutual guarantees among the subsidiaries within the scope of the Company's consolidated financial statements for the period from the date of approval at the AGM until the conclusion of the 2026 annual general meeting, with the guarantee amounts being RMB1.8 billion, and the daily outstanding balance of guarantees not exceeding RMB1.8 billion during the effective period (the "**Estimated Guarantee Amounts for 2026**").

The resolution to be put to vote at the AGM is a proposal to grant authorisation to the management of the Group.

If the Company enters into relevant agreements (including framework agreements), the Company will comply with the applicable provisions of the Listing Rules.

If approved by the Shareholders, such approval shall take effect from the date on which this resolution is passed at the AGM and shall remain in effect until the date of the convening of the 2026 annual general meeting to be held in 2027.

The Board of Directors considers that the Estimated Guarantee Amounts for 2026 are intended to meet the operational needs of the subsidiaries, ensure the sustained and stable development of the business, and are in the overall interests and in line with the development strategy of the Company. The guarantee recipients have the capacity to repay debts, and there is no circumstance prejudicial to the interests of the Company and the Shareholders, nor will there be any adverse impact on the normal operations and business development of the Company. The guarantee recipients are the subsidiaries within the scope of the Company's consolidated financial statements and their subordinate companies, and the Company is able to exercise effective control over the risks and decision-making of their daily operating activities and can keep track of their credit status in a timely manner, and the guarantee risks are controllable.

For further details of the guarantees involved in this resolution, please refer to Appendix IV to this circular.

### **X. PROPOSAL ON EXTENSION OF THE VALIDITY PERIOD OF THE ISSUANCE PLAN FOR A-SHARE CONVERTIBLE CORPORATE BONDS TO NON-SPECIFIED INVESTORS**

The Company convened the 2022 annual general meeting on March 31, 2023, at which it considered and approved the "Resolution on the Company's Satisfaction of the Conditions for the Issue of Convertible Corporate Bonds to Non-Specified Investors", the "Resolution on the Plan for the Issue of Convertible Corporate Bonds to Non-Specified Investors by the Company", the "Resolution on the Preliminary Plan for the Issue of Convertible Corporate

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Bonds to Non-Specified Investors by the Company” and other resolutions relating to the Company’s issue of A share convertible corporate bonds to non-specified investors. Thereafter, the validity period of the resolutions relating to the Company’s issue of A-share convertible corporate bonds to non-specified investors (hereinafter referred to as “**the Issue**”) was extended to March 30, 2026 by resolutions passed at the 2023 annual general meeting and the 2024 annual general meeting respectively.

Given that the validity period of the resolutions relating to the Issue expired on March 30, 2026, and the matters relating to the Issue are still in progress, in order to ensure that the work relating to the Issue proceeds continuously, effectively and smoothly, a special resolution will be proposed at the AGM to further extend the validity period of the resolutions relating to the Issue by 12 months (i.e., to March 30, 2027). Save for the above, other contents of the resolutions relating to the Issue remain unchanged. Details of the resolutions relating to the Issue are set out in Appendix V to this circular.

### **XI. AUTHORISATION TO THE BOARD OF DIRECTORS TO HANDLE MATTERS RELATING TO THE ISSUANCE AND LISTING OF A-SHARE CONVERTIBLE CORPORATE BONDS TO NON-SPECIFIED INVESTORS**

The Company convened the 2022 annual general meeting on March 31, 2023, at which it considered and approved the “Resolution on Requesting the General Meeting of Shareholders to Authorise the Board of Directors to Handle Matters Relating to the Issue of Convertible Corporate Bonds to Non-Specified Investors and the Listing Thereof”. Thereafter, the validity period of such authorisation was extended to March 30, 2026 by resolutions passed at the 2023 annual general meeting and the 2024 annual general meeting respectively.

In connection with the Issue, the Company submitted its application for the issuance of A-share convertible corporate bonds to the Shanghai Stock Exchange on May 11, 2023, and such application was formally accepted on May 17, 2023. The Shanghai Stock Exchange subsequently issued review enquiries in June and July 2023, to which the Company completed its responses within the prescribed time limit. As at the Latest Practicable Date, the application remains pending review by the Listing Committee of the Shanghai Stock Exchange and, if approved by the Listing Committee of the Shanghai Stock Exchange, will remain subject to the registration procedures of the CSRC. Accordingly, the completion timetable of the Issue is subject to the progress of the relevant review and registration procedures.

As at the Latest Practicable Date, the validity period of the issuance plan for the A-share convertible corporate bonds to non-specified investors had expired on March 30, 2026. Prior to such expiry, the Board had convened a meeting on March 27, 2026 and considered and approved the resolution in relation to the extension of the validity period of the issuance plan for the A-share convertible corporate bonds to non-specified investors, pursuant to which the validity period of such issuance plan is proposed to be extended to March 30, 2027. Such proposed extension will take effect upon approval by the Shareholders at the general meeting.

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## LETTER FROM THE BOARD

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In order to ensure that the work relating to the Issue proceeds continuously, effectively and smoothly, a special resolution will be proposed at the AGM to further extend the validity period of the aforesaid authorisation by 12 months (i.e., to March 30, 2027). Save for the aforesaid proposed extension of the validity period, the other principal terms of the issuance plan for the A-share convertible bonds remain unchanged. Details of the relevant resolutions are set out in Appendix VI to this circular.

Pursuant to the existing issuance plan, the Company proposes to issue not more than 12,000,000 A-share convertible corporate bonds, each with a face value of RMB100, at par, with an aggregate principal amount of not more than RMB1.2 billion (inclusive). The term of the convertible corporate bonds (i.e. maturity period) shall be six years from the date of issuance. The conversion period shall commence on the first trading day following the expiry of six months from the date of completion of the issuance and end on the maturity date of the convertible corporate bonds.

The initial conversion price of the convertible corporate bonds shall be no lower than the higher of: (i) the average trading price of the Company's A shares for the 20 trading days immediately preceding the date of announcement of the prospectus (and, if any adjustment to the share price occurs during such 20 trading days due to ex-rights or ex-dividend events, the closing prices of the relevant trading days prior to such adjustment shall be adjusted accordingly); and (ii) the average trading price of the Company's A shares on the trading day immediately preceding the date of announcement of the prospectus. The specific initial conversion price shall be determined by the Board or other authorised person(s), as authorised by the Shareholders at the general meeting, prior to the issuance after consultation with the sponsor (lead underwriter) with reference to market conditions. The conversion price of the convertible corporate bonds may be adjusted downward if, during their term, the closing price of the A Shares is lower than 80% of the then conversion price on at least 15 out of any 30 consecutive trading days, in which case the Board may propose downward adjustment for Shareholders' approval. The proposal would require approval by way of special resolution, with Shareholders who also hold the convertible corporate bonds abstaining, and the adjusted conversion price shall not be lower than the 20-day average share price of the A Shares preceding the general meeting or the previous trading day's average price of the A Shares. If, during the aforementioned 30 trading days, there are adjustments to the conversion price due to ex-rights, ex-dividend, or similar events, the closing prices and conversion prices for trading days prior to the adjustment date shall be calculated based on the pre-adjustment values, and those on and after the adjustment date shall be calculated based on the adjusted values. If the Company adjusts conversion price downwards, it will promptly make further announcements in accordance with applicable rules and regulations. According to the information provided by the Company, such pricing mechanism complies with the relevant requirements under the "Administrative Measures for the Registration of Securities Issuance by Listed Companies" (《上市公司證券發行註冊管理辦法》) and the "Administrative Measures for Convertible Corporate Bonds" (《可轉換公司債券管理辦法》) and other applicable laws and regulations.

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## LETTER FROM THE BOARD

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The convertible corporate bonds will be offered to the existing A-shareholders of the Company on a preferential basis. The balance after such preferential placing to the existing A-shareholders, and any portion of the preferential placing waived by the existing A-shareholders, will be offered to institutional investors by way of offline placing and/or online price-fixed issuance through the trading system of the Shanghai Stock Exchange, and any remaining balance will be underwritten by the underwriting syndicate. The specific subscribers to the Issue will be determined at the issuance stage.

Pursuant to Chapter 14A of the Listing Rules, if any connected person (such as any A Shareholder holding more than 10% of the total issued Shares (excluding treasury Shares)) subscribes the A Share convertible corporate bonds, the subscription will constitute connected transaction of the Company, subject to relevant reporting, announcement and independent Shareholders' approval requirements. The Company will promptly make further announcements and comply with the relevant requirements under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, the Board of Directors has not received any information or undertaking from any connected persons of any intention to subscribe for the A Share convertible corporate bonds under the Issue.

Within five trading days after the convertible corporate bonds reach maturity, the Company shall redeem all outstanding convertible corporate bonds that have not been converted into shares. The specific redemption price shall be determined by the Board or its authorized person(s), as authorized by the Shareholders at the general meeting, after consultation with the sponsor (lead underwriter) with reference to market conditions. During the conversion period, the Company may also redeem all or part of the outstanding convertible corporate bonds that have not been converted into shares if either the closing price of the A Shares is not less than 130% (inclusive) of the then conversion price for at least 15 out of 30 consecutive trading days or the outstanding balance of unconverted convertible corporate bonds issued is less than RMB30 million. Accrued interest is calculated based on the bond's total nominal amount, annual coupon rate, and the number of days since the last interest payment, and if an adjustment to the conversion price occurs during the aforementioned 30 trading days, the closing prices and conversion prices before the adjustment shall apply to trading days prior to the adjustment, and the adjusted closing prices and conversion prices shall apply to trading days after the adjustment.

If, within the next 12 months, the Issue passes the relevant review and is completed, the Company will not be required to seek any further extension of the validity period. If, however, the Issue remains under review by the relevant stock exchange and/or the CSRC after the expiry of the extended validity period, the Company may, depending on its operational development arrangements at that time and subject to the Board's recommendation, consider seeking Shareholders' approval for a further extension of the relevant validity period.

Upon conversion of all A Share convertible corporate bonds into A Shares (assuming that (i) the Company has issued the A Share convertible corporate bonds at the maximum issuance amount of RMB1.2 billion; (ii) all existing A Shareholders have subscribed for the respective maximum subscription amount of the A share convertible corporate bonds on pro-rata basis on

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## LETTER FROM THE BOARD

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their current shareholding of A Shares; (iii) all A Share convertible corporate bonds are converted into A Shares at the minimum initial conversion price of RMB15.81 per A Share (i.e., the higher of the average trading price of A Shares for the 20 trading days preceding the Latest Practicable Date and the average price of the trading day preceding the Latest Practicable Date and further adjusted to take into account the Capitalization Issue and the cash distribution of the 2025 final dividend); and (iv) the Company does not issue, allot, repurchase and cancel any Shares before all the A Share convertible corporate bonds are converted into A Shares, such conversion Shares represent approximately 7.9% of the issued A Shares (including treasury Shares) and approximately 6.8% of the total issued Shares (including treasury Shares) as enlarged by the Capitalization Issue and such conversion Shares as at the Latest Practicable Date. For further details in relation to the effect of the Issue on the shareholding structure of the Company, please refer to Appendix V to this circular.

### **XII. REPORT ON THE PREVIOUS USE OF PROCEEDS**

A special resolution will be proposed at the AGM for Shareholders to consider and approve the Report on the Previous Use of Proceeds. Pursuant to the relevant provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》), the Administrative Measures for Convertible Corporate Bonds (《可轉換公司債券管理辦法》) and other laws, regulations and normative documents, the Company has prepared the "Report on the Previous Use of Proceeds of Nanhua Futures Co., Ltd.", and Pan-China has issued an attestation report on the Company's previous use of proceeds.

For details of the Report on the Previous Use of Proceeds, please refer to Appendix VII to this circular.

### **XIII. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE FOR SHAREHOLDERS' MEETINGS AND OTHER MEASURES OF THE COMPANY**

#### **Proposed Amendments to the Articles of Association**

Reference is made to the announcement of the Company dated March 27, 2026 in relation to, among others, the Proposed Amendments to the Articles of Association.

To reflect the changes in the registered capital and share capital of the Company, to further comply with the latest provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), the Listing Rules and other relevant laws and regulations, and taking into account the actual circumstances of the Company, the Board proposes to amend the Articles of Association (the "Proposed Amendments to the Articles of Association"). Details of the Proposed Amendments to the Articles of Association are set out in Appendix VIII to this

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## LETTER FROM THE BOARD

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circular. The English version of the Proposed Amendments to the Articles of Association is an unofficial translation of the Chinese version. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

The Proposed Amendments to the Articles of Association will only take effect upon being considered and approved by way of a special resolution by the Shareholders at the AGM.

### **Proposed Amendments to the Rules of Procedure for Shareholders' Meetings**

Reference is made to the announcement of the Company dated March 27, 2026 in relation to, among others, the Proposed Amendments to the Rules of Procedure for Shareholders' Meetings.

In view of the Proposed Amendments to the Articles of Association, the Board proposes to amend the rules of procedure for shareholders' meetings (the "**Proposed Amendments to the Rules of Procedure for Shareholders' Meetings**") to, among others, align with the Proposed Amendments to the Articles of Association and to reflect the latest circumstances of the Company. Details of the Proposed Amendments to the Rules of Procedure for Shareholders' Meetings are set out in Appendix IX to this circular. The English version of the Proposed Amendments to the Rules of Procedure for Shareholders' Meetings is an unofficial translation of the Chinese version. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

The Proposed Amendments to the Rules of Procedure for Shareholders' Meetings will only take effect upon being considered and approved by way of a special resolution by the Shareholders at the AGM.

### **Proposed Formulation of and Amendments to Other Measures of the Company**

Reference is made to the announcement of the Company dated March 27, 2026 in relation to, among others, the Proposed Formulation of and Amendments to Other Measures of the Company.

To further comply with the relevant regulatory requirements and the provisions of other relevant laws and regulations, and taking into account the actual circumstances of the Company, the Board proposes to formulate the Administrative Measures on Directors' and Senior Management's Remuneration (《董事、高級管理人員薪酬管理辦法》), and to make corresponding amendments to the Administrative Measures on the Proceeds Raised by Nanhua Futures Co., Ltd. (《南華期貨股份有限公司募集資金管理辦法》), the Rules of Independent Directors (《獨立董事工作制度》), and the Management Rules for Related Party Transactions (《關聯交易管理制度》) (the "**Proposed Formulation of and Amendments to Other Measures**"). Details of the Proposed Formulation of and Amendments to Other Measures are

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## LETTER FROM THE BOARD

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set out in Appendix X to this circular. The English version of the Proposed Formulation of and Amendments to Other Measures is an unofficial translation of the Chinese version. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

The Proposed Formulation of and Amendments to Other Measures will only take effect upon being considered and approved by way of an ordinary resolution by the Shareholders at the AGM.

#### **XIV. SHAREHOLDER DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2026-2028)**

Reference is made to the announcement of the Company dated March 27, 2026 in relation to the Shareholder Dividend Return Plan for the Next Three Years (2026-2028).

A special resolution will be proposed at the AGM for Shareholders to consider and approve the proposal on the formulation of the Shareholder Dividend Return Plan for the Next Three Years (2026-2028).

In order to improve and solidify a sustainable, scientific, and transparent profit distribution policy and decision-making mechanism of the Company, maintain the continuity and stability of the profit distribution policy, enhance the transparency and operability of profit distribution decisions, and comprehensively taking into account factors such as industry development trends, the Company's strategic planning, shareholders' rights and interests, the costs of social capital, and the external financing environment, the Company has formulated its Shareholder Dividend Return Plan for the Next Three Years (2026-2028) in accordance with the relevant provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the No. 3 Guideline for the Supervision of Listed Companies— Cash Dividend Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), and the Articles of Association. Details of the Shareholder Dividend Return Plan for the Next Three Years (2026-2028) are set out in Appendix XI to this circular.

The Shareholder Dividend Return Plan for the Next Three Years (2026-2028) will only take effect upon being considered and approved by way of a special resolution by the Shareholders at the AGM.

#### **XV. DUTY REPORT**

##### **Duty Report of Independent Non-executive Directors for 2025**

The Duty Report of Independent Non-executive Directors for the year will be reported at the AGM but will not require approval of the Shareholders. For the Duty Report of Independent Non-executive Directors for 2025, please refer to Appendix XII to this circular.

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## LETTER FROM THE BOARD

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### XVI. AGM

The Company will convene the AGM at 9:30 a.m. on Monday, June 15, 2026 at Conference Room, 9th Floor, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province, the PRC, for Shareholders to review, consider and, if thought fit, approve the resolutions to be proposed at the AGM. A proxy form for the AGM is enclosed with this circular. The AGM Notice is set out on pages 176 to 178 of this circular.

Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a Shareholder. In order to be valid, the form of proxy for the AGM must be deposited by hand or post, for holders of H Shares of the Company, to the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the AGM (i.e. before 9:30 a.m. on Sunday, June 14, 2026) (or any adjournment thereof) for taking the poll. If the form of proxy is signed by a person under a power of attorney or other authority, a notarized copy of that power of attorney or authority shall be deposited at the same time as mentioned in the form of proxy. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjourned meetings should they so wish.

The H Shareholders whose names appear on the register of members of the Company on Monday, June 15, 2026 shall be entitled to attend the AGM. The registration of H Shares will be closed from Wednesday, June 10, 2026 to Monday, June 15, 2026, both days inclusive, during which period no transfer of H Shares will be registered. In order to qualify to attend and vote at the AGM, H Shareholders must lodge all transfer documents accompanied by the relevant share certificates with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:30 p.m. on Tuesday, June 9, 2026.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll, and the Company will announce the poll results in the manner specified under Rule 13.39(5) of the Listing Rules.

Save for Hengdian Group Holdings Co., Limited (橫店集團控股有限公司), Dongyang Henghua Investment Limited Partnership (Limited Partnership) (東陽市橫華投資合夥企業(有限合夥)), Zhejiang Hengdian Import and Export Co., Ltd. (浙江橫店進出口有限公司), Hengdian Group DMEGC Magnetics Co., Ltd (橫店集團東磁股份有限公司), the connected Shareholders, who shall abstain from voting on the resolutions regarding confirmation of related party transactions for 2025 and estimated daily related party transactions for 2026, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any of the resolutions to be proposed at the AGM.

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## LETTER FROM THE BOARD

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### **XVII. RESPONSIBILITY STATEMENT**

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

### **XVIII. RECOMMENDATIONS**

The Directors consider that the proposed resolutions set out in the AGM Notice are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

### **XIX. MISCELLANEOUS**

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

The future operating and financial data, if any, contained in this circular are the objectives of the Company and do not constitute a profit forecast for the Company. There is no assurance that the Company will or will not be able to achieve these objectives. In view of the risks and uncertainties involved, the forward-looking statements contained in this circular (if any) should not be regarded as, or constitute, representations or actual undertakings by the Board or the Company to investors that the plans and objectives set forth in such plans will be achieved and investors should not place undue reliance on such statements. Unless otherwise required by applicable securities laws, the Company does not undertake to make publicly available any updates or revisions to any forward-looking statements or information (if any), whether as a result of new information, future events or otherwise.

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## LETTER FROM THE BOARD

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Unless otherwise specified, in the event of any discrepancy between the Chinese and English versions of this circular, the Chinese version shall prevail.

By order of the Board  
**Nanhua Futures Co., Ltd.**  
南華期貨股份有限公司  
**Ma Yisheng**  
*Secretary of the Board  
and Joint Company Secretary*

May 22, 2026

**NANHUA FUTURES CO., LTD.**  
**2025 WORK REPORT OF THE BOARD OF DIRECTORS**

To all Directors:

In 2025, the Board of the Company and all Directors strictly adhered to the relevant laws and regulations, including the Company Law of the People’s Republic of China and the Securities Law of the People’s Republic of China, as well as the relevant provisions of the Articles of Association, faithfully and diligently fulfilled their respective duties, efficiently implemented the resolutions of the shareholders’ meeting, completed the rotation of the Board, continuously optimized the corporate governance structure, and promoted the sound operation and standardized development of various businesses of the Company. The report on the major work of the Board for 2025 is as follows:

**I. WORK OF THE BOARD OF THE COMPANY**

**(1) Convening of Meetings and Performance of the Board**

During the Reporting Period, the Company completed the rotation of the Board. The fifth session of the Board consists of nine Directors, including three independent Directors, further enhancing the professionalism of governance. All Directors strictly adhered to institutional regulations in carrying out their duties, performed their obligations with diligence and due diligence, participated in major corporate decisions based on independent and objective judgments, and effectively safeguarded the legitimate rights and interests of the Company and all shareholders. The evaluation results for Directors for the year all met the required standards.

In 2025, the Board of the Company convened a total of 9 meetings, deliberating on or considered over 90 proposals. Key items reviewed included the “Proposal on the Company’s Issuance of H-Shares and Listing on the Hong Kong Stock Exchange”, the “Proposal on the Election of Non-Independent Directors for the Fifth Session of the Board of the Company”, “Proposal on the Election of Independent Directors for the Fifth Session of the Board of the Company”, and “Proposal on the Abolition of the Supervisory Committee and the Amendments to the Articles of Association and Related Rules of Procedure”. The Board formed scientific decisions on key issues such as the optimization of corporate governance, business development planning, and the appointment of core management personnel. Three shareholders’ meetings were convened for the year, with over 40 proposals submitted to the shareholders’ meetings, ensuring that the Company’s decision-making procedures were compliant and efficient.

**(2) Work of Specialized Committees**

The Board of the Company has established five specialized committees: the Audit Committee, the Nomination Committee, the Strategy Committee, the Risk Management Committee, and the Remuneration and Review Committee. Following the rotation, the re-election of committee members was completed and conveners were designated for each

specialized committee. Each committee has performed its duties in strict accordance with the rules of procedure, fully exercising its role in preliminary decision-making and supervision. During the Reporting Period, each specialized committee carried out its work in accordance with its respective responsibilities, fully fulfilling its duties of preliminary decision-making and supervision, and conducted research on specialized matters to offer opinions and recommendations.

### **(3) Performance of Independent Directors**

The independent Directors of the Company strictly adhered to the requirements of the Securities Law, the Measures for the Administration of Independent Directors of Listed Companies, and other relevant regulations and the Articles of Association, performed their independent duties with integrity and diligence, and fully leveraged their roles in independent supervision and professional consultation. Following the rotation, the newly appointed independent Directors, namely Mr. Liu Yulong and Ms. Li Jing, worked closely with the Company's existing independent Director, Mr. Xu Lin; all of them actively attended Board meetings and shareholders' meetings, achieving a 100% attendance rate, and carefully deliberated on and issued independent opinions regarding major matters such as the Company's issuance of H-Shares and listing on the Hong Kong Stock Exchange, the rotation of the Board, and the appointment of senior management.

Leveraging their professional backgrounds, the independent Directors conducted prudent reviews of matters such as the Company's financial compliance, internal controls, related-party transactions, and the protection of minority shareholders' rights and interests, actively participated in the work of the specialized committees of the Board, effectively advancing the improvement and optimization of the Company's governance structure, and effectively safeguarding the legal rights and interests of the Company and all shareholders, particularly minority shareholders.

### **(4) Information Disclosure**

The Company strictly adheres to laws, regulations, and regulatory requirements regarding information disclosure, upholds the principles of truthfulness, accuracy, completeness, timeliness, and fairness in disclosure, established a sound information disclosure management system, and has defined a clear accountability system for information disclosure to ensure that all shareholders have equal access to the Company's information.

During the Reporting Period, the Company timely disclosed 4 periodic reports (first-quarter report, interim report, third-quarter report, and annual report), and, in accordance with the Company's business development and progress on major matters, issued over 70 interim announcements covering topics such as the Company's issuance of H-Shares and listing on the Hong Kong Stock Exchange, the rotation of the Board, the appointment of senior management, and the abolition of the Supervisor Committee, ensuring that investors are promptly and fully informed of the major developments of the Company. Meanwhile, the Company has

continuously optimized its information disclosure processes, strengthened the review of information disclosures, and improved the quality of disclosure documents to safeguard the right to information of shareholders, particularly minority shareholders.

#### **(5) Investor Relations Management**

The Company places great importance on investor relations management, consistently adhering to the principles of “fairness, impartiality, and transparency”, while continuously improving investor communication channels and enhancing the level of investor relations management. During the Reporting Period, the Company engaged in regular and diversified communication with investors through various channels, including the SSE e-interactive platform, investor hotlines, performance briefings, and on-site visits. The Company promptly addressed investor inquiries regarding the Company’s operating performance, issuance of H-Share, and business development plans, and provided detailed explanations of the Company’s financial indicators and operating results.

#### **(6) Internal Control**

During the Reporting Period, the Company continued to strengthen the establishment of its internal control system. In combination with the rotation of the Board and actual business development, the Company optimized its internal control management systems and execution processes, focusing on refining internal control requirements in core areas such as financial control and management, risk prevention and control, and compliance operations to ensure that the internal control system aligns with the Company’s business development.

The Internal Control Evaluation Report of the Company for 2025 was audited by Pan-China Certified Public Accountants LLP, which issued an unqualified assurance report confirming that the Company’s internal control system is sound and effectively implemented, without material weaknesses, and is capable of fully safeguarding the security of the Company’s assets and ensuring the orderly and compliant conduct of its management and operational activities.

#### **(7) Rotation of the Board and Appointment of Senior Management**

In July 2025, the Company completed the rotation of the Board. Through the 2025 Second Extraordinary General Meeting and the Employee Representative Meeting, nine Directors were elected for the fifth session of the Board, comprising six non-independent Directors and three independent Directors. Mr. Xu Lin, Mr. Liu Yulong, and Ms. Li Jing were elected as independent Directors, and Ms. Zhang Hongying and Ms. Chen Rong, independent Directors of the fourth session of the Board, ceased to act as Directors due to the expiration of their terms of office. The Company expresses its sincere gratitude to the outgoing Directors for their contributions to the Company’s development during their terms of office.

At the first meeting of the fifth session of the Board, resolutions regarding the election of the Chairman, members of each specialized committees, and the appointment of senior management were reviewed and approved. It clarified the composition and conveners of the specialized committees for the new session of the Board, and appointed Mr. Jia Xiaolong as general manager, and appointed Mr. Gu Song, Mr. Chen Donghua, and Mr. Wang Zhenghao as deputy general managers, Mr. Zhong Yiqiang as Secretary to the Board and deputy general manager; Ms. Li Jianping as chief risk officer, and Ms. Li Li as chief financial officer. Such rotation and appointment of senior management strictly followed statutory procedures, and the personnel appointments aligned with the Company's operational and development needs, laying a solid governance foundation for the Company's following steady development.

## II. WORK PLAN FOR 2026

In 2026, the Company's Board of Directors will continue to uphold its fiduciary duty to all shareholders, with the core objectives of enhancing corporate governance level and promoting its high-quality development. The Board will fully leverage its central role in corporate governance, diligently fulfill its responsibilities, and drive the Company towards sustainable and healthy development. The key priorities for the year are as follows:

1. **Continuously Optimise the Corporate Governance System:** Based on the governance structure of the 5th session of the Board of Directors, further improve the rules of procedure for the Board and its special committees to enhance decision-making efficiency and professionalism; strengthen directors' capacity to perform their duties by organising training sessions on the latest industry-related laws, regulations and regulatory policies, and ensure that the performance of directors' duties remains aligned with industry development and regulatory requirements.
2. **Strengthen Decision Implementation and Supervision:** Strictly implement all resolutions of the shareholders' general meeting, strengthen the supervision and guidance of the management's operational and administrative work, and facilitate the implementation of the Company's development strategies; make overall plans for the direction of business development focusing on the Company's core businesses, assist the Company in enhancing its market competitiveness, and achieve steady growth in operating results.
3. **Improve Internal Control and Risk Prevention:** Continuously refine the Company's internal control system, detail the internal control processes for each business segment, and strengthen the supervision and assessment of internal control implementation; in light of market changes and regulatory requirements in the futures industry, optimise the risk prevention system, with emphasis on preventing market risk, credit risk and financial risk, so as to ensure the safety of the Company's operations.

4. **Enhance Information Disclosure and Investor Relations Management:** Continue to strictly comply with regulatory requirements on information disclosure, and improve the timeliness, accuracy and completeness of information disclosure; further diversify investor communication channels, optimise communication methods, respond promptly to reasonable requests from investors, foster positive interaction with the capital market, and establish a sound corporate image in the capital market.
  
5. **Protect the Legitimate Rights and Interests of Shareholders:** Always prioritise safeguarding the legitimate rights and interests of all shareholders, especially small and medium shareholders, and ensure that the Company's decision-making processes are open, fair and impartial; continuously improve the profit distribution mechanism, formulate reasonable profit distribution schemes based on the Company's operating results and development plans, and effectively enhance shareholder returns on investment.

In 2026, the Board of Directors will continue to work together with all shareholders, the management and all employees, unite efforts, seek truth and be pragmatic, faithfully fulfill all duties, promote corporate governance and business development to a new level, and strive to maximise the interests of the Company and all shareholders.

This resolution shall be considered and approved by the Board of Directors before being submitted to the Company's shareholders' general meeting for consideration.

**NANHUA FUTURES CO., LTD.  
RESOLUTION ON THE CONFIRMATION OF  
RELATED PARTY TRANSACTIONS FOR 2025**

Dear Shareholders and Shareholders' Representatives,

The principal businesses of the Company include futures brokerage, wealth management, risk management, and overseas financial services. Counterparties and service recipients include the Company's related parties. In order to properly manage related party transactions, the Company hereby presents the related party transactions for 2025 as follows in accordance with relevant laws and regulations, and the Management Rules for Related Party Transactions (《關聯交易管理制度》) of the Company:

**I. Related Party Transactions Involving the Purchase and Sale of Goods, and the Provision and Receipt of Services**

- 1. Certain related parties have opened futures accounts with the Company to engage in futures trading. Details of the related party transactions are as follows:**

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Closing Equity</b>	<b>Commission Income for the Current Year</b>
Zhou Yi (周依)	17,320.60	
Zhejiang Nanhua Investment Management Co., Ltd. (浙江南驊投資管理有限公司)	803,142.88	
Zhejiang Holland & Muh Investment Management Co., Ltd. (浙江紅藍牧投資管理有限公司)	289,160,484.29	6,067,875.23
Hu Wangyang (胡汪洋)	40,249.92	2,868.42
Hengdian Group Real Estate Development Co., Ltd. (橫店集團房地產開發有限公司)	100.00	
Sub-total	290,021,297.69	6,070,743.65

**APPENDIX II CONFIRMATION OF RELATED PARTY TRANSACTIONS FOR 2025**

2. Certain related parties have opened securities accounts with the Company to engage in securities trading. Details of the related party transactions are as follows:

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Closing Available Funds/Margin</b>	<b>Commission Income for the Current Year</b>
Zhong Yiqiang (鐘益強)	17,698.47	63.03
Luo Xufeng (羅旭峰)	197.78	
Sun Yingting (孫穎婷)	4,248.05	26.90
Sub-total	22,144.30	89.93

3. Certain related parties have subscribed to fund units and asset management product units with the Company. Details of the connected transactions are as follows:

*Unit: Yuan Currency: RMB*

<b>Name of Related Party</b>	<b>Fund Name</b>	<b>Closing Subscribed Units</b>	<b>Closing Net Value of Subscribed Units</b>
Chen Donghua (陳冬華)	Nanhua Tongzhou No. 1 Collective Asset Management Plan (南華同舟1號集合資產管理計劃)	1,000,000.00	1,220,478.03
Zhejiang Nanhua Investment Management Co., Ltd. (浙江南驛投資管理有限公司)	Nanhua Commodity Index Collective Asset Management Plan (南華商品指數集合資產管理計劃)	7,014,019.63	7,059,298.92
Zhejiang Nanhua Investment Management Co., Ltd. (浙江南驛投資管理有限公司)	Nanhua Heju Youxuan No. 1 FOF Collective Asset Management Plan (南華和聚優選1號FOF集合資產管理計劃)	5,000,013.88	5,130,556.49
Li Jianping (李建萍)	Nanhua Ruiying Hybrid Fund A (南華瑞盈混合發起A)	11,793.57	16,398.96
China Zheshang Bank Co., Ltd. (浙商銀行股份有限公司)	Nanhua Ruixin Regular Open-end Bond Fund (南華瑞鑫定期開放債券)	1,949,369,712.34	2,016,817,904.39
China Zheshang Bank Co., Ltd. (浙商銀行股份有限公司)	Nanhua Ruifu One-year Regular Open-end Bond Fund (南華瑞富一年定期債券發起式)	999,999,000.00	1,029,398,970.60

**APPENDIX II CONFIRMATION OF RELATED PARTY TRANSACTIONS FOR 2025**

<b>Name of Related Party</b>	<b>Fund Name</b>	<b>Closing Subscribed Units</b>	<b>Closing Net Value of Subscribed Units</b>
China Zheshang Bank Co., Ltd. (浙商銀行股份有限公司)	Nanhua Ruiyuan Regular Open-end Bond Fund (南華瑞元定期開放債券)	684,682,016.67	704,400,858.75
Li Jianping (李建萍)	Nanhua Fenghui Hybrid Fund A (南華豐匯混合A)	122,221.43	235,410.69
Li Jianhua (李建華)	Nanhua Fenghui Hybrid Fund A (南華豐匯混合A)	52,559.59	101,235.03
Jia Xiaolong (賈曉龍)	Nanhua Fengyuan Quantitative Equity Selection Hybrid Fund C (南華豐元量化選股混合C)	50,000.00	69,970.00
Hengdian Group Holdings Limited (橫店集團控股有限公司)	Nanhua CSI Hangzhou Bay Area ETF (南華中證杭州灣區ETF)	11,800,000.00	16,804,380.00
Subtotal		3,659,101,337.11	3,781,255,461.86

**4. Subscription of subordinated bonds of the Company by certain related parties. The related party transactions are as follows:**

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Name of Subordinated Bonds</b>	<b>Amount</b>
China Zheshang Bank Co., Ltd.	Nanhua Futures 2025 Non-Public Offering Subordinated Corporate Bonds to Professional Investors	100,000,000.00

**APPENDIX II CONFIRMATION OF RELATED PARTY TRANSACTIONS FOR 2025**

5. Subscription of fund and asset management product units by the Company and its subsidiaries from certain related parties. The related party transactions are as follows:

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Name of Fund</b>	<b>Units Subscribed as at the End of the Period</b>	<b>Net Value Subscribed as at the End of the Period</b>
Zhejiang Holland & Muh Investment Management Co., Ltd. (浙江紅藍牧投資管理有限公司)	Holland & Muh Alpha Star Multi-Strategy No. 1 Private Securities Investment Fund (紅藍牧阿爾法星多策略1號私募證券投資基金)	19,998,010.38	22,061,805.05
Zhejiang Holland & Muh Investment Management Co., Ltd. (浙江紅藍牧投資管理有限公司)	Holland & Muh Fortune No. 3 Private Securities Investment Fund (紅藍牧財富三號私募證券投資基金)	959,232.62	1.04
Subtotal		20,957,243.00	22,061,806.09

6. Over-the-counter (OTC) derivatives transactions between certain related parties and the Company. The related party transactions are as follows:

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Notional Principal as at the End of the Period</b>	<b>Gain or Loss for the Year</b>
Zhejiang Nanhua Investment Management Co., Ltd. (浙江南驊投資管理有限公司)	6,628,620.84	404,704.16

7. Distribution of funds by the Company on behalf of certain related parties, and related distribution fee income earned by the Company

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Income for the Year</b>
Zhejiang Holland & Muh Investment Management Co., Ltd.	35,719.74

**APPENDIX II CONFIRMATION OF RELATED PARTY TRANSACTIONS FOR 2025**

**8. Deposit balances and interest income of the Company with certain related parties are as follows:**

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Deposit Balance</b>	<b>Interest Income for the Year</b>
China Zheshang Bank Co., Ltd.	3,082,014,005.58	215,487,140.49

**9. Schedule of purchases of goods/receipt of services**

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Nature of Related Party Transaction</b>	<b>Amount for the Current Period</b>
Hangzhou By Creations Technology Co., Ltd. (杭州柏品科技有限公司)	Clothing expenses	89,743.36
Dongyang Hengdian Dongci Building Management Co., Ltd. (東陽橫店東磁大廈管理有限公司)	Accommodation expenses	337.74
Dongyang Hengdian VIP Building Hotel Co., Ltd. (東陽市橫店貴賓樓大酒店有限公司)	Accommodation expenses, tickets	5,178.74
Dongyang Hengdian Yuanwei Property Management Co., Ltd. (東陽橫店元維物業管理有限公司)	Property management fees	4,772,344.62
Dongyang Hengdian World Studios International Trade Building Co., Ltd. (東陽市橫店影視城國貿大廈有限公司)	Accommodation expenses	506.60
Hangzhou Jiulisong Resort Hotel Co., Ltd. (杭州九裡松度假酒店有限責任公司)	Catering expenses, food	77,719.47
Zhejiang Belovely Bio-Technology Co., Ltd. (浙江貝洛芙生物科技股份有限公司)	Entertainment expenses	27,283.02
Dongyang Haoleduo Supply Chain Management Co., Ltd. (東陽市好樂多供應鏈管理有限公司)	Textiles, lighting devices	55,523.89
Dongyang Hengdian World Studios International Travel Agency Co., Ltd. (東陽市橫店影視城國際旅行社有限公司)	Travel service fees	4,575.47

**APPENDIX II CONFIRMATION OF RELATED PARTY TRANSACTIONS FOR 2025**

<b>Related Party</b>	<b>Nature of Related Party Transaction</b>	<b>Amount for the Current Period</b>
Zhejiang Trefan Audio Technology Co., Ltd (浙江全方科技有限公司)	Power banks	157,699.12
China Zheshang Bank Co., Ltd.	Distribution service fees	521,843.75
Dongyang Hengdian Yushan Sports and Leisure Co., Ltd. (東陽市橫店禹山運動休閒有限公司)	Entertainment expenses	
Hengdian Group Holdings Limited	Newspaper and periodical fees	
Subtotal		5,712,755.78

**10. Statement of Goods Sold/Services Provided**

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Nature of Related Party Transaction</b>	<b>Amount for the Current Period</b>
Hengdian Group Holdings Limited	Food	935,368.80
Trade Union Committee of Nanhua Futures Co., Ltd.	Food	9,948.81
Jiusan Group Soybean Trading Market (Heilongjiang) Co., Ltd.	Food	11,790.57
Zhejiang Holland & Muh Investment Management Co., Ltd.	IB service	37,743.40
Subtotal		994,851.58

**APPENDIX II CONFIRMATION OF RELATED PARTY TRANSACTIONS FOR 2025**

**II. Loans and borrowings of the related parties**

*Unit: Yuan Currency: RMB*

<b>Related Party</b>	<b>Loans and Borrowings Amount</b>	<b>Commencement Date</b>	<b>Maturity Date</b>	<b>Description</b>
Borrowings				
China Zheshang Bank Co., Ltd.	18,064,400.00	2024/12/11	2025/6/11	A total of RMB3,092,272.09 was provided for loan interests for the period.
China Zheshang Bank Co., Ltd.	28,115,200.00	2024/12/27	2025/6/27	
China Zheshang Bank Co., Ltd.	18,064,400.00	2025/6/11	2025/9/11	
China Zheshang Bank Co., Ltd.	28,115,200.00	2025/6/27	2025/9/29	
China Zheshang Bank Co., Ltd.	18,064,400.00	2025/7/24	2025/10/24	
China Zheshang Bank Co., Ltd.	18,064,400.00	2025/9/11	2025/12/11	
China Zheshang Bank Co., Ltd.	27,096,600.00	2025/9/26	2025/12/29	
China Zheshang Bank Co., Ltd.	28,115,200.00	2025/9/29	2025/12/29	
China Zheshang Bank Co., Ltd.	18,064,400.00	2025/10/24	2026/1/26	
China Zheshang Bank Co., Ltd.	18,064,400.00	2025/12/11	2026/6/11	
China Zheshang Bank Co., Ltd.	27,096,600.00	2025/12/29	2026/6/29	
China Zheshang Bank Co., Ltd.	28,115,200.00	2025/12/29	2026/6/29	

III. Key management personnel compensation

Unit: Yuan Currency: RMB

Items	Amount for the Current Period	Amount for Previous Period
Key management personnel compensation	13,514,973.59	11,446,750.00

IV Amounts Due to Related Parties and Other Outstanding Items

Unit: Yuan Currency: RMB

Name of item	Related Party	Closing Book Balance
Other payables	Zhejiang Hengdian World Studios Co., Ltd.	12,370.00
Other payables	Trade Union Committee of Nanhua Futures Co., Ltd.	46,620.00
Total		58,990.00
Commission and brokerage payable	China Zheshang Bank Co., Ltd.	186,040.91
Total		186,040.91

**NANHUA FUTURES CO., LTD.**

**PROPOSAL ON ESTIMATED DAILY RELATED PARTY TRANSACTIONS FOR 2026**

Dear Shareholders and Shareholders’ Representatives:

The Company’s principal businesses include futures brokerage, wealth management, risk management, and overseas financial services, with transaction counterparties and service recipients including related parties of the Company. Pursuant to relevant laws and regulations as well as the Management Rules for Related Transactions of the Company (《公司關聯交易管理制度》), and in light of daily operational and business development needs, the Company has made reasonable estimates of the daily related party transactions that may occur during 2026. Details are as follows:

**I. ESTIMATED DAILY RELATED PARTY TRANSACTIONS FOR 2026**

(I) In accordance with relevant laws and regulations and the Management Rules for Related Transactions of the Company, and taking into account the needs of daily operations and business development, the Company has reasonably estimated the daily related transactions that may occur during 2026. The details are as follows:

Item		Estimated Amount for 2026	Description of Relevant Business or Matter
Brokerage Business <sup>(Note 1)</sup>	Commission income from acting as agent in the trading of domestic and overseas futures, securities, foreign exchange, etc.	Not exceeding RMB10 million	Providing brokerage services to related parties and earning commission and other income
Wealth Management Business <sup>(Note 1)</sup>	Amount of the Company’s subordinated bonds subscribed by related parties	Not exceeding RMB200 million	Related parties subscribing to subordinated bonds issued by the Company
	Fees for related parties acting as distribution agents for financial products issued or managed by the Company and its subsidiaries	Not exceeding RMB2 million	Related parties acting as distribution agents for financial products of the Company and its subsidiaries, with corresponding fees paid under agreements
	Size of financial products issued or managed by the Company and its subsidiaries subscribed by related parties	Not exceeding RMB6 billion	Limit for related parties subscribing to financial products issued and managed by the Company and its subsidiaries

Item		Estimated Amount for 2026	Description of Relevant Business or Matter
	Size of financial products issued or managed by related parties purchased by the Company and its subsidiaries	Not exceeding RMB100 million	The Company and its subsidiaries purchasing equity, bonds or other financial products issued by related parties, or subscribing to financial products managed by related parties, and paying corresponding subscription fees, management fees, etc.
	Income from distribution of securities investment funds	Not exceeding RMB1 million	The Company selling fund products or other financial products to related parties, or selling products of related parties, and receiving distribution service fees as agreed in relevant agreements
Risk Management Business <sup>(Note 1)</sup>	Notional principal of over-the-counter (OTC) derivatives transactions conducted with related parties	Not exceeding RMB30 million	Conducting OTC derivatives transactions with related parties and realising portfolio transaction income, including income from OTC derivatives investments
Deposits <sup>(Note 2)</sup>	Deposits with related companies	Daily limit not exceeding RMB5 billion	The Company and its subsidiaries placing client margin deposits and proprietary funds with related parties
Credit Facilities <sup>(Note 2)</sup>	Application for credit facilities from related companies	Not exceeding RMB2 billion; credit limit may be utilised on a revolving basis during the credit term	The Company and its subsidiaries applying for bank credit facilities from related parties, including working capital loans, bank acceptance bills, letters of credit, etc.
Currency Exchange <sup>(Note 2)</sup>	Application for remittance and currency exchange facilities with related companies	Daily exchange limit not exceeding RMB300 million	The Company and its subsidiaries applying for basic remittance and currency exchange facilities with related parties

Item		Estimated Amount for 2026	Description of Relevant Business or Matter
Daily Transactions <i>(Note 3)</i>	Services such as conferences, accommodation, catering, property management, etc.	Not exceeding RMB7 million	Related parties providing or receiving services including accommodation, catering, conference, property management, etc. to/from the Company
	Purchase of goods by the Company and its subsidiaries from related parties	Not exceeding RMB1 million	The Company and its subsidiaries purchasing goods from related parties
	Income from sale of goods by subsidiaries to related parties	Not exceeding RMB2 million	Subsidiaries selling goods to related parties

*Note:* Hengdian Group (橫店集團) is also required to comply with the H Share Rules

*Notes*

- (1) The Company entered into a financial services framework agreement (“**Financial Services Agreement**”) with Hengdian Holdings on December 10, 2025, pursuant to which the Group shall provide brokerage services, wealth management services and risk management services to Hengdian Holdings and its subsidiaries (the “**Hengdian Holdings Group**”) for a fixed term of three years effective on the date of listing. The transactions contemplated under the Financial Services Agreement constitute fully-exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For details, please refer to the prospectus of the Company dated 12 December 2025.
- (2) These related party transactions are conducted with China Zheshang Bank Co., Ltd.. China Zheshang Bank Co., Ltd. is considered a related party under the SSE Listing Rules, but is not a connected person under Chapter 14A of the Listing Rules. Therefore, these related party transactions do not constitute connected transactions and/or continuing connected transactions under Chapter 14A of the Listing Rules.
- (3) The Company entered into a sales framework agreement (“**Sales Framework Agreement**”) and a procurement framework agreement (“**Procurement Framework Agreement**”) with Hengdian Holdings on December 10, 2025, pursuant to which, the Group shall provide Hengdian Holdings Group with goods and services, as well as procure different types of goods and services from Hengdian Holdings Group for a fixed term of three years effective on the date of Listing. The annual caps for financial years ended 31 December 2026 and 2027 under the Procurement Framework Agreement were subsequently revised pursuant to a supplemental agreement entered into between the Company and Hengdian Holdings on 27 March 2026. The transactions contemplated under the Sales Framework Agreement constitute fully-exempted continuing connected transactions of the Company, while the transactions contemplated under the Procurement Framework Agreement constitute continuing connected transactions of the Company which are subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent Shareholders’ approval requirements, under Chapter 14A of the Listing Rules. For details, please refer to the prospectus of the Company dated 12 December 2025 and the announcement of the Company dated 27 March 2026.

**(II) Related Parties and Related Relationship****1. Controlling Shareholder**

Controlling Shareholder: Hengdian Group Holdings Limited  
Registered Address: No. 42 Wansheng Street, Hengdian Town, Dongyang City, Zhejiang Province  
Legal Representative: Xu Yongan  
Registered Capital: RMB5,000 million  
Organization Type: Other limited liability company

Business Scope: General items: holding company services; corporate headquarters management; asset management services for investment with its own funds; production of magnetic materials; manufacturing of PV equipment and components; electric motor manufacturing; manufacturing of electronic specialized materials; manufacturing of lighting fixtures; manufacturing of specialized chemical product (excluding hazardous chemicals); scenic spot management; film production services (In addition to the items subject to approval in accordance with the laws, we carry out business activities by virtue of business license independently in accordance with the laws). Permitted items: drug production; pesticide production; production of Category III medical devices; general contracting of housing construction and municipal infrastructure project; real estate development and operation; film exhibition; film distribution; tourism business; produce and distribute radio or television programs; general aviation services; civil airport operation; import and export of goods; technology import and export; gas business; power generation, transmission and supply business; medical services; tap water production and supply (for the items subject to approval in accordance with the law, business activities can only be carried out after approval by relevant authorities, and specific business projects are subject to the approval results).

As of 30 September 2025, the Company had total assets of RMB103,977.5087 million and net assets of RMB43,107.7633 million; for the nine months ended 30 September 2025, it achieved operating revenue of RMB53,839.6469 million and net profit of RMB3,123.8719 million (unaudited).

Related Party Relationship with the Listed Company: It is the controlling shareholder of the Company, which constitutes related party relationships with the Company.

## **2. Other Related Parties**

### *(1) Related Legal Persons*

In addition to the controlling shareholder set out above, related corporate entities include: legal persons (or other organizations) that directly or indirectly control the Company, as well as legal persons (or other organizations) directly or indirectly controlled by such controlling parties, other than the Company, its holding subsidiaries and other entities controlled by it; legal persons (or other organizations), other than the Company, its holding subsidiaries and other entities controlled by it, that are directly or indirectly controlled by related natural persons, or in which such related natural persons serve as directors (excluding being an independent director of both parties) or senior management; legal persons (or other organizations) holding 5% or more of the Company's shares and their persons acting in concert; and other legal persons (or other organizations) based on the principle of substance over form by the CSRC, the Shanghai Stock Exchange, or by the Company, who have a special relationship with the Company and may cause or have caused the Company to lean against its interest.

### *(2) Related Natural Person*

Related Natural Persons include: natural persons who directly or indirectly hold 5% or more of the Company's shares; directors and senior management of the Company; and close family members of the foregoing persons, including spouses, parents, children who have reached the age of 18 and their spouses, siblings and their spouses, parents of spouses, siblings of spouses, and parents of children's spouses; directors, supervisors and senior management of the legal person (or other organizations) that directly or indirectly controls the Company; and other natural persons based on the principle of substance over form by the CSRC, the Shanghai Stock Exchange, or by the Company, who have a special relationship with the Company and may cause or have caused the Company to lean against its interest.

## **II. PRICE DETERMINATION PRINCIPLES AND BASIS OF THE ORDINARY RELATED PARTY TRANSACTIONS**

For the aforementioned related party transactions occurring in the ordinary course of business, the Company will determine the transaction price with related parties in strict compliance with the principle of fairness, with reference to market price level, industry practice and prices determined by the third party. The above pricing principles for daily connected transactions do not have any circumstances that would harm the interests of the Company and its shareholders, particularly the minority shareholders.

**III. THE PURPOSE OF THE TRANSACTIONS AND EFFECT ON THE COMPANY**

1. The above related party transactions are part of the Company's normal business operations, which will help the Company's business development and will bring reasonable returns to the Company;
2. The above related party transactions are fair, with transaction pricing conforming to the principle of market pricing. The relationship between the Company and the connected parties is mutually beneficial, and will not create any risk to the Company, and there was no prejudice to the interests of the Company and other shareholders;
3. The above related party transactions did not affect the independence of the Company as the principal businesses of the Company did not rely on the related parties as a result of the above related party transactions.

Please consider and approve the aforesaid proposal.

**NANHUA FUTURES CO., LTD.**  
**PROPOSAL ON THE ESTIMATED GUARANTEE AMOUNTS**

Dear Shareholders and representatives of Shareholders :

In order to meet the daily operating activities and business development needs of the Company's subsidiaries, and on the premise of ensuring standard operation and controllable risks, the Company proposes to estimate the guarantee amount for various financing matters. The form of guarantee is guarantees among its subsidiaries, excluding guarantees provided by the parent company to its subsidiaries and guarantees provided to companies outside the scope of consolidated financial statements. The details are as follows:

**I. ESTIMATED GUARANTEE**

In light of the current actual operating conditions and funding requirements of the Company's subsidiaries, and considering that under prevailing regulatory conditions, a futures company cannot provide external guarantees, the Company hereby proposes to conduct mutual guarantees among its subsidiaries within the Company's consolidated financial statement scope from the date of approval by the general meeting in 2025 until the conclusion of the general meeting in 2026. The total guarantee amount is RMB1.8 billion. The daily outstanding guarantee balance shall not exceed RMB1.8 billion during the validity period.

Unit: Yuan Currency: RMB

Guarantor	Guaranteed Party	Debt-to-Asset Ratio of the Guaranteed Party for the Latest Period	Guarantee Amount	Proportion of Guarantee Amount to the Latest Net Assets of the Listed Company	Expected Validity Period of Guarantee	Whether Related Party Guarantee involved	Whether Counter Guarantee involved
Controlling subsidiaries with a debt-to-asset ratio $\geq 70\%$							
HGNH International Financial Corporation Limited	NH International Futures Co., Limited	94.82 (9.59% after deducting client margins)	RMB700 million	12.49%	12 months from the date of approval by the general meeting	No	No
	NANHUA USA HOLDING LLC	89.34% (consolidated basis, 11.41% after deducting client margins)	RMB100 million	1.78%		No	No
	NANHUA USA LLC	90.26% (18.44% after deducting client margins)	RMB100 million	1.78%		No	No
	Nanhua Financial (UK) Co LIMITED	84.26% (13.44% after deducting client margins)	RMB300 million	5.35%		No	No

Guarantor	Guaranteed Party	Debt-to-Asset Ratio of the Guaranteed Party for the Latest Period	Guarantee Amount	Proportion of Guarantee Amount to the Latest Net Assets of the Listed Company	Expected Validity Period of Guarantee	Whether Related Party Guarantee involved	Whether Counter Guarantee involved
	NANHUA SINGAPORE PTE. LTD.	94.48% (10.25%% after deducting client margins)	RMB300 million	5.35%		No	No
Controlling subsidiaries with a debt-to-asset ratio <70%							
HGNH International Financial Corporation Limited	HGNH International Securities Co., Limited	57.47% (3.76%% after deducting client margins)	RMB300 million	5.35%	12 months from the date of approval by the general meeting	No	No

*Note:* The guaranteed credit funds provided by overseas subsidiaries are primarily intended for conducting the settlement business, working capital purposes, and supplementing net capital.

Such guarantee limit is applicable to guarantees provided among subsidiaries within the Company's consolidated financial statement scope.

The Company also seeks authorisation from the general meeting for the Company's or the relevant subsidiary's management to determine specific matters within the approved guarantee quota, including the guarantee amount, guarantee period, form of guarantee, and execution of relevant guarantee contracts. For guarantees amount within the aforementioned limit, no further approval from the Company's Board of Directors or general meeting on a case-by-case basis is required.

Within the scope of this guarantee limit, the guaranteed parties may internally adjust the use based on actual situation. Other controlling subsidiaries within the Company's consolidated financial statement scope, and the newly established or incorporated subsidiaries during the authorisation period, may adjust the use of the guarantee amount based on actual situations. However, when such adjustment occurs, subsidiaries with a debt-to-asset ratio of 70% or above cannot obtain guarantee from subsidiaries whose debt-to-asset ratio was below 70% at the time of the general meeting's approval.

**(I) HGNH International Futures Co., Limited**

Company Name: HGNH International Futures Co., Limited

Date of Establishment: June 20, 2006

Registered Address: 17/F, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong

Paid-in Capital: HK\$25.5 million

Principal Business: trading in futures contracts, advising on futures contracts

Shareholding Structure: HGNH International holds 100% of the equity interest in HGNH International Futures

As of December 31, 2025, HGNH International Futures had total assets of HK\$16,377.9014 million, total liabilities of HK\$15,529.1074 million, and net assets of HK\$848.7940 million; for the period from January to December 2025, HGNH International Futures achieved operating revenue of HK\$359.2851 million and net profit of HK\$285.7574 million. (Audited)

**(II) NANHUA USA HOLDING LLC**

Company Name: NANHUA USA HOLDING LLC

Date of Establishment: November 17, 2015

Registered Address: 30 S Wacker DR Suite 3850, Chicago, IL 60606

Paid-in Capital: US\$26.2750 million

Principal Business: equity investment management, capital operation

Shareholding Structure: HGNH International holds 100% of the equity interest in NANHUA USA HOLDING

As of December 31, 2025, NANHUA USA HOLDING had total assets of HK\$5,076.6192 million, total liabilities of HK\$4,535.5047 million, and net assets of HK\$541.1145 million; for the period from January to December 2025, NANHUA USA HOLDING achieved operating revenue of HK\$121.4543 million and net profit of HK\$78.1369 million. (Audited)

**(III) NANHUA USA LLC**

Company Name: NANHUA USA LLC

Date of Establishment: August 5, 2013

Registered Address: 30 S Wacker DR Suite 3850, Chicago, IL 60606

Paid-in Capital: US\$31.7910 million

Principal Business: Futures brokerage

Shareholding Structure: NANHUA USA HOLDING holds 100% of the equity interest in NANHUA USA

As of December 31, 2025, NANHUA USA had total assets of US\$651.7212 million, total liabilities of US\$588.2232 million, and net assets of US\$63.4980 million; for the period from January to December 2025, NANHUA USA achieved operating revenue of US\$14.6606 million and net profit of US\$9.2102 million. (Audited)

**(IV) NANHUA FINANCIAL (UK) CO LIMITED**

Company Name: NANHUA FINANCIAL (UK) CO LIMITED

Date of Establishment: July 17, 2018

Address: 4th Floor, 60 Moorgate, London, England, EC2R 6EJ

Paid-in Capital: US\$46 million

Principal Business: Futures and options brokerage, and LME exchange clearing business

Shareholding Structure: HGNH International holds 100% of the equity interest in NANHUA UK

As of December 31, 2025, NANHUA UK had total assets of HK\$3,418.5189 million, total liabilities of HK\$2,880.4082 million, and net assets of HK\$538.1106 million; for the period from January to December 2025, NANHUA UK achieved operating revenue of HK\$149.4101 million and net profit of HK\$60.2613 million. (Audited)

**(V) NANHUA SINGAPORE PTE. LTD.**

Company Name: NANHUA SINGAPORE PTE. LTD.

Date of Establishment: November 24, 2016

Registered Address: 4 SHENTON WAY #18-04 SGX CENTRE I SINGAPORE (068807)

Paid-in Capital: US\$12 million

Principal Business: foreign exchange, commodities, and futures brokerage and trading

Shareholding Structure: HGNH International holds 100% of the equity interest in NANHUA SINGAPORE

As of December 31, 2025, NANHUA SINGAPORE had total assets of HK\$5,726.6823 million, total liabilities of HK\$5,410.3396 million, and net assets of HK\$316.3426 million; for the period from January to December 2025, NANHUA SINGAPORE achieved operating revenue of HK\$126.4214 million and net profit of HK\$84.0021 million. (Audited)

**(VI) HGNH International Securities Co., Limited**

Company Name: HGNH International Securities Co., Limited

Date of Establishment: August 5, 2013

Registered Address: 17/F, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong

Paid-in Capital: HK\$90 million

Principal Business: securities trading, advising on securities

Shareholding Structure: HGNH International holds 100% of the equity interest in HGNH International Securities

As of December 31, 2025, HGNH International Securities had total assets of HK\$278.6363 million, total liabilities of HK\$160.1213 million, and net assets of HK\$118.515 million; for the period from January to December 2025, HGNH International Securities achieved operating revenue of HK\$23.2471 million and net profit of HK\$8.2694 million. (Audited)

**II. PRINCIPAL TERMS OF THE GUARANTEE AGREEMENTS**

Terms such as the type of guarantee, guarantee amount and guarantee period shall be mutually negotiated and determined by the Company and the counterparty within the aforesaid guarantee limit, and shall be subject to the formally executed guarantee documents. The final actual total guarantee amount shall not exceed the guarantee limit approved herein.

**III. NECESSITY AND RATIONALITY OF THE GUARANTEES**

This guarantee is intended to meet the operational needs of the subsidiaries, ensure the sustained and stable development of the business, and is in the overall interests and development strategy of the Company. The guaranteed parties have the capacity to repay their debts, and there is no circumstance that would prejudice the interests of the Company and its Shareholders, nor will there be any adverse impact on the normal operation and business development of the Company. The guaranteed parties are the subsidiaries within the scope of the Company's consolidated financial statements and their subordinate companies. The Company is able to effectively control the risks and decision-making of their daily operating activities and to keep track of their credit status in a timely manner, and the guarantee risks are controllable.

The above resolution is hereby submitted for consideration.

**I. DETAILS OF THE RESOLUTIONS RELATING TO THE ISSUE ARE SET OUT AS FOLLOWS:****(I) Approval Status of the Issue**

The Issue has been considered and approved by the Company at the 7th meeting of the 4th session of the Board of Directors held on March 10, 2023, the 12th meeting of the 4th session of the Board of Directors held on March 7, 2024, the 19th meeting of the 4th session of the Board of Directors held on March 7, 2025, the 7th meeting of the 5th session of the Board of Directors held on March 27, 2026, and the 2022 annual general meeting held on March 31, 2023, the 2023 annual general meeting held on April 12, 2024 and the 2024 annual general meeting held on March 31, 2025.

On July 10, 2024, the Futures Regulatory Department of the China Securities Regulatory Commission issued the “Letter on Issuing the Regulatory Opinion Letter regarding the Issue of Convertible Corporate Bonds to Non-Specified Investors by Nanhua Futures Co., Ltd.” (Futures Department Letter [2024] No. 724).

The Issue is still subject to review and approval by the Shanghai Stock Exchange and registration consent by the China Securities Regulatory Commission.

**(II) Type of Securities to Be Issued in the Issue**

The type of securities to be issued in the Issue is convertible bonds which are convertible into A shares of the Company (the “**Convertible Bonds**”). The Convertible Bonds and the A shares of the Company to be converted in the future will be listed on the SSE.

**(III) Size of the Issue**

The proposed number of the Convertible Bonds to be issued shall not exceed 12,000,000.

**(IV) Nominal Value and Issue Price**

The Convertible Bonds to be issued shall have a nominal value of RMB100 each and shall be issued at nominal value.

**(V) Interest Rate**

The method for determining the interest rate of the Convertible Bonds and the final interest rate for each interest-bearing year, shall be determined by the Board or its authorized persons as authorized by the Shareholders’ meeting after consultation with the sponsor (the lead underwriter) prior to issuance, in accordance with national policies, market conditions, and the Company’s specific circumstances.

**(VI) Term and Method of Principal and Interest Repayment**

The Convertible Bonds issued shall adopt an annual interest payment method, and the repayment of the remaining principal and interest of the bonds shall be completed within five business days after the maturity of the Convertible Bonds.

*1. Calculation of Annual Interest*

Annual interest refers to the interest accrued to a bondholder in each year on each anniversary of the date of issuance of the Convertible Bonds, which is calculated based on the aggregate nominal value of the Convertible Bonds held.

The formula for calculating annual interest is as follows:

$$I = B \times i$$

Where:

“I” refers to the annual interest;

“B” refers to the aggregate nominal value of the Convertible Bonds held by the bondholder on the record date for interest payment in the interest-bearing year (hereinafter referred to as the “**current year**” or “**each year**”);

“i” refers to the interest rate of the Convertible Bonds for the current year.

*2. Interest Payment Method*

Interest of the Convertible Bonds shall be paid annually, accruing from the date of the issuance of the Convertible Bonds.

Interest payment date: the interest is payable annually on each anniversary of the date of issuance of the Convertible Bonds. If such date falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first working day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date shall be an interest-bearing year.

Record date for interest payment: the record date for interest payment in each year shall be the last trading day preceding the interest payment date. The Company shall pay the current year’s interest within five trading days following the annual interest payment date. For Convertible Bonds for which an application for conversion into the Company’s A-shares has been submitted on or before the record date for interest payment (including the record date for interest payment), the Company shall not pay interest for the current interest-bearing year and subsequent interest-bearing years to those bondholders.

Tax obligations arising from interest income of a bondholder shall be borne by such bondholder.

**(VII) Conversion Period**

The conversion period of the Convertible Bonds shall commence on the first trading day after six months from the end of the issuance and shall end on the maturity date of the Convertible Bonds.

**(VIII) Determination and Adjustment of the Conversion Price**

*1. Basis for Determining the Initial Conversion Price*

The initial conversion price of the Convertible Bonds shall be no lower than the higher of: (i) the average trading price of the Company's A shares for the 20 trading days immediately preceding the date of announcement of the prospectus (and, if any adjustment to the share price occurs during such 20 trading days due to ex-rights or ex-dividend events, the closing prices of the relevant trading days prior to such adjustment shall be adjusted accordingly); and (ii) the average trading price of the Company's A shares on the trading day immediately preceding the date of announcement of the prospectus. The specific initial conversion price shall be determined by the Board or other authorised person(s), as authorized by the Shareholders' meeting, prior to the issuance after consultation with the sponsor (lead underwriter) with reference to market conditions.

The average trading price of the Company's A shares over the preceding 20 trading days = Total trading amount of the Company's A shares for the preceding 20 trading days/Total trading volume of A shares for such 20 trading days.

The average trading price of the Company's A shares on the preceding trading day = Total trading amount of the Company's A shares on the preceding trading day/Total trading volume of A shares traded on such trading day.

*2. Method and Formula for Adjustment of the Conversion Price*

Following the completion of the Issue, in the event changes occur to the Company's shares as a result of share dividends, capitalization of capital reserves, issuance of new shares or rights issue, or distribution of cash dividends (excluding any increase in share capital resulting from the conversion of the Convertible Bonds), the conversion price shall be adjusted in accordance with the following formulas (rounded to two decimal places, with the last digit rounded):

Distribution of share dividends or capitalization of capital reserves:  $P_1 = P_0 \div (1 + n)$ ;

Issuance of new shares or rights issue:  $P_1 = (P_0 + A \times k) \div (1 + k)$ ;

Where both of the above occur simultaneously:  $P_1 = (P_0 + A \times k) \div (1 + n + k)$ ;

Distribution of cash dividends:  $P_1 = P_0 - D$ ;

Where the above three occur simultaneously:  $P_1 = (P_0 - D + A \times k) \div (1 + n + k)$ .

Where: “ $P_1$ ” is the adjusted conversion price; “ $P_0$ ” is the pre-adjustment conversion price; “ $n$ ” is the rate of distribution of share dividends or capitalization of capital reserves; “ $A$ ” is the price of issuance of new shares or rights issue; “ $k$ ” is the rate of issuance of new share or rights issue; and “ $D$ ” is the cash dividend per share.

When any of the aforementioned changes to shares and/or shareholders’ interests occur, the conversion price shall be adjusted sequentially, and an announcement of the conversion price adjustment shall be published on the Shanghai Stock Exchange website ([www.sse.com.cn](http://www.sse.com.cn)) and the media designated by the CSRC for information disclosure of listed companies, specifying the conversion price adjustment date, adjustment method, and the period during which conversion is suspended (if applicable). Meanwhile, the Company shall disclose the information to the Hong Kong market in accordance with the Listing Rules and the Articles (if necessary). If the conversion price adjustment date falls on or after the date on which a bondholder submits a conversion application but before the share conversion registration date, such holder’s conversion application shall be executed at the Company’s adjusted conversion price.

In the event the Company may undergo share repurchases, mergers, spin-offs, or any other circumstances that would result in changes to the class or number of the Company’s shares and/or shareholders’ interest that may affect the creditor’s rights or interests derived from the share conversion of the bondholders, the Company shall adjust the conversion price in accordance with the principles of fairness, justice, and equality, so as to fully protect the interests of the bondholders, based on the specific circumstances. The details of adjustment to the Conversion Price and its implementation measures shall be determined in accordance with prevailing applicable laws, regulations, the relevant requirements of the securities regulatory authorities.

#### **(IX) Terms of Downward Adjustment for the Conversion Price**

##### *1. Authority and Scope of Adjustment*

If, during the term of the Convertible Bonds, the closing price of the Company’s A-shares is lower than 80% of the then conversion price for at least 15 out of any 30 consecutive trading days, in which case the Board may propose downward adjustment for Shareholders’ approval.

The abovementioned proposal is subject to approval of more than two-thirds of the Shareholders with voting rights who attend the Shareholders’ meetings. Shareholders holding the Convertible Bonds shall abstain from voting at the Shareholders’ meeting. The adjusted

conversion price shall not be lower than the average trading price of the Company's A-shares over the 20 trading days preceding the date of the aforementioned Shareholders' meeting and the average trading price of the Company's A-shares on the immediately preceding trading day.

If any conversion price adjustment due to ex-rights, ex-dividends, or similar events occurred during the aforementioned 30 trading days, the pre-adjustment conversion price and closing prices shall be used for calculation on trading days prior to the conversion price adjustment date, and the post-adjustment conversion price and closing prices shall be used for calculation on the conversion price adjustment date and subsequent trading days.

## 2. *Adjustment Procedures*

If the Company decides to adjust the conversion price downwards, the Company shall publish a relevant announcement on the Shanghai Stock Exchange website ([www.sse.com.cn](http://www.sse.com.cn)) and media designated by the CSRC for information disclosure of listed companies, specifying the extent of adjustment, share registration date, and the period during which conversion is suspended. Meanwhile, the Company shall disclose such information to the Hong Kong market in accordance with the Listing Rules and the Articles (if necessary). Conversion applications shall resume and the adjusted conversion price shall take effect from the first trading day following the share registration date (i.e., the conversion price adjustment date).

If the conversion price adjustment date falls on or after the conversion application date but before the share conversion registration date, such conversion applications shall be executed at the adjusted conversion price.

### **(X) Method for Determining the Number of A Shares for Conversion**

When bondholders apply for conversion during the conversion period, the number of shares to be converted shall be calculated as follows:  $Q = V \div P$ , rounded down to the nearest whole share.

Where: "V" is the aggregate nominal value of the Convertible Bonds for which the holder applies for conversion; "P" is the effective conversion price on the date of the conversion application.

The number of A shares into which the bondholders apply to be converted must be a whole number multiple of one share. Any remaining Convertible Bond balance that is insufficient for conversion into one share shall, in accordance with the relevant provisions of the Shanghai Stock Exchange and other authorities, be paid in cash by the Company within five trading days following the date of the bondholder's conversion, in an amount equal to the nominal value of such remaining Convertible Bonds and the corresponding accrued interest for the current period.

**(XI) Redemption Clauses***1. Maturity Redemption Clause*

Within five trading days after the maturity of the Convertible Bonds, the Company shall redeem all Convertible Bonds that have not been converted into A Shares. The actual redemption price shall be determined by the Board or other authorized person(s), as authorized by the Shareholders' meeting and after consultation with the sponsor (the lead underwriter) with reference to the market conditions.

*2. Conditional Redemption Clause*

During the conversion period of the Convertible Bonds, when either of the following two circumstances occurs, the Company shall have the right to redeem all or part of the outstanding Convertible Bonds at a price equal to the nominal value of the Convertible Bonds plus accrued interest for the current period:

(1) if the closing price of the Company's A-shares is not lower than 130% (inclusive) of the prevailing conversion price for at least 15 out of 30 consecutive trading days; or

(2) the outstanding balance of unconverted Convertible Bonds is less than RMB30 million.

The formula for calculating accrued interest for the current period is:  $I_A = B \times i \times t \div 365$

Where:

" $I_A$ " refers to the accrued interest for the current period;

" $B$ " refers to the aggregate nominal value of the Convertible Bonds to be redeemed;

" $i$ " refers to the interest rate of the Convertible Bonds for the current year;

" $t$ " refers to the number of interest accrual days, i.e., the actual calendar days from the last interest payment date (inclusive) to the redemption date of the current interest-bearing year (excluding the redemption date).

If any conversion price adjustment occurred during the aforementioned 30 trading days, the pre-adjustment conversion price and closing prices shall be used for calculation on trading days prior to the adjustment, and the post-adjustment conversion price and closing prices shall be used for calculation on trading days after the adjustment.

**(XII) Sale-back Clause**

If the actual use of proceeds raised from the issuance of Convertible Bonds differs from the undertakings made by the Company in the offering document, and such change is determined by the CSRC to constitute a change in the use of proceeds, the bondholders shall have a one-off right to sell all or part of the Convertible Bonds they hold to the Company at a price equal to the nominal value plus accrued interest for the current period. Under the aforementioned circumstances, the bondholders may exercise their sale-back right during the sale-back declaration period; those who do not exercise their sale-back right during the sale-back declaration period shall automatically forfeit such sale-back right (the method for calculating accrued interest for the current period is set forth in the relevant provisions of “Redemption Clauses”). The specific sale-back period would be determined following the satisfaction of the relevant conditions and announced by the Company in accordance with the relevant laws, rules and regulations, such as the China Securities Depository and Clearing Corporation Limited, Shanghai Branch – Securities Issuer Business Guide (中國證券登記結算有限責任公司上海分公司證券發行人業務指南) and the Self-regulatory Supervisory Guidelines No. 12 for Listed Companies on the Shanghai Stock Exchange -Convertible Corporate Bonds (《上海證券交易所上市公司自律監管指引第12號 – 可轉換公司債券》).

**(XIII) Guarantees**

No guarantee is provided for the issuance of the Convertible Bonds.

**(XIV) Estimated Amount of Proceeds to Be Raised**

Pursuant to the requirements of relevant laws, regulations and normative documents, and taking into account the financial position and investment plan of the Company, the total amount of proceeds to be raised from the Issue of the Convertible Bonds is proposed to be not more than RMB1.2 billion (inclusive of RMB1.2 billion). The specific size of the issuance shall be determined by the Board of Directors and persons authorised by the Board of Directors within the aforesaid amount range pursuant to the authorisation granted by the Shareholders’ meeting.

**(XV) Account for Specialised Storage of Proceeds**

The Company has established a system for the specialised storage of proceeds. The proceeds from the Issue of the Convertible Bonds will be deposited in a specialised account designated by the Board of Directors. The specific account opening matters will be determined by the Board of Directors and persons authorised by the Board of Directors prior to the issuance, and relevant information regarding the specialised account for the proceeds will be disclosed in the issuance announcement.

**(XVI) Investment Direction of Proceeds**

The total amount of proceeds to be raised from the Issue of Convertible Bonds to non-specified investors is proposed to be not more than RMB1.2 billion (inclusive of RMB1.2 billion). After deducting the issuance expenses, the proceeds are proposed to be used in full to supplement the Company's working capital, so as to expand the business scale, optimise the business structure, enhance the Company's market competitiveness and risk resilience, and increase the Company's capital base after conversion by the holders of the Convertible Bonds. Subsequently, the Company will primarily use the funds for the following aspects:

No.	Proposed Investment Direction of Proceeds	Proposed Investment Amount
1	Enhancing the service capabilities of the futures brokerage business	Not more than RMB500 million
2	Enhancing risk management service capabilities, including capital increase in the risk management subsidiary, etc.	Not more than RMB200 million
3	Enhancing wealth management capabilities, including investment in the investment research team of the asset management business, capital increase in the public fund subsidiary, etc.	Not more than RMB200 million
4	Enhancing the service capabilities of the overseas financial services business, including capital increase in overseas subsidiaries, etc.	Not more than RMB100 million
5	Strengthening information technology investment, and enhancing information technology research and development as well as risk control and compliance capabilities	Not more than RMB100 million
6	Other working capital arrangements	Not more than RMB100 million
Total		Not more than RMB1.2 billion

**(XVII) Method of Issuance and Target Subscribers**

The specific method of issuance of the Convertible Bonds shall be determined by the Board of Directors and persons authorised by the Board of Directors in consultation with the sponsor (lead underwriter) pursuant to the authorisation granted by the Shareholders' meeting. The target subscribers of the Convertible Bonds shall be natural persons, legal persons, securities investment funds, and other investors as permitted by law (except those prohibited by national laws and regulations) who hold securities accounts with China Securities Depository and Clearing Corporation Limited Shanghai Branch.

**(XVIII) Arrangements for Placing to Existing Shareholders**

The Convertible Bonds to be issued under the Issue shall be subject to preferential placing to the existing A-share shareholders of the Company. The specific percentage of the preferential placing to existing A-share shareholders shall be determined by the Board of Directors authorised by the Shareholders' meeting and persons authorised by the Board of Directors based on the specific circumstances at the time of issuance and shall be disclosed in the issuance announcement for the Issue of the Convertible Bonds. The remaining portion after the preferential placing to existing A-share shareholders and the portion where existing A-share shareholders waive their right of preferential placing shall be offered through a combination of offline placing to institutional investors and/or online fixed-price issuance through the trading system of the Shanghai Stock Exchange, with the balance underwritten by the underwriting syndicate. The specific method of issuance shall be determined by the Board of Directors or its authorised persons in consultation with the sponsor (lead underwriter) prior to the issuance pursuant to the authorisation granted by the Shareholders' meeting.

The Issue is still subject to review and approval by the Shanghai Stock Exchange and registration consent by the China Securities Regulatory Commission.

**II. REASONS FOR AND BENEFITS OF THE ISSUE**

After nearly 30 years of development, the Company has preliminarily established a comprehensive financial services platform covering spot and futures, on-exchange and over-the-counter, public offering and private placement, domestic and overseas, and online and offline channels. However, compared with other large-scale futures companies in the industry, particularly those under securities firms, the overall capital strength of the Company remains relatively weak. As competition in the futures industry intensifies, the requirements for capital scale continue to increase, and futures companies will shift towards scale-oriented competition and intensive operation. The Company needs to supplement its capital to further expand its business scale, develop various businesses, accelerate its growth, and enhance its market competitiveness. Therefore, by leveraging the Issue to increase its net capital scale and consolidate its advantageous businesses, while proactively capturing industry development opportunities and reinforcing synergies, specifically through expanding its wealth management business, deepening its risk management business, strengthening its overseas business, solidifying its brokerage business, enhancing its information technology capabilities and integrating various business resources, the Company aims to elevate its overall competitiveness.

Upon completion of the Issue, the Company will be able to strengthen its capital base and support its business operations. While the subsequent conversion of the convertible bonds by holders will increase the Company's net assets and further enhance its risk resistance, it should be noted that the Company's utilisation of the proceeds to supplement working capital and develop core businesses may take a certain process and period of time before generating returns, which could potentially dilute the immediate returns of existing shareholders. In response, the Company will make prudent use of the proceeds to foster the orderly and healthy development of its various businesses, thereby generating returns, enhancing its operating revenue and profitability, actively improving its core competitiveness, and ultimately maximising shareholder interests.



	As at the Latest Practicable Date				After completion of the Capitalization Issue				After completion of the Capitalization Issue and after completion of the Issuance of A Share Convertible Corporate Bonds to existing A Shareholders and conversion of all the A Share Convertible Corporate Bonds to A Shares under the Calculation Assumptions				After completion of the Capitalization Issue and after completion of the Issuance of A Share Convertible Corporate Bonds to Convertible Bond Investors and conversion of all the A Share Convertible Corporate Bonds to A Shares under the Calculation Assumptions			
	Approximate percentage of issued A Shares or H Shares (as the case may be)	Approximate percentage of the total number of issued Shares (excluding treasury Shares)	Approximate percentage of issued A Shares or H Shares (as the case may be)	Approximate percentage of the total number of issued Shares (excluding treasury Shares)	Approximate percentage of issued A Shares or H Shares (as the case may be)	Approximate percentage of the total number of issued Shares (excluding treasury Shares)	Approximate percentage of issued A Shares or H Shares (as the case may be)	Approximate percentage of the total number of issued Shares (excluding treasury Shares)	Approximate percentage of issued A Shares or H Shares (as the case may be)	Approximate percentage of the total number of issued Shares (excluding treasury Shares)	Approximate percentage of issued A Shares or H Shares (as the case may be)	Approximate percentage of the total number of issued Shares (excluding treasury Shares)	Approximate percentage of issued A Shares or H Shares (as the case may be)	Approximate percentage of the total number of issued Shares (excluding treasury Shares)		
	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares		
Convertible Bond Investors (as defined below) <sup>(note 6)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Treasury shares <sup>(note 5)</sup>	5,681,234	0.9%	0.8%	5,681,234	0.6%	0.5%	5,681,234	0.5%	0.6%	5,681,234	0.5%	0.5%	5,681,234	0.5%		
Total number of A Shares in issue (excluding treasury shares)	604,384,659	99.1%	84.2%	876,337,756	99.4%	84.4%	952,259,084	84.9%	99.4%	952,259,084	85.5%	85.9%	952,259,084	85.5%		
Total number of A Shares in issue <sup>(note 4)</sup>	610,065,893	100.0%	85.0%	882,038,990	100.0%	85.0%	957,940,318	-	100.0%	957,940,318	86.0%	86.0%	957,940,318	86.0%		
<b>H Shareholders</b>																
Public H shareholders	107,659,000	100.0%	15.0%	156,105,550	100.0%	15.0%	156,105,550	15.1%	100.0%	156,105,550	14.0%	14.1%	156,105,550	14.1%		
Total number of H Shares in issue	107,659,000	100.0%	15.0%	156,105,550	100.0%	15.0%	156,105,550	15.1%	100.0%	156,105,550	14.0%	14.0%	156,105,550	14.0%		
Total number of Shares in issue	717,724,893	-	-	1,038,144,540	-	-	1,114,045,868	-	-	1,114,045,868	-	-	1,114,045,868	-		

*Notes:*

- (1) The conversion price aforesaid is only used to calculate the impacts of the Issue on the Company's shareholding structure, and the final initial conversion price shall be determined by the Board (or its authorized person(s)), under the authorization of the shareholders' meeting, based on the market conditions prior to the offering, possibly with ex-rights, ex-dividend adjustment or downward revisions.
- (2) Hengdian Holdings directly holds 425,120,900 A Shares of the Company, indirectly holds 10,000,000 A Shares through its subsidiary Hengdian Group DMEGC Magnetics Co., Ltd (橫店集團東磁股份有限公司), and indirectly holds 10,000,000 A Shares through its subsidiary Zhejiang Hengdian Import and Export Co., Ltd. (浙江橫店進出口有限公司). As Hengdian Holdings is the general partner of Dongyang Henghua LLP, Hengdian Holdings is deemed to be interested in 24,480,000 A Shares held by Dongyang Henghua LLP for the purposes of the SFO.
- (3) Hengdian Holdings is directly held by Dongyang Hengdian Association and Dongyang Hengchuang as to 51% and 19%, respectively. Dongyang Hengchuang is held by Dongyang Hengdian Association as to 0.01% as its general partner and as to 99.98% as its limited partner. Therefore, Dongyang Hengdian Association is deemed to be interested in all the shares held by Hengdian Holdings for the purpose of the SFO.
- (4) The total may not be an arithmetic aggregation of the percentages preceding them due to rounding.
- (5) The 5,681,234 A Shares in the Company's designated securities account for repurchase (i.e. the treasury Shares) will not be entitled to the Capitalization Issue and the Issue.
- (6) Convertible Bond Investors refer to those who subscribe for the Convertible Bonds that are not existing Shareholders.
- (7) The above is calculated merely for illustrative purpose and does not represent the actual effect of the Issue on shareholding structure of the Company which shall be subject to the final issuance and subscription.

Based on publicly available information and to the knowledge of the Directors, as at the Latest Practicable Date, the number of H Shares held by the public is approximately 15.1% of the total number of issued H Shares (excluding treasury Shares), which satisfied the public float requirements under the Listing Rules. Based on publicly available information and to the knowledge of the Directors, assuming that the Capitalization Issue and the Issue will be completed, the number of H Shares held by the public after the completion of the Capitalization Issue and the Issue is expected to be 14.1% of the total number of issued H Shares (excluding treasury Shares). The Company will ensure that it meets the public float requirements before and after the completion of the Capitalization Issue and the Issue.

**IV. EQUITY FINANCING ACTIVITIES IN THE PAST 12 MONTHS**

Save as the 107,659,000 H-Shares issued by the Company, which were listed on the Main Board of the Hong Kong Stock Exchange and commenced trading on December 22, 2025, in the past 12 months prior to the Latest Practicable Date, the Company has not conducted any equity financing activities involving the issuance of equity securities.

**V. LISTING RULES IMPLICATIONS**

Pursuant to Chapter 14A of the Listing Rules, if any connected person (such as any A Shareholder holding more than 10% of the total issued Shares (excluding treasury Shares)) subscribes the A Share Convertible Bonds, the subscription will constitute connected transaction of the Company, subject to relevant reporting, announcement and independent

Shareholders' approval requirements. In the event of any proposed subscription of A Share Convertible Bonds by connected person(s) to the knowledge of the Company, the Company will promptly make further announcement(s) and comply with the requirements of Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, the portion of the H Shares held by the public must at all times account for 5% of the total number of issued shares (excluding treasury shares) in the relevant class of the Company's H Shares. The Company will maintain sufficient public float to meet the above requirement at all times including upon conversion of the Convertible Bonds in the Issue.

To ensure the lawful and efficient completion of the Issuance of Convertible Corporate Bonds (hereinafter referred to as the “**Convertible Bonds**” or the “**Issue**”), and to determine the specific matters of the plan for the Issue in light of capital market conditions, it is proposed that the AGM authorizes the Board, and that the Board in turn authorize the Chairman, to deal with all matters related to the Issue at his full discretion, subject to compliance with relevant laws and regulations, including but not limited to:

**I. AUTHORIZATIONS RELATED TO THE ISSUANCE OF THE CONVERTIBLE BONDS**

1. Within the scope permitted by relevant laws and regulations, the Articles of Association, and resolutions of the Shareholders’ meeting, and in accordance with the opinions of regulatory authorities and the Company’s actual circumstances, to make appropriate revisions, adjustments, and supplements to the issuance terms of the Issue, to clarify the specific issuance terms and issuance plan prior to the Issue, and to formulate and implement the final plan for the Issue, including but not limited to determining the issuance scale, issuance method and targets, the proportion of priority allocation to existing A-share shareholders, the determination of the initial conversion price, adjustments to the conversion price, redemption terms, bond interest rates, the rights to convene bondholder meetings and the rules governing bondholder meetings, as well as the conditions for the effectiveness of resolutions, determining the timing of the Issue, establishing a special account for the proceeds, signing a tripartite supervision agreement for the custody of proceeds in the special account, and making rating arrangements, as well as all other matters related to the issuance plan;
2. To engage and adjust relevant intermediaries, determine their service fees, and deal with the filing procedures for the Issue and listing; to prepare, amend, and submit the relevant filing materials for the Issue and listing in accordance with regulatory requirements, and handle information disclosure matters related to the Issue in accordance with regulatory requirements;
3. Pursuant to developments in relevant laws and regulations and policy, changes in market conditions, and the review opinions of the relevant government authorities and regulatory authorities regarding the Issue application, and except for matters that must be re-voted on by the shareholders’ meeting pursuant to applicable laws and regulations, the Articles of Association, or requirements by regulatory authorities, to the extent permitted by applicable laws and regulations and in accordance with the opinions of the regulatory authorities, to make appropriate revisions, adjustments, and supplements to the specific plan for the Issue and the related application documents and supporting documents (including, but not limited to, the feasibility report on the use of proceeds, the dilution of immediate returns and corresponding mitigation measures);

4. To amend, supplement, execute, file, submit, and implement all agreements, contracts, and documents arising from the Issue (including, but not limited to, the agreement on the supervision of proceeds and agreements for the engagement of intermediaries);
5. To amend the relevant provisions of the Articles of Association as appropriate pursuant to the Issue and conversion of the Convertible Bonds, and to deal with matters such as filing with the industrial and commercial authorities, registration of changes to the registered capital, and listing of the Convertible Bonds;
6. In the event of changes in regulatory policies governing the Issue of Convertible Bonds or changes in market conditions, to make corresponding adjustments to the specific plans of the Issue and other related matters, except for matters that, pursuant to relevant laws, regulations, and the Articles of Association, require to be re-voted by the shareholders' meeting;
7. In the event of force majeure or other circumstances that would make it difficult to implement the plan for the Issue, or where implementation would result in adverse consequences to the Company, or in the event of changes to the policies governing the Issue of Convertible Bonds, to, at its discretion, decide to postpone the implementation of the plan for the Issue;
8. In accordance with relevant laws, regulations, and regulatory requirements, to analyse, study, and evaluate the dilution of immediate returns of the Issue of the Convertible Bonds, to formulate and implement measures to offset such impact, and, pursuant to any future policies, regulations, implementation rules, or self-regulatory standards, to amend, supplement, and refine the relevant analyses and measures within the existing framework, while, at its discretion, to deal with all other matters related thereto;
9. To take all necessary actions, make decisions, or deal with all other matters related to the Issue, to the extent permitted by relevant laws and regulations.

## **II. OTHER AUTHORIZATIONS RELATED TO THE ISSUANCE OF THE CONVERTIBLE BONDS**

1. For redemption: In accordance with applicable laws and regulations, the provisions of the Articles of Association, and market conditions, to, at its discretion, deal with all matters related to redemption, including but not limited to determining the redemption date, redemption ratio, and execution procedures;

2. For conversion: In accordance with applicable laws and regulations, the provisions of the Articles of Association, and market conditions, to, at its discretion, deal with all matters related to conversion, including but not limited to adjusting the conversion price; amending the provisions regarding registered capital in the Articles of Association in a timely manner based on the conversion status of the Convertible Bonds, and to deal with the approval and industrial and commercial filing of such amendments to the Articles of Association, and the approval and industrial and commercial registration of changes to the registered capital;
3. To the extent permitted by relevant laws and regulations, to take all necessary actions to decide or deal with all other relevant matters during the term of the Convertible Bonds, including but not limited to dealing with matters such as information disclosure and put options during the term of the Convertible Bonds in accordance with the requirements of laws, regulations, and normative documents; to exercise relevant rights and fulfill relevant obligations in accordance with the provisions of the Prospectus, the Convertible Bond Trustee Agreement, the Rules of the Convertible Bondholders' Meeting, and other relevant documents.

**NANHUA FUTURES CO., LTD.  
REPORT ON THE PREVIOUS USE OF PROCEEDS**

Pursuant to the provisions of the Application Guidance for Regulatory Rules – Issuance Category No. 7 (《監管規則適用指引—發行類第7號》) of the China Securities Regulatory Commission, the Company hereby reports on the use of previous proceeds as of December 31, 2025.

**I. RAISING AND DEPOSIT OF PREVIOUS PROCEEDS**

**(I) Amount and Time of Receipt of Previous Proceeds**

**1. Initial Public Offering of Shares in 2019**

Pursuant to the Approval on the Initial Public Offering of Shares of Nanhua Futures Co., Ltd. (《關於核准南華期貨股份有限公司首次公開發行股票的批覆》) (Zheng Jian Xu Ke [2019] No. 1480) of the China Securities Regulatory Commission, the Company adopted a public offering method through the lead underwriter, CITIC Securities Company Limited, to issue 70,000,000 RMB ordinary shares (A Shares) to the public at an issue price of RMB4.84 per share, raising total proceeds of RMB338.80 million. After deducting underwriting and sponsorship fees of RMB36.20 million, the proceeds deposited into the Company’s designated account were RMB302.60 million, which were remitted by the lead underwriter, CITIC Securities Company Limited, into the Company’s proceeds supervisory account on August 27, 2019. The total proceeds raised by the Company in this fundraising amounted to RMB338.80 million. After deducting underwriting and sponsorship fees of RMB34.1509 million (exclusive of tax), and other issuance expenses such as legal fees, audit fees, and statutory information disclosure fees of RMB22.3347 million (exclusive of tax), the net proceeds raised by the Company in this fundraising were RMB282.3143 million. The receipt of the above proceeds was verified by Pan-China Certified Public Accountants LLP, which issued a Capital Verification Report (《驗資報告》) (Tian Jian Yan [2019] No. 288).

**2. Non-Public Offering of Shares in 2021**

Pursuant to the Approval on the Non-Public Offering of Shares of Nanhua Futures Co., Ltd. (《關於核准南華期貨股份有限公司非公開發行股票的批覆》) (Zheng Jian Xu Ke [2020] No. 1757) of the China Securities Regulatory Commission, the Company adopted a non-public offering method through the lead underwriter, CITIC Securities Company Limited, to issue 30,065,900 RMB ordinary shares (A Shares) to specific targets at an issue price of RMB12.14 per share, raising total proceeds of RMB364.9999 million. After deducting underwriting and sponsorship fees of RMB3.85 million, the proceeds deposited into the Company’s designated account were RMB361.1499 million, which were remitted by the lead underwriter, CITIC Securities Company Limited, into the Company’s proceeds supervisory account on March 19, 2021. The total proceeds raised by the Company in this fundraising amounted to RMB364.9999 million. After deducting underwriting and sponsorship fees of RMB3.6321 million (exclusive of tax), and other issuance expenses such as legal fees, audit fees, and statutory information

## APPENDIX VII REPORT ON THE PREVIOUS USE OF PROCEEDS

disclosure fees of RMB2.1182 million (exclusive of tax), the net proceeds raised by the Company in this fundraising were RMB359.2497 million. The receipt of the above proceeds was verified by Pan-China Certified Public Accountants LLP, which issued a Capital Verification Report (Tian Jian Yan [2021] No. 128).

### (II) Deposit of Previous Proceeds in Special Accounts

As of December 31, 2025, the previous proceeds of the Company had been fully utilised to supplement the Company's capital. Since the proceeds accounts were no longer to be used, the Company has completed the closure procedures for the aforesaid proceeds accounts. The initial deposit status of the Company's previous proceeds in bank accounts is as follows:

Unit: RMB'0,000

Bank of Deposit	Bank Account Number	Initial Deposit Amount <sup>Note</sup>	Balance as at December 31, 2025	Note
Hangzhou Xihu Sub-branch, Bank of Communications Co., Ltd.	331066130018170176613	10,260.00		Account closed on September 17, 2019
Hangzhou Qiushi Sub-branch, Shanghai Pudong Development Bank Co., Ltd.	95180078801200000512	15,000.00		Account closed on September 17, 2019
Hangzhou Qianjiang Xincheng Sub-branch, Bank of China Limited	357176816892	5,000.00		Account closed on September 17, 2019
Business Department, Hangzhou Branch, Industrial Bank Co., Ltd.	356980100101527680	36,114.99		Account closed on May 19, 2021
Total		66,374.99		

Note The difference between the initial deposit amount and the net proceeds of RMB22.1859 million from previous offering represents other issuance expenses such as underwriting fees, sponsorship fees, legal fees, audit fees, and statutory information disclosure fees

**II. USE OF PREVIOUS PROCEEDS**

According to the specific application plan for proceeds disclosed in the Company's Prospectus for the initial public offering of shares, "after deducting issuance expenses, the proceeds raised from this initial public offering of shares will be fully used to supplement the Company's capital." As of December 31, 2025, the use of proceeds is consistent with the aforesaid commitment.

According to the specific application plan for proceeds disclosed in the Company's pre-approval announcement for the non-public offering of A Shares, "after deducting relevant issuance expenses, the proceeds raised from this offering will be fully used to increase the Company's capital and supplement working capital." As of December 31, 2025, the use of proceeds is consistent with the aforesaid commitment.

Details of the use of previous proceeds are set out in Appendix 1 to this report.

**III. CHANGES IN PREVIOUS PROCEEDS**

The Company has no changes in the previous proceeds.

**IV. EXPLANATION ON THE DIFFERENCES AND REASONS BETWEEN THE ACTUAL TOTAL INVESTMENT AND THE COMMITTED AMOUNT IN RESPECT OF THE PREVIOUS PROCEEDS PROJECTS**

The actual amount of previous proceeds utilised by the Company exceeded the committed amount by RMB76,100, representing the net amount of accumulated interest from the deposit of the previous proceeds in special accounts after deducting bank charges, which was also invested in the projects.

**V. DESCRIPTION OF EXTERNAL TRANSFER OR REPLACEMENT OF PREVIOUS PROCEEDS INVESTMENT PROJECTS**

The Company has no external transfer or replacement of previous proceeds investment projects.

**VI. EXPLANATION OF BENEFITS REALISED FROM PREVIOUS PROCEEDS INVESTMENT PROJECTS**

The purpose of the Company's proceeds was to supplement the Company's capital, and therefore the benefits cannot be separately accounted for.

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**APPENDIX VII      REPORT ON THE PREVIOUS USE OF PROCEEDS**

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**VII. DESCRIPTION OF ASSET OPERATION WHERE PREVIOUS PROCEEDS WERE USED TO SUBSCRIBE FOR SHARES**

The Company has no circumstance where previous proceeds were used to subscribe for shares.

**VIII. USE OF IDLE PROCEEDS**

The Company has no idle proceeds.

**IX. BALANCE OF PREVIOUS PROCEEDS AND UTILIZATION OF SAVED PROCEEDS**

As of December 31, 2025, the previous proceeds of the Company have been fully utilized with no balance remaining.

Appendix: 1. Comparison Table on the Use of Previous Proceeds

## Appendix 1

## Comparison Table on the Use of Previous Proceeds

As of December 31, 2025

Prepared by: Nanhua Futures Co., Ltd.

Amount Unit: RMB'0,000

		Total amount of the proceeds utilised to date: 64,164.01				Total amount of the proceeds utilised by year: 64,164.01				Date on which the project is expected to be ready for intended use (or project completion progress as of the last date)	
		Total amount of proceeds with changed usage:				Total amount of proceeds utilised by year: 64,164.01					
		2019: 28,238.34				2021: 35,925.67					
		2021: 35,925.67									
Investment Projects		Total amount of proceeds invested				Accumulated amount of proceeds invested as of the last date				Date on which the project is expected to be ready for intended use (or project completion progress as of the last date)	
No.		Committed investment amount (before fundraising)	Committed investment amount (after fundraising)	Actual investment amount	Actual investment amount	Committed investment amount (before fundraising)	Committed investment amount (after fundraising)	Actual investment amount	Difference between actual investment amount and committed investment amount after fundraising <sup>note</sup>		
1	To supplement the Company's capital	28,231.43	28,231.43	28,238.34	28,238.34	28,231.43	28,231.43	28,238.34	6.91	N/A	
2	To supplement the Company's capital	35,924.97	35,924.97	35,925.67	35,925.67	35,924.97	35,924.97	35,925.67	0.70	N/A	

Note: The cumulative actual investment amount as of the end of the period exceeded the total amount of proceeds by RMB76,100, representing interest generated from the special account for the proceeds.

*The English version of this Appendix is an unofficial translation of the Chinese version. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.*

Details of the Proposed Amendments to the Articles of Association are as follows:

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 3</b> As approved by the CSRC on August 9, 2019, the Company initially issued 70,000,000 RMB- denominated ordinary shares (the “A Shares”) to the public which were listed on the Shanghai Stock Exchange on August 30, 2019.</p> <p>Upon the filing with the CSRC on [●], the Company issued [●] overseas listed <b>foreign shares</b> in Hong Kong (the “H Shares”), and H Shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on [●].</p>	<p><b>Article 3</b> As approved by the CSRC on August 9, 2019, the Company initially issued 70,000,000 RMB- denominated ordinary shares (the “A Shares”) to the public which were listed on the Shanghai Stock Exchange on August 30, 2019.</p> <p>Upon the filing with the CSRC on <b>September 19, 2025</b>, the Company issued <b>107,659,000</b> overseas listed <b>shares</b> in Hong Kong (the “H Shares”), and H Shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on <b>December 22, 2025</b>.</p>
<p><b>Article 6</b> The registered share capital of the Company was RMB[●] million.</p>	<p><b>Article 6</b> The registered share capital of the Company was RMB<b>717,724,893</b>.</p>
<p><b>Article 17</b> The number of issued shares of the Company is [●] shares. The share capital structure of the Company is as follows: [●] ordinary shares, including [●] A shares and [●] H shares. All shares of the Company are ordinary shares without preference shares.</p>	<p><b>Article 17</b> The number of issued shares of the Company is <b>717,724,893</b> shares. The share capital structure of the Company is as follows: <b>717,724,893</b> ordinary shares, including <b>610,065,893</b> A shares and <b>107,659,000</b> H shares. All shares of the Company are ordinary shares without preference shares.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 48</b> The Company shall convene an extraordinary shareholders' meeting within two months upon the occurrence of any of the following events:</p> <p>(I) Where the number of Directors is less than that provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;</p> <p>(II) Where the uncovered loss of the Company reaches one-third of the total share capital;</p> <p>(III) Where the shareholders with 10% or more shares of the Company separately or jointly request;</p> <p>(IV) Where the Board considers it necessary;</p> <p>(V) Where the Audit Committee proposes the convening of the meeting;</p> <p>(VI) Other circumstances as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.</p>	<p><b>Article 48</b> The Company shall convene an extraordinary shareholders' meeting within two months upon the occurrence of any of the following events:</p> <p>(I) Where the number of Directors is less than that provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;</p> <p>(II) Where the uncovered loss of the Company reaches one-third of the total share capital;</p> <p>(III) Where the shareholders with 10% or more shares of the Company <b>(excluding the treasury shares)</b> separately or jointly request;</p> <p>(IV) Where the Board considers it necessary;</p> <p>(V) Where the Audit Committee proposes the convening of the meeting;</p> <p>(VI) Other circumstances as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 53</b> Shareholders who individually or together hold 10% or more of the shares of the Company shall request the Board of Directors to convene an extraordinary shareholders’ meeting and such request shall be made to the Board of Directors in writing. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary shareholders’ meeting within ten days upon receipt of the request in accordance with laws, administrative regulations and the Articles of Association.</p> <p>Where the Board of Directors agrees to hold an extraordinary shareholders’ meeting, it shall issue a notice of the shareholders’ meeting within five days after the resolution was made. Any change to the original request in the notice shall be subject to the approval from the relevant shareholders.</p> <p>Where the Board of Directors does not agree to hold an extraordinary shareholders’ meeting or fails to give a reply within ten days upon receipt of the request, shareholders who individually or together hold 10% or more of the shares of the Company shall submit a proposal to the Audit Committee on holding an extraordinary shareholders’ meeting, such request shall be made to the Audit Committee in writing.</p> <p>Where the Audit Committee agrees to hold an extraordinary shareholders’ meeting, it shall issue a notice of shareholders’ meeting within five days after receiving the request. Any changes to the original request in the notice shall be subject to the approval from the relevant shareholders.</p>	<p><b>Article 53</b> Shareholders who individually or together hold 10% or more of the shares of the Company (<b>excluding the treasury shares</b>) shall request the Board of Directors to convene an extraordinary shareholders’ meeting and such request shall be made to the Board of Directors in writing. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary shareholders’ meeting within ten days upon receipt of the request in accordance with laws, administrative regulations and the Articles of Association.</p> <p>Where the Board of Directors agrees to hold an extraordinary shareholders’ meeting, it shall issue a notice of the shareholders’ meeting within five days after the resolution was made. Any change to the original request in the notice shall be subject to the approval from the relevant shareholders.</p> <p>Where the Board of Directors does not agree to hold an extraordinary shareholders’ meeting or fails to give a reply within ten days upon receipt of the request, shareholders who individually or together hold 10% or more of the shares of the Company (<b>excluding the treasury shares</b>) shall submit a proposal to the Audit Committee on holding an extraordinary shareholders’ meeting, such request shall be made to the Audit Committee in writing.</p> <p>Where the Audit Committee agrees to hold an extraordinary shareholders’ meeting, it shall issue a notice of shareholders’ meeting within five days after receiving the request. Any changes to the original request in the notice shall be subject to the approval from the relevant shareholders.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p>Where the Audit Committee fails to give the notice of the shareholders' meeting within the specified time limit, it shall be deemed that the Audit Committee does not convene or preside over the meeting, in which case, shareholders who individually or together hold 10% or more of the shares of the Company for 90 or more consecutive days may convene and preside over the meeting on their own.</p>	<p>Where the Audit Committee fails to give the notice of the shareholders' meeting within the specified time limit, it shall be deemed that the Audit Committee does not convene or preside over the meeting, in which case, shareholders who individually or together hold 10% or more of the shares of the Company (<b>excluding the treasury shares</b>) for 90 or more consecutive days may convene and preside over the meeting on their own.</p>
<p><b>Article 54</b> Where the Audit Committee or shareholders decide to convene an extraordinary shareholders' meeting on its/their own, it/they shall give a written notice to the Board of Directors and report the same to the Shanghai Stock Exchange for the record.</p> <p>When issuing the notice of the shareholders' meeting and the announcement of the resolution(s) of the shareholders' meeting, the Audit Committee or shareholders who convene the shareholders' meeting shall submit relevant supporting materials to the Stock Exchange.</p> <p>Prior to the announcement of the shareholders' meeting resolution, the shareholding of the convening shareholders shall not be less than 10%.</p>	<p><b>Article 54</b> Where the Audit Committee or shareholders decide to convene a shareholders' meeting on its/their own, it/they shall give a written notice to the Board of Directors and report the same to the Shanghai Stock Exchange for the record.</p> <p>When issuing the notice of the shareholders' meeting and the announcement of the resolution(s) of the shareholders' meeting, the Audit Committee or shareholders who convene the shareholders' meeting shall submit relevant supporting materials to the stock exchange.</p> <p>Prior to the announcement of the shareholders' meeting resolution, the shareholding of the convening shareholders shall not be less than 10% (<b>excluding the treasury shares</b>).</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 58</b> When the Company convenes the shareholders’ meeting, the Board of Directors, the Audit Committee and shareholder(s), individually or in aggregate, holding 1% or more of the shares of the Company shall have the right to propose proposals.</p> <p>Shareholder(s) individually or jointly holding 1% or more of the Company’s shares may submit an extraordinary proposals to the convener in writing ten days prior to date of the meeting. The convener shall dispatch a supplementary notice of the shareholders’ meeting and announce the contents of such provisional proposal within two days upon receipt of the proposal, and submit the extraordinary proposal to the shareholders’ meeting for consideration. except for any proposal that violates laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association, or any proposal that falls outside the purview of the shareholders’ meeting.</p> <p>Except as provided in the preceding paragraph, after the convener issues a public notice of the shareholders’ meeting, conveners shall not amend the proposals or add any new proposals in the notice of the shareholders’ meeting.</p> <p>The shareholders’ meeting shall not vote for or pass a resolution on any proposal not stated in the notice of the shareholders’ meeting or not complying with the provisions of the Articles of Association.</p>	<p><b>Article 58</b> When the Company convenes the shareholders’ meeting, the Board of Directors, the Audit Committee and shareholder(s), individually or in aggregate, holding 1% or more of the shares of the Company <b>(excluding the treasury shares)</b> shall have the right to propose proposals.</p> <p>Shareholder(s) individually or jointly holding 1% or more of the Company’s shares <b>(excluding the treasury shares)</b> may submit an extraordinary proposal to the convener in writing ten days prior to date of the meeting. The convener shall dispatch a supplementary notice of the shareholders’ meeting and announce the contents of such extraordinary proposal within two days upon receipt of the proposal, and submit the extraordinary proposal to the shareholders’ meeting for consideration. Except for any extraordinary proposals that violate laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association, or any extraordinary proposals that fall outside the purview of the shareholders’ meeting.</p> <p>Except as provided in the preceding paragraph, after the convener issues a public notice of the shareholders’ meeting, conveners shall not amend the proposals or add any new proposals in the notice of the shareholders’ meeting.</p> <p>The shareholders’ meeting shall not vote for or pass a resolution on any proposal not stated in the notice of the shareholders’ meeting or not complying with the provisions of the Articles of Association.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 82</b> Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights represented by them, with each share entitled to one vote. On a poll taken at a meeting, shareholders (including proxies) entitled to two or more votes need not cast all his votes in the same way of pros, cons or abstention.</p> <p>When material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The results of such separate vote counting shall be disclosed promptly.</p> <p>The shares held by the Company carry no voting rights and are excluded from the total count of voting shares present at the shareholders' meeting.</p> <p>Pursuant to the applicable laws, administrative regulations, departmental rules, normative documents, and securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting on a specific resolution or is limited to casting a vote solely for or against such resolution, any votes cast by the shareholder (or the proxy) in contravention of these stipulations shall be excluded from the voting outcome.</p>	<p><b>Article 82</b> Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights represented by them, with each share entitled to one vote. On a poll taken at a meeting, shareholders (including proxies) entitled to two or more votes need not cast all his votes in the same way of pros, cons or abstention.</p> <p>When material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The results of such separate vote counting shall be disclosed promptly.</p> <p>The shares held by the Company carry no voting rights and are excluded from the total count of voting shares present at the shareholders' meeting.</p> <p>Pursuant to the applicable laws, administrative regulations, departmental rules, normative documents, and securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting on a specific resolution or is limited to casting a vote solely for or against such resolution, any votes cast by the shareholder (or the proxy) in contravention of these stipulations shall be excluded from the voting outcome.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p>If a shareholder acquires the Company's voting shares in breach of the stipulations outlined in paragraphs 1 and 2 of Article 63 of the Securities Law, the portion of shares exceeding the prescribed limit shall be deprived of voting rights for thirty-six months following the acquisition and excluded from the aggregate count of voting shares present at the shareholders' meeting.</p> <p>The Board, independent Directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established under applicable laws, administrative regulations, or CSRC provisions, may publicly solicit voting rights from shareholders. The solicitation of shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited parties. It is prohibited to solicit shareholders' voting rights by means of payment or disguised payment. Except for statutory conditions, the Company shall not <b>set a minimum shareholding limit for gathering voting rights.</b></p>	<p>If a shareholder acquires the Company's voting shares in breach of the stipulations outlined in paragraphs 1 and 2 of Article 63 of the Securities Law, the portion of shares exceeding the prescribed limit shall be deprived of voting rights for thirty-six months following the acquisition and excluded from the aggregate count of voting shares present at the shareholders' meeting.</p> <p>The Board, independent Directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established under applicable laws, administrative regulations, or CSRC provisions, may publicly solicit voting rights from shareholders. The solicitation of shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited parties. It is prohibited to solicit shareholders' voting rights by means of payment or disguised payment. Except for statutory conditions, the Company shall not <b>impose any conditions on solicitors.</b></p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 86</b> The nomination methods and procedures relating to candidate Directors (other than employee Directors) shall be as below:</p> <p>(I) Candidates for non-independent Directors shall be nominated by the Board or by Shareholders of the Company holding individually or collectively more than one percent of the Shares of the Company. Following consideration and approval by the Board to form a proposal, such candidates shall be elected at the shareholders' meeting;</p> <p>(II) Independent Director candidates shall be nominated by the Board of the Company, and shareholders who, individually or aggregately, hold over 1% of the shares of the Company, and be elected at the shareholders' meeting. Investors protection institutions established in accordance with the law may publicly request shareholders to entrust them with the exercise of nominating independent Directors on their behalf. Nominators of independent Directors shall obtain the consent of the nominee prior to any nomination. Nominators shall have a thorough understanding of the nominees' professional background, educational qualifications, professional titles, detailed work experience, all part-time positions, and any adverse records such as material breaches of trust. They shall also express their opinion on whether the nominees meet the independence and other criteria for serving as an independent Director. Nominees shall make public statements confirming their compliance with the independence and other criteria for serving as an independent Director.</p>	<p><b>Article 86</b> The nomination methods and procedures relating to candidate Directors (other than employee Directors) shall be as below:</p> <p>(I) Candidates for non-independent Directors shall be nominated by the Board or by Shareholders of the Company holding individually or collectively more than one percent of the Shares of the Company (<b>excluding the treasury shares</b>). Following consideration and approval by the Board to form a proposal, such candidates shall be elected at the shareholders' meeting;</p> <p>(II) Independent Director candidates shall be nominated by the Board of the Company, and shareholders who, individually or aggregately, hold over 1% of the shares of the Company (<b>excluding the treasury shares</b>), and be elected at the shareholders' meeting. Investors protection institutions established in accordance with the law may publicly request shareholders to entrust them with the exercise of nominating independent Directors on their behalf. Nominators of independent Directors shall obtain the consent of the nominee prior to any nomination. Nominators shall have a thorough understanding of the nominees' professional background, educational qualifications, professional titles, detailed work experience, all part-time positions, and any adverse records such as material breaches of trust. They shall also express their opinion on whether the nominees meet the independence and other criteria for serving as an independent Director. Nominees shall make public statements confirming their compliance with the independence and other criteria for serving as an independent Director.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 100</b> Directors shall be elected or replaced by the shareholders’ meeting, and may be released of his/her duties by the shareholders’ meeting before the expiration of the term of office. The term of office of a Director is three years and upon maturity of the term of office, a Director shall be eligible for re-election and reappointment, provided that an independent Director shall not serve more than six consecutive years.</p> <p>A Director’s term of office shall commence upon assumption of duties and extend through the conclusion of the current Board’s tenure. If a Director’s term of office expires without timely re-election, until the re-elected Director takes office, the incumbent Director shall continue to fulfill his/her duties in accordance with applicable laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>Any person appointed by the Board as a Director to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual shareholders’ meeting of the Company after his/her appointment, and shall then be eligible for re-election.</p> <p>A member of senior management may concurrently serve as a Director, provided that the aggregate number of Directors who concurrently serve as senior management and Directors who are employee representatives shall not exceed one half of the total number of Directors of the Company.</p> <p>The Board shall have employee representatives of the Company. Employee representatives on the Board shall be elected by the Company’s employees through the employee representative congress, employee assembly or other democratic forms, and shall assume their positions from the date of their election without the need to submit to the shareholders’ meeting for consideration.</p>	<p><b>Article 100</b> Directors <b>not being staff representatives</b> shall be elected or replaced by the shareholders’ meeting, and may be released of his/her duties by the shareholders’ meeting before the expiration of the term of office. The term of office of a Director is three years and upon maturity of the term of office, a Director shall be eligible for re-election and reappointment, provided that an independent Director shall not serve more than six consecutive years.</p> <p>A Director’s term of office shall commence upon assumption of duties and extend through the conclusion of the current Board’s tenure. If a Director’s term of office expires without timely re-election, until the re-elected Director takes office, the incumbent Director shall continue to fulfill his/her duties in accordance with applicable laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>Any person appointed by the Board as a Director to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual shareholders’ meeting of the Company after his/her appointment, and shall then be eligible for re-election.</p> <p>A member of senior management may concurrently serve as a Director, provided that the aggregate number of Directors who concurrently serve as senior management and Directors who are employee representatives shall not exceed one half of the total number of Directors of the Company.</p> <p>The Board shall have employee representatives of the Company. Employee representatives on the Board shall be elected by the Company’s employees through the employee representative congress, employee assembly or other democratic forms, and shall assume their positions from the date of their election without the need to submit to the shareholders’ meeting for consideration.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 101</b> Directors shall comply with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, shall bear the duty of loyalty to the Company, shall take measures to avoid any conflict between their own interests and the interests of the Company, and shall not use their powers to gain improper advantage.</p> <p>Each Director has the following obligations of loyalty to the Company:</p> <p>(I) Shall not expropriate the Company's property and misappropriate the Company's funds;</p> <p>(II) Shall not open any account in his own name or in others' name for the deposit of the Company's funds;</p> <p>(III) Shall not accept bribes or other illegal income by advantage of his/her duties;</p> <p>(IV) Shall not directly or indirectly sign any contract or deal with the Company before reporting to the Board or the shareholders' meeting and passing the resolution at the Board meeting or the shareholders' meeting in accordance with the requirements of the Articles of Association;</p> <p>(V) Shall not, by taking advantage of their functions, obtain, whether for themselves or for others, such business opportunities that should have been procured by the Company, unless reported to the Board or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or the Company is not able to take advantage of the business opportunity in accordance with the laws, administrative regulations or the requirements of the Articles of Association;</p> <p>(VI) Shall not to operate a business similar to that of the Company for his/her own account or on behalf of others without reporting to the Board or the shareholders' meeting and approval by a resolution of the shareholders' meeting;</p>	<p><b>Article 101</b> Directors shall comply with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, shall bear the duty of loyalty to the Company, shall take measures to avoid any conflict between their own interests and the interests of the Company, and shall not use their powers to gain improper advantage.</p> <p>Each Director has the following obligations of loyalty to the Company:</p> <p>(I) Shall not expropriate the Company's property and misappropriate the Company's funds;</p> <p>(II) Shall not open any account in his own name or in others' name for the deposit of the Company's funds;</p> <p>(III) Shall not accept bribes or other illegal income by advantage of his/her duties;</p> <p>(IV) Shall not directly or indirectly sign any contract or deal with the Company before reporting to the Board or the shareholders' meeting and passing the resolution at the Board meeting or the shareholders' meeting in accordance with the requirements of the Articles of Association;</p> <p>(V) Shall not, by taking advantage of their functions, obtain, whether for themselves or for others, such business opportunities that should have been procured by the Company, unless reported to the Board or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or the Company is not able to take advantage of the business opportunity in accordance with the laws, administrative regulations or the requirements of the Articles of Association;</p> <p>(VI) Shall not to operate a business similar to that of the Company for his/her own account or on behalf of others without reporting to the Board or the shareholders' meeting and approval by a resolution of the shareholders' meeting;</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p>(VII) Shall not personally accept commissions derived from others for transactions with the Company;</p> <p>(VIII) Shall not disclose confidential information of the Company without authorization;</p> <p>(IX) Shall not damage the interests of the Company by taking advantage of his/her connections;</p> <p>(X) Other faithful obligations as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.</p> <p>Income gained by Directors in violation of this article shall belong to the Company; if any losses are caused to the Company thereby, the involved Director(s) shall bear the appropriate liabilities for damages. The provisions in item (IV) of the second paragraph of this article shall apply to contracts or transactions entered into by close relatives of Directors or the senior management, enterprises directly or indirectly controlled by Directors or the senior management or their close relatives, and associates with whom Directors or the senior management have other related relationships.</p>	<p>(VII) Shall not personally accept commissions derived from others for transactions with the Company;</p> <p>(VIII) Shall not disclose confidential information of the Company without authorization;</p> <p>(IX) Shall not damage the interests of the Company by taking advantage of his/her connections;</p> <p>(X) Other faithful obligations as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.</p> <p>Income gained by Directors in violation of this article shall belong to the Company; if any losses are caused to the Company thereby, the involved Director(s) shall bear the appropriate liabilities for damages. The provisions in item (IV) of the second paragraph of this article shall apply to contracts or transactions entered into by close relatives of Directors or the senior management, enterprises directly or indirectly controlled by Directors or the senior management or their close relatives, and associates with whom Directors or the senior management have other related relationships.</p> <p><b>If a Director takes advantage of his/her position to seize for himself/herself or any other person a business opportunity that belongs to the Company, or operates personally or for another person any business of the same nature as that conducted by the Company, such Director shall report to the Board or the shareholders' meeting, fully explain the reasons therefor, measures adopted to prevent conflicts between his/her own interests and the interests of the Company, the impact on the Company and other relevant matters, and make disclosure thereof.</b></p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 104</b> Directors may resign prior to the expiration of their term of office. The resigning Director shall submit a written resignation report to the Company, unless the Director's resignation report specifies a later effective time for the resignation, in which case the resignation shall take effect on the day when the Company receives the resignation report, and the Company shall disclose the circumstances within two trading days. Unless otherwise stipulated, the resigning Director shall continue to perform his/her duties in accordance with relevant laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association before the newly elected Directors take office in the event of any of the following stipulated circumstances: (i) Where the term of office of the Director has expired but a new Director has not been duly elected in a timely manner, or where the resignation of the Director during his/her term results in the number of Board members falling below the statutory <b>minimum</b>; (ii) Where the resignation of a member of the audit committee results in the audit committee being less than the minimum number of members required by law, or there is a shortage of accounting professionals; (iii) Where the resignation of an independent Director results in the proportion of independent Directors on the Board of the Company or specialized committees not being in compliance with laws and regulations or the Articles of Association, or there is a lack of accounting professionals among the independent Directors.</p>	<p><b>Article 104</b> Directors may resign prior to the expiration of their term of office. The resigning Director shall submit a written resignation report to the Company, unless the Director's resignation report specifies a later effective time for the resignation, in which case the resignation shall take effect on the day when the Company receives the resignation report, and the Company shall disclose the circumstances within two trading days. Unless otherwise stipulated, the resigning Director shall continue to perform his/her duties in accordance with relevant laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association before the newly elected Directors take office in the event of any of the following stipulated circumstances: (i) Where the term of office of the Director has expired but a new Director has not been duly elected in a timely manner, or where the resignation of the Director during his/her term results in the number of Board members falling below the statutory number; (ii) Where the resignation of a member of the audit committee results in the audit committee being less than the minimum number of members required by law, or there is a shortage of accounting professionals; (iii) Where the resignation of an independent Director results in the proportion of independent Directors on the Board of the Company or specialized committees not being in compliance with laws and regulations or the Articles of Association, or there is a lack of accounting professionals among the independent Directors.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 105</b> The Company shall establish a management system for Directors’ resignation, clearly specifying the accountability and compensation measures for unfulfilled public commitments and other outstanding matters. Where the resignation of a Director takes effect or his/her term of office expires, he/she shall complete all transfer procedures with the Board. The Director remains not free from the duty of loyalty to the Company and shareholders, which will not be certainly lifted upon the expiration of the term and remains effective during the reasonable period specified in the Articles of Association. The liability that a Director bears during the term of office due to the performance of his/her duties shall not be waived or terminated upon leaving office.</p> <p>The period during which a Director shall remain liable after the effective date of his/her resignation or the expiration of his/her term of office shall be two years after the effective date of his/her resignation or the expiration of his/her term of office, provided that the obligation of confidentiality in respect of the Company’s secrets (including, but not limited to, technological and commercial secrets) shall be continued after his/her departure from the office until the disclosure of the relevant information.</p>	<p><b>Article 105</b> The Company shall establish a management system for Directors’ resignation, clearly specifying the accountability and compensation measures for unfulfilled public commitments and other outstanding matters. Where the resignation of a Director takes effect or his/her term of office expires, he/she shall complete all transfer procedures with the Board. The Director remains not free from the duty of loyalty to the Company and shareholders, which will not be certainly lifted upon the expiration of the term and remains effective during the reasonable period specified in the Articles of Association. The liability that a Director bears during the term of office due to the performance of his/her duties shall not be waived or terminated upon leaving office.</p> <p><b>Any commitments of a Director that remain unfulfilled upon such Director’s departure from office shall continue to be performed.</b></p> <p>The period during which a Director shall remain liable after the effective date of his/her resignation or the expiration of his/her term of office shall be two years after the effective date of his/her resignation or the expiration of his/her term of office, provided that the obligation of confidentiality in respect of the Company’s secrets (including, but not limited to, technological and commercial secrets) shall be continued after his/her departure from the office until the disclosure of the relevant information.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 137</b> The audit committee shall hold at least one meeting each quarter. The Company shall give notice to all members three days before convening the meeting and shall provide relevant materials and information. In urgent circumstances where the convening of a meeting is required as soon as possible, notice may be given at any time by telephone or other verbal means. Interim meetings may be held upon request by two or more members or when the convener deems necessary. Audit committee meetings require attendance by at least two-thirds of members to constitute a quorum.</p> <p>The convener of the audit committee is responsible for presiding over audit committee meetings. If the convener is unable to perform his/her duties, <b>he/she may appoint another independent Director to perform duties on his/her behalf.</b></p> <p>The resolutions of the audit committee shall be passed by a majority of the members of the audit committee.</p> <p>Each member of the audit committee shall have one vote for a resolution to be approved by the audit committee.</p> <p>Minutes of audit committee resolutions shall be duly prepared in accordance with applicable requirements, and shall be signed by all audit committee members present at the meeting.</p> <p>The working procedures of the audit committee shall be formulated by the Board.</p>	<p><b>Article 137</b> The audit committee shall hold at least one meeting each quarter. The Company shall give notice to all members three days before convening the meeting and shall provide relevant materials and information. In urgent circumstances where the convening of a meeting is required as soon as possible, notice may be given at any time by telephone or other verbal means. Interim meetings may be held upon request by two or more members or when the convener deems necessary. Audit committee meetings require attendance by at least two-thirds of members to constitute a quorum.</p> <p>The convener of the audit committee is responsible for presiding over audit committee meetings. If the convener is unable to perform his/her duties, <b>a member of the audit committee jointly elected by a majority of the members of the audit committee shall preside over the meeting.</b></p> <p>The resolutions of the audit committee shall be passed by a majority of the members of the audit committee.</p> <p>Each member of the audit committee shall have one vote for a resolution to be approved by the audit committee.</p> <p>Minutes of audit committee resolutions shall be duly prepared in accordance with applicable requirements, and shall be signed by all audit committee members present at the meeting.</p> <p>The working procedures of the audit committee shall be formulated by the Board.</p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 218</b> Definitions</p> <p>(I) Controlling shareholder refers to a shareholder who holds more than 50% of the Company's share capital; or a shareholder who holds less than 50% of the shares but whose voting rights on the basis of their shareholdings are sufficient to exercise a significant influence on the resolutions of the shareholders' meetings, or a controlling shareholder as defined by the securities regulatory rules of the place where the Company's shares are listed.</p> <p>(II) The actual controller refers to a natural person, legal entity, or other organizations that, through investment relationships, agreements, or other arrangements, has the ability to exercise actual control over the Company's actions.</p> <p>(III) Related party relationships refer to the relationships between the Company's controlling shareholders, actual controller, Directors, and senior management personnel and the enterprises they directly or indirectly control, as well as other relationships that may result in the transfer of the Company's interests. However, the enterprises controlled by the state do not incur a related relationship simply because their shares are controlled by the state.</p>	<p><b>Article 218</b> Definitions</p> <p>(I) Controlling shareholder refers to a shareholder who holds more than 50% of the Company's share capital; or a shareholder who holds less than 50% of the shares but whose voting rights on the basis of their shareholdings are sufficient to exercise a significant influence on the resolutions of the shareholders' meetings, or a controlling shareholder as defined by the securities regulatory rules of the place where the Company's shares are listed.</p> <p>(II) The actual controller refers to a natural person, legal entity, or other organizations that, through investment relationships, agreements, or other arrangements, has the ability to exercise actual control over the Company's actions.</p> <p>(III) Related party relationships refer to the relationships between the Company's controlling shareholders, actual controller, Directors, and senior management personnel and the enterprises they directly or indirectly control, as well as other relationships that may result in the transfer of the Company's interests. However, the enterprises controlled by the state do not incur a related relationship simply because their shares are controlled by the state.</p> <p><b>(IV) Treasury shares refer to shares that have been previously issued but have been purchased, redeemed, surrendered or otherwise acquired and not cancelled, and are still held by the Company. Unless otherwise provided by the listing rules of the stock exchanges where the Company's shares are listed, the Company Law or relevant laws and regulations, treasury shares shall not be voted, directly or indirectly, at any meeting of the Company.</b></p>

<b>Articles of Association</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 222</b> These Articles of Association shall take effect <b>from the date on which the Company's H-shares are listed on The Stock Exchange of Hong Kong Limited</b>, following approval at the shareholders' meeting. The Board shall be responsible for the interpretation of these Articles of Association. Matters not covered in these Articles of Association shall be dealt with pursuant to the laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are listed and in line with the actual circumstances of the Company.</p>	<p><b>Article 222</b> These Articles of Association shall take effect following approval at the shareholders' meeting. The Board shall be responsible for the interpretation of these Articles of Association. Matters not covered in these Articles of Association shall be dealt with pursuant to the laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are listed and in line with the actual circumstances of the Company.</p>

**APPENDIX IX                      PROPOSED AMENDMENTS TO THE RULES OF  
PROCEDURE FOR SHAREHOLDERS' MEETINGS**

*The English version of this Appendix is an unofficial translation of the Chinese version. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.*

Details of the Proposed Amendments to the Rules of Procedure for Shareholders' Meeting are as follows:

<b>The Rules of Procedure for Shareholders' Meeting</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 10</b> Shareholders individually or together holding 10% or more of the shares of the Company who request the Board to convene an extraordinary shareholders' meeting shall make the request to the Board in writing.</p> <p>The Board shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback agreeing to or disagreeing to convene the extraordinary shareholders' meeting within ten days after receiving the request.</p> <p>If the Board agrees to convene an extraordinary shareholders' meeting, it shall issue a notice convening the shareholders' meeting within five days after making the Board resolution; any change to the original request in the notice shall be subject to the consent of the relevant shareholder(s). If the Board does not agree to convene an extraordinary shareholders' meeting, or fails to provide feedback within ten days after receiving the request, the shareholders individually or together holding 10% or more of the Company's shares who propose to the audit committee to convene an extraordinary shareholders' meeting shall make the request to the audit committee in writing.</p> <p>If the audit committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice convening the shareholders' meeting within five days after receiving the request; any change to the original request in the notice shall be subject to the consent of the relevant shareholder(s).</p>	<p><b>Article 10</b> Shareholders individually or together holding 10% or more of the shares (<b>excluding the treasury shares</b>) of the Company who request the Board to convene an extraordinary shareholders' meeting shall make the request to the Board in writing.</p> <p>The Board shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback agreeing to or disagreeing to convene the extraordinary shareholders' meeting within ten days after receiving the request.</p> <p>If the Board agrees to convene an extraordinary shareholders' meeting, it shall issue a notice convening the shareholders' meeting within five days after making the Board resolution; any change to the original request in the notice shall be subject to the consent of the relevant shareholder(s). If the Board does not agree to convene an extraordinary shareholders' meeting, or fails to provide feedback within ten days after receiving the request, the shareholders individually or together holding 10% or more of the Company's shares (<b>excluding the treasury shares</b>) who propose to the audit committee to convene an extraordinary shareholders' meeting shall make the request to the audit committee in writing.</p> <p>If the audit committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice convening the shareholders' meeting within five days after receiving the request; any change to the original request in the notice shall be subject to the consent of the relevant shareholder(s).</p>

<b>The Rules of Procedure for Shareholders' Meeting</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p>If the audit committee fails to issue the notice of the shareholders' meeting within the prescribed period, it shall be deemed that the audit committee does not convene and preside over the shareholders' meeting, and the shareholders individually or together holding 10% or more of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on their own.</p>	<p>If the audit committee fails to issue the notice of the shareholders' meeting within the prescribed period, it shall be deemed that the audit committee does not convene and preside over the shareholders' meeting, and the shareholders individually or together holding 10% or more of the Company's shares <b>(excluding the treasury shares)</b> for more than 90 consecutive days may convene and preside over the meeting on their own.</p>
<p><b>Article 11</b> Where the Audit Committee or shareholders decide to convene an extraordinary shareholders' meeting on its/their own, it/they shall give a written notice to the Board and report the same to the Shanghai Stock Exchange for the record.</p> <p>When issuing the notice of the shareholders' meeting and the publishing announcement of the resolution(s) of the shareholders' meeting, the audit committee or shareholders who convene the shareholders' meeting shall submit relevant supporting materials to the Shanghai Stock Exchange.</p> <p>Prior to the announcement of the shareholders' meeting resolution, the shareholding of the convening shareholders shall not be less than 10%.</p>	<p><b>Article 11</b> Where the Audit Committee or shareholders decide to convene an extraordinary shareholders' meeting on its/their own, it/they shall give a written notice to the Board and report the same to the Shanghai Stock Exchange for the record.</p> <p>When issuing the notice of the shareholders' meeting and the publishing announcement of the resolution(s) of the shareholders' meeting, the audit committee or shareholders who convene the shareholders' meeting shall submit relevant supporting materials to the Shanghai Stock Exchange.</p> <p>Prior to the announcement of the shareholders' meeting resolution, the shareholding <b>(excluding the treasury shares)</b> of the convening shareholders shall not be less than 10%.</p>

<b>The Rules of Procedure for Shareholders' Meeting</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 15</b> Shareholder(s) individually or jointly holding 1% or more of the Company's shares may submit an extraordinary proposal to the convener in writing ten days prior to date of the meeting. The convener shall dispatch a supplementary notice of the shareholders' meeting and announce the contents of such extraordinary proposal within two days upon receipt of the proposal, and submit the extraordinary proposal to the shareholders' meeting for consideration. except for any proposal that violates laws, administrative regulations or the Articles of Association, or any proposal that falls outside the function and power of the shareholders' meeting. The Company shall not increase the shareholding percentage for shareholders proposing extraordinary proposals.</p> <p>Except as provided in the preceding paragraph, after the convener issues a public notice of the shareholders' meeting, conveners shall not amend the proposals or add any new proposals in the notice of the shareholders' meeting.</p> <p>The shareholders' meeting shall not vote for or pass a resolution on any proposal not stated in the notice of the shareholders' meeting or not complying with the provisions of the Articles of Association.</p>	<p><b>Article 15</b> Shareholder(s) individually or jointly holding 1% or more of the Company's shares (<b>excluding the treasury shares</b>) may submit an extraordinary proposal to the convener in writing ten days prior to date of the meeting. The convener shall dispatch a supplementary notice of the shareholders' meeting and announce the contents of such extraordinary proposal within two days upon receipt of the proposal, and submit the extraordinary proposal to the shareholders' meeting for consideration. except for any proposal that violates laws, administrative regulations or the Articles of Association, or any proposal that falls outside the function and power of the shareholders' meeting. The Company shall not increase the shareholding percentage for shareholders proposing extraordinary proposals.</p> <p>Except as provided in the preceding paragraph, after the convener issues a public notice of the shareholders' meeting, conveners shall not amend the proposals or add any new proposals in the notice of the shareholders' meeting.</p> <p>The shareholders' meeting shall not vote for or pass a resolution on any proposal not stated in the notice of the shareholders' meeting or not complying with the provisions of the Articles of Association.</p>

<b>The Rules of Procedure for Shareholders' Meeting</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p><b>Article 32</b> Where a shareholder has a related relationship with a matter to be considered at the shareholder's meeting, such shareholder shall abstain from voting. The voting shares held by such shareholder shall not be counted in the total number of voting shares.</p> <p>When material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The results of such separate vote counting shall be disclosed promptly.</p> <p>The shares held by the Company carry no voting rights and are excluded from the total count of voting shares present at the shareholders' meeting.</p> <p>Pursuant to the applicable laws, administrative regulations, departmental rules, normative documents, and securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting on a specific resolution or is limited to casting a vote solely for or against such resolution, any votes cast by the shareholder (or the proxy) in contravention of these stipulations shall be excluded from the voting outcome. If a shareholder acquires the Company's voting shares in breach of the stipulations outlined in paragraphs 1 and 2 of Article 63 of the Securities Law, the portion of shares exceeding the prescribed limit shall be deprived of voting rights for thirty-six months following the acquisition and excluded from the aggregate count of voting shares present at the shareholders' meeting.</p>	<p><b>Article 32</b> Where a shareholder has a related relationship with a matter to be considered at the shareholder's meeting, such shareholder shall abstain from voting. The voting shares held by such shareholder shall not be counted in the total number of voting shares.</p> <p>When material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The results of such separate vote counting shall be disclosed promptly.</p> <p>The shares held by the Company carry no voting rights and are excluded from the total count of voting shares present at the shareholders' meeting.</p> <p>Pursuant to the applicable laws, administrative regulations, departmental rules, normative documents, and securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting on a specific resolution or is limited to casting a vote solely for or against such resolution, any votes cast by the shareholder (or the proxy) in contravention of these stipulations shall be excluded from the voting outcome. If a shareholder acquires the Company's voting shares in breach of the stipulations outlined in paragraphs 1 and 2 of Article 63 of the Securities Law, the portion of shares exceeding the prescribed limit shall be deprived of voting rights for thirty-six months following the acquisition and excluded from the aggregate count of voting shares present at the shareholders' meeting.</p>

<b>The Rules of Procedure for Shareholders' Meeting</b>	
<b>Before the Amendment</b>	<b>After the Amendment</b>
<p>The Board, independent Directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established under applicable laws, administrative regulations, or CSRC provisions, may publicly solicit voting rights from shareholders. The solicitation of shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited parties. It is prohibited to solicit shareholders' voting rights by means of payment or disguised payment. Except for statutory conditions, the Company shall not <b>set a minimum shareholding limit for voting rights.</b></p>	<p>The Board, independent Directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established under applicable laws, administrative regulations, or CSRC provisions, may publicly solicit voting rights from shareholders. The solicitation of shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited parties. It is prohibited to solicit shareholders' voting rights by means of payment or disguised payment. Except for statutory conditions, the Company shall not <b>set conditions for the solicitor.</b></p>
<p><b>Article 56</b> The Rules are an appendix to the Articles of Association, and shall take effect from the date <b>on which the Company's H-shares are listed on The Stock Exchange of Hong Kong Limited, following</b> approval at the shareholders' meeting.</p>	<p><b>Article 56</b> The Rules are an appendix to the Articles of Association, and shall take effect from the date on which it is approved at the shareholders' meeting.</p>

*The English version of this Appendix is an unofficial translation of the Chinese version. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.*

Details of the Proposed Formulation of the Administrative Measures on Directors' and Senior Management's Remuneration are as follows:

### **Chapter I General Provisions**

**Article 1** To improve the appraisal and remuneration management system of Nanhua Futures Co., Ltd. (hereinafter referred to as the "Company"), establish an appraisal and remuneration management mechanism with clearly defined responsibilities and authorities as well as distinct rewards and penalties, and ensure that the Company's Directors and senior management perform their duties in accordance with the law, these Measures are formulated in accordance with relevant national laws, regulations, rules, normative documents, and the Articles of Association of Nanhua Futures Co., Ltd. (hereinafter referred to as the "Articles of Association").

**Article 2** For the purposes of these Measures, the term "Director" refers to non-independent Directors and independent Directors. For the purposes of these Measures, the term "senior management" refers to the general manager, deputy general managers, chief risk officer, Board secretary, chief financial officer, and other senior management as specified in the Articles of Association.

**Article 3** Directors and senior management who concurrently hold other positions in the Company shall, in addition to being subject to performance appraisal and remuneration management in accordance with these Measures, also be appraised in accordance with the Company's relevant policies based on their actual performance.

**Article 4** The Company's Board of Directors may propose amendments or improvements to these Measures, which are subject to approval by the Shareholders' meeting.

### **Chapter 2 Appraisal**

**Article 5** Annual performance evaluations shall be conducted for Directors and senior management once a year. The Company's Remuneration and Appraisal Committee shall be responsible for organizing the appraisal of Directors and senior management and shall submit the appraisal results to the Company's Board of Directors for review. The Company may also engage a third party to conduct the performance appraisal. The Company shall disclose the details of the appraisal in accordance with the securities regulatory rules of the place where the Company's shares are listed.

**Article 6** The determination and payment of performance-based remuneration and medium- to long-term incentive income for the Company's Directors and senior management shall be based primarily on annual performance evaluations conducted using audited financial data.

### **Chapter 3 Remuneration Management**

**Article 7** The remuneration levels for the Company's Directors and senior management shall be determined by reference to remuneration levels in the same industry and in line with market trends, taking into account the Company's operating performance, individual performance, and the results of individual performance appraisal.

**Article 8** The remuneration of Directors and senior management consists of base remuneration, performance-based remuneration, and medium- to long-term incentive income. Performance-based remuneration shall account for no less than 50% of the total amount of base remuneration and performance-based remuneration, and a certain portion of the performance-based remuneration shall be paid following the disclosure in the annual report and the completion of performance appraisal.

**Article 9** Compensation standards for Directors and senior management shall be determined based on the nature of their work, as well as the responsibilities and risks they assume.

**Article 10** The remuneration for external Directors who do not serve on a full-time basis at the Company shall consist of an annual allowance, which the Company shall disburse to them in monthly installments. If the Company's shareholders have relevant provisions regarding the remuneration of Directors nominated by them and elected to serve on a non-full-time basis at the Company, such provisions shall prevail.

**Article 11** Internal Directors and senior management who serve on a full-time basis at the Company shall receive remuneration in accordance with the Company's relevant management regulations, based on their specific positions and work responsibilities within the Company.

**Article 12** If a Director or senior management of the Company leaves office due to election of new session, re-election, or resignation during their term, the remuneration to which the departing Director or senior management is entitled shall be calculated up to and including the month of departure.

**Article 13** Where laws or regulations stipulate that the payment of the remuneration of Directors and senior management shall be deferred, such provisions shall prevail.

**Article 14** If any of the following circumstances arise during the tenure of a Director or senior management of the Company, the Company may retroactively restate or re-evaluate their remuneration and, depending on the severity of the circumstances, reduce or suspend the payment of any unpaid performance-based remuneration and medium- to long-term incentive income, and the Company may recover in full or in part, withhold, or partially withhold any performance-based compensation and medium- to long-term incentive income already paid during the period in which the relevant conduct occurred:

- (1) Having been subject to self-regulatory measures or disciplinary sanctions by an exchange or other regulatory body; or having violated laws, administrative regulations, or other regulatory provisions, and having been determined by the China Securities Regulatory Commission (CSRC) or its local branches to be an unsuitable candidate, having had their qualification for office revoked, having been subject to administrative penalties, or having been barred from the market for a specified period or permanently;
- (2) Due to decision-making errors or other reasons, bearing primary responsibility for causing the Company to suffer significant economic or reputational losses, or for resulting in the Company committing major violations of laws or regulations, or incurring significant risks;
- (3) Violating duties or failing to conduct business with integrity, thereby causing losses to the Company, or being at fault for illegal or non-compliant acts such as financial fraud, misappropriation of funds, or unauthorized guarantees;
- (4) Failing to fulfill the diligent and responsible obligations in accordance with laws, regulations, and the Articles of Association;
- (5) Other circumstances as determined by the Company's Board of Directors that constitute a serious violation of the Company's relevant regulations.

#### Chapter 4 Supplementary Provisions

**Article 15** Matters not covered by these Measures shall be handled in accordance with relevant laws, regulations, rules, normative documents, and the Articles of Association. During the period of implementation of these Measures, any changes to relevant regulatory rules shall be followed.

**Article 16** The Board of Directors of the Company shall be responsible for interpreting these Measures, which are subject to the review and revisions of the shareholders' meeting.

Details of the Proposed Amendments to the Administrative Measures on the Proceeds Raised by Nanhua Futures Co., Ltd. are as follows:

### Chapter 1 General Provisions

**Article 1** In order to standardise the management and use of the proceeds raised by Nanhua Futures Co., Ltd. (the “**Company**”) and effectively protect the interests of investors, these administrative measures have been formulated in accordance with the relevant provisions of laws, administrative regulations, departmental rules and normative documents including the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Regulatory Rules on the Use of Proceeds by Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the “**Stock Listing Rules**”), the Self-Regulatory Guideline No. 1 for Listed Companies of the Shanghai Stock Exchange — Standardized Operation (the “**Standardized Operation Guidelines**”) and the Articles of Association of Nanhua Futures Co., Ltd. (the “**Articles of Association**”), taking into full account the actual circumstances of the Company.

**Article 2** For the purpose of these Measures, the proceeds shall refer to the proceeds raised from investors by the Company through the issuance of shares or other equity-based securities for specific purposes, but shall not include the proceeds raised by the Company for implementing equity incentive plans.

For the purpose of these Measures, the excess proceeds refer to the portion of the actual net proceeds exceeding the amount of the proceeds planned to be raised.

**Article 3** The proceeds raised shall be used exclusively for their specified purposes. The use of proceeds raised by the Company shall comply with national industrial policies and relevant laws and regulations, adhere to the concept of sustainable development, and fulfill social responsibilities. In principle, such proceeds should be used for the Company’s principal business and should contribute to enhancing the Company’s competitiveness and innovation capabilities.

**Article 4** The Company shall exercise prudence in the use of proceeds and shall apply them strictly in accordance with the purposes specified in the prospectus or other publicly disclosed offering documents, and shall not alter the intended use of proceeds without authorization.

The Company shall make true, accurate and complete disclosure of the actual use of proceeds. The Company shall promptly make an announcement if any circumstances arise that materially affect the normal implementation of any investment plan involving the proceeds.

If the investment project funded by the proceeds (the “**Investment Project**”) is implemented through the Company’s subsidiaries or other enterprises controlled by the Company, the Company shall ensure that such subsidiaries or such other enterprises controlled by the Company shall comply with these Measures.

**Article 5** The controlling shareholders, de facto controllers, and other related parties are prohibited from misappropriating the proceeds of the Company and from using the Investment Project to obtain illegitimate benefits.

Where the Company identifies that a controlling shareholder, de facto controller, or other connected persons has misappropriated the proceeds, it shall promptly demand the misappropriating party to return such proceeds, and disclose the reasons for the misappropriation, its impact on the Company, the rectification plan, and the progress of rectification.

**Article 6** The Board of Directors of the Company shall continuously monitor the deposit, management, and use of the proceeds, effectively prevent investment risks, and improve the efficiency of the use of proceeds.

The directors and senior management of the Company shall perform their duties diligently to ensure the safety of the proceeds and shall not change the use of proceeds in an unauthorised or disguised manner.

**Article 7** The Company’s accounting management department shall set up a ledger account for the use of proceeds, recording details of the expenditure of the proceeds, and the use of proceeds in the Investment Project.

The Company’s internal audit department shall inspect the deposit and use of the proceeds at least once every six months and promptly report the inspection findings to the audit committee.

The Company’s audit committee shall promptly report to the Board of Directors if it is of the opinion that there are violations or significant risks in the management of the proceeds, or if the internal audit department fails to submit the inspection report as required in the preceding paragraph. The Board of Directors shall promptly report the same to the Shanghai Stock Exchange and make an announcement, upon receiving the said report from the audit committee.

**Chapter 2 Deposit of Proceeds**

**Article 8** The Company shall prudently select a commercial bank and open a specified account for the proceeds (the “**Specified Account**”). The proceeds raised by the Company shall be deposited into the Specified Account for central management as approved by the Board of Directors, and the Specified Account shall not be used for the deposit of funds other than the proceeds or for other purposes.

If the Company has undertaken two or more fund-raising activities, it shall establish separate Specified Accounts for the proceeds. The excess proceeds shall also be deposited into the Specified Account for management.

Where proceeds are invested in overseas projects, such investments shall comply with these Measures. The Company and the sponsor or independent financial advisor shall adopt effective measures to ensure the security and compliant use of proceeds invested in overseas projects, and shall disclose the specific measures taken and their actual effectiveness in the Special Report on the Deposit, Management and Actual Use of the Proceeds Raised by the Company (the “**Special Report on Proceeds**”).

**Article 9** The Company shall, no later than 1 month after receipt of the proceeds, enter into a tripartite regulatory agreement with the sponsor or the independent financial advisor, and the commercial bank where the proceeds are deposited (the “**Commercial Bank**”) in connection with the deposit of proceeds into the Specified Account, and shall promptly publish an announcement. The Company may only use the proceeds after the tripartite agreement has been executed. The tripartite agreement shall include at least the following terms:

- (1) The Company shall deposit all the proceeds into the Specified Account;
- (2) The account number of the Specified Account, the Investment Project associated with the Specified Account, and the amount deposited;
- (3) The Commercial Bank shall provide the Company with a monthly account statement of the Specified Account, and send a copy to the sponsor or the independent financial advisor;
- (4) If the Company withdraws an amount exceeding RMB50 million and 20% of the net proceeds after deducting issuance expenses (the “**Net Proceeds**”) from the Specified Account in a single transaction or cumulatively within 12 months, the Company shall promptly notify the sponsor or the independent financial advisor;
- (5) The sponsor or the independent financial advisor may inquire information on the Specified Account at the Commercial Bank at any time;
- (6) The supervisory responsibilities of the sponsor or the independent financial advisor, the notification and cooperation responsibilities of the Commercial Bank, and the methods by which the sponsor or the independent financial advisor and the Commercial Bank supervise the use of proceeds of the Company;

- (7) The liabilities for breach of contract of the Company, the Commercial Bank, the sponsor or the independent financial advisor;
- (8) If the Commercial Bank fails, on three occasions, to in a timely manner provide an account statement to the sponsor or independent financial advisor, or to cooperate with the sponsor or independent financial advisor in inquiry or investigating into the information of the Specified Account, the Company may terminate the Tripartite Agreement and cancel the Specified Account.

In the event of an early termination of the above agreement before its expiration, the Company shall enter into a new agreement with the relevant parties within two weeks from the date of termination of such agreement and promptly publish an announcement.

### **Chapter 3 Use of Proceeds**

**Article 10** In principle, the proceeds of the Company shall be used for its principal business. The use of proceeds shall not involve any of the following acts:

- (1) changing the intended use of proceeds in disguise through pledges, entrusted loans or other means;
- (2) directly or indirectly providing proceeds to controlling shareholders, de facto controllers or other related parties for their use, or facilitating related parties in obtaining improper benefits through the Investment Projects; and
- (3) any other acts in violation of regulations governing the management of proceeds.

**Article 11** The Company shall promptly re-evaluate the feasibility and expected returns of the Investment Project and decide whether to proceed with its implementation, if any of the following circumstances arise in relation to such a project:

- (1) the market environment in relation to the Investment Project has materially changed;
- (2) the Investment Project has been put on hold for more than 1 year after the receipt of the proceeds;
- (3) the completion period of the Investment Project has been exceeded and the amount of invested proceeds has not reached 50% of the amount as set out in the relevant project; and
- (4) other abnormal circumstances arise in relation to the Investment Project.

If any of the circumstances in the preceding paragraph occur, the Company shall make prompt disclosure. If it is necessary to adjust the fundraised proceeds investment plan, the Company shall also disclose the adjusted fundraised proceeds investment plan. Where such adjustment involves a change in the Investment Project, the relevant review procedures applicable to changes in the use of proceeds shall apply.

The Company shall disclose in its annual reports and interim reports the specific details of any re-evaluation of such Investment Projects conducted during the reporting period.

**Article 12** If the Investment Project is anticipated to be unable to be completed within the originally scheduled period and the Company intends to extend the timeline, it shall promptly obtain approval by way of a resolution of the Board of Directors and obtain an explicit opinion from the sponsor or independent financial advisor. The Company shall promptly disclose the specific reasons for the failure to complete on schedule, explain the current deposit and on-account status of the proceeds, whether there are any circumstances affecting the normal progress of use of the proceeds, the expected completion time and phased investment plan, and the measures to ensure completion by the extended deadline.

**Article 13** If the Company has used self-raised funds to invest in the Investment Project, and intends to replace such self-raised funds with proceeds after the latter become available, such replacement shall be conducted within 6 months after the proceeds are deposited into the Specified Account.

During the implementation of the Investment Project, in principle, payments shall be made directly using the proceeds. If it is difficult to make direct payments with the proceeds for matters such as payroll or the purchase of overseas products and equipment, replacement may be conducted within 6 months after payment has been made with self-raised funds.

**Article 14** The Company may use the temporarily idle proceeds for cash management purposes. Cash management shall be carried out through the Specified Account or a specially designated settlement account for publicly disclosed financial products. If cash management is carried out through a specially designated settlement account for publicly disclosed financial products, the account shall not be used to maintain any funds other than the proceeds. The carrying out of cash management shall not affect the normal implementation of the fundraising investment plan. Cash management products shall satisfy the following conditions:

- (1) being capital-guaranteed products with high safety, such as structured deposits or large-denomination certificates of deposit, and shall not be non-capital-guaranteed products;
- (2) possessing high liquidity, and the product term shall not exceed 12 months;
- (3) cash management products shall not be pledged.

Only after the cash management products specified in the first paragraph have matured, the proceeds have been recovered in due course, and the relevant announcement has been made, may the Company again conduct cash management within the authorized term and amount limits.

The Company shall promptly make an announcement regarding the opening or closing of any specially designated settlement accounts for publicly disclosed financial products.

**Article 15** If the Company uses temporarily idle proceeds for cash management, it shall promptly disclose the following information after the board meeting:

- (1) basic information on the proceeds, including, among others, the time of raising, the amount and net amount of the proceeds and investment plans;
- (2) information on the use of the proceeds;
- (3) quota and duration for cash management, whether there are any disguised changes in the purposes of the proceeds and the measures for ensuring the smooth progress of projects financed with proceeds;
- (4) income distribution manner, investment scope and safety of the cash management products;
- (5) opinions issued by the sponsor or independent financial advisor.

If circumstances arise such as deterioration in the financial condition of the issuer of the cash management products, the risk of loss in the invested products, or any other events that may prejudice the interests of the Company and its investors, the Company shall promptly make an announcement on risk warning and explain the risk control measures taken to ensure the safety of the funds.

**Article 16** If the Company uses temporarily idle proceeds for provisional replenishment of working capital, such uses shall be carried out through the Specified Account and shall comply with the following requirements:

- (1) the use of proceeds shall not effectively change its intended use or affect the normal progress of the fundraising investment plan;
- (2) the use of proceeds shall be limited to production and business activities related to the principal business;
- (3) the duration of each provisional replenishment of working capital shall not exceed 12 months;
- (4) the due proceeds previously used for provisional replenishment of working capital shall have been repaid (if applicable);

If the Company uses idle proceeds for provisional replenishment of working capital, it shall promptly make an announcement in connection with the repayment of proceeds.

**Article 17** If, after the completion of a single Investment Project, the Company intends to use the surplus proceeds remaining from such project (including interest income) for other Investment Projects, such use shall be subject to approval by the Board of Directors and may only proceed after the sponsor or independent financial advisor has issued an explicit opinion of consent. The Company shall promptly make an announcement after the review by the Board of Directors.

If the surplus proceeds (including interest income) are less than RMB1 million or 5% of the committed investment amount for such project(s), the Company is exempted from the above-mentioned procedures, and the use of the said surplus proceeds shall be disclosed in the annual report.

If the surplus proceeds (including interest income) from a single Investment Project are to be used for any projects other than Investment Projects (including replenishment of working capital), the relevant procedures and disclosure obligations applicable to changes in the use of proceeds shall apply.

**Article 18** If, after the completion of Investment Projects, the Company intends to use the surplus proceeds (including interest income), such use shall be subject to approval by the Board of Directors and may only proceed after the sponsor or independent financial advisor has issued an explicit opinion of consent. The Company shall promptly make an announcement after the review by the Board of Directors. If the surplus proceeds (including interest income) account for 10% or more of the net proceeds, the use of such surplus proceeds is subject to the consideration and approval by the general meeting.

If the surplus proceeds (including interest income) are less than RMB5 million or 5% of the net proceeds, the Company is exempted from the above-mentioned procedures, and the use of the said surplus proceeds shall be disclosed in the most recent annual report.

**Article 19** The Company shall prudently formulate a utilisation plan for the excess proceeds based on its development strategy and actual production and operational needs. The excess proceeds shall be used in projects under development and new projects, or for repurchasing and cancelling of the Company's shares in accordance with the laws. The Company shall specify a detailed utilisation plan for the excess proceeds, no later than the completion of the Investment Projects within the same batch and shall apply such proceeds in accordance with such a plan. The use of excess proceeds shall be resolved by the Board of Directors in accordance with the law, obtain an explicit opinion from the sponsor or independent financial advisor, and be submitted to the general meeting for deliberation. The Company shall promptly and fully disclose the necessity and rationality of using excess proceeds and other relevant information. Where the Company uses the excess proceeds to invest in projects under development and new projects, it shall fully disclose information such as the project development plan, the investment period and the rate of return.

If it is necessary to use temporarily idle excess proceeds for cash management or provisional replenishment of working capital, the Company shall explain the necessity and rationale. When the Company uses temporarily idle excess proceeds for cash management or provisional replenishment of working capital, matters such as the amount and duration of such use shall be considered and approved by the Board of Directors, the sponsor shall provide a clear opinion, and the Company shall promptly disclose relevant information.

#### **Chapter 4 Change in the Use of Proceeds**

**Article 20** If the Company uses proceeds for any of the following matters, it shall obtain approval from the Board of Directors and, after the sponsor or independent financial advisor has issued an explicit opinion, promptly disclose the same:

- (1) replacing self-raised funds already invested in Investment Projects with proceeds;
- (2) using temporarily idle proceeds for cash management;
- (3) using temporarily idle proceeds temporarily to replenish working capital;
- (4) changing the use of proceeds;
- (5) using excess proceeds for projects under development and new projects, or for repurchasing and cancelling of the Company's shares in accordance with the laws.

Where the circumstances specified in items (4) and (5) of the preceding paragraph arise, such matters are also subject to the consideration and approval by the general meeting.

Where the relevant matters involve connected transactions, asset acquisitions, external investments or other such transactions, the Company shall also fulfill applicable review procedures and information disclosure obligations in accordance with the relevant provisions of the Stock Listing Rules and other relevant regulations.

**Article 21** Where the Company falls under any of the following circumstances, such circumstances shall constitute a change in the use of proceeds. In such event, the Board of Directors shall make a resolution in accordance with law, the sponsor or independent financial advisor shall issue an explicit opinion, and the matter shall be submitted to the general meeting for consideration. The Company shall promptly disclose the relevant information:

- (1) cancellation or termination of the original Investment Projects and implementation of new projects or permanent replenishment of working capital;
- (2) change of the implementing entity of the Investment Projects;
- (3) change of the way of implementation of the Investment Project;

- (4) other circumstances recognised as a change in the use of proceeds by the China Securities Regulatory Commission and the Shanghai Stock Exchange.

If the Company is subject to the circumstances specified in item (1) of the preceding paragraph, the sponsor or independent financial advisor shall specifically explain the main reasons for the changes in the Investment Projects and the rationale of their previous opinions, with reference to the previously disclosed documents related to the proceeds.

If the Company uses proceeds in accordance with the relevant provisions of the Standardized Operation Guidelines but exceeds the amount limits, duration or other matters determined under the approval procedures of the Board of Directors, and the circumstances are serious, such use shall be deemed an unauthorized change in the use of proceeds.

Where the implementing entity of an Investment Project is changed between the Company and its wholly-owned subsidiaries, or where the change involves only the implementation location of the project, such change shall not be deemed a change in the use of proceeds. In such case, the Board of Directors shall make a resolution, and no general meeting approval procedure shall be required; however, the sponsor or independent financial advisor shall issue an explicit opinion thereon, and the Company shall promptly disclose the relevant information.

**Article 22** Where the Company proposes to change an Investment Project, it shall, after submitting the matter to the Board of Directors for consideration, promptly disclose the following:

- (1) general profile of the original Investment Project and detailed reasons for the proposed changes;
- (2) general profile, feasibility study and risk factors of the new Investment Project;
- (3) investment plan of the new Investment Project;
- (4) statement that any approval from relevant authorities for the new Investment Project has been received or is pending (if applicable);
- (5) opinions of the sponsor or independent financial advisor on the proposed changes to the Investment Project;
- (6) statement that the proposed changes to the Investment Project shall be subject to the consideration of the general meeting;
- (7) other contents required by the Shanghai Stock Exchange.

Where any new Investment Project involves connected transactions, asset acquisitions, external investments or other such transactions, the Company shall also fulfill applicable review procedures and information disclosure obligations in accordance with the relevant provisions of the Stock Listing Rules of the Shanghai Stock Exchange and other relevant regulations.

**Article 23** The changed Investment Project shall be invested in the principal business.

The Company shall conduct a scientific and prudent feasibility analysis of the new Investment Project, and ensure that the Investment Project is conducive to enhancing the competitiveness and innovative capacity of the Company, effectively preventing investment risks, and improving the efficiency of proceeds utilization.

**Article 24** Where the Company changes an Investment Project for the purpose of acquiring assets (including equity interests) from its controlling shareholders or de facto controllers, it shall ensure that, after the acquisition, horizontal competition can be effectively avoided and connected transactions reduced.

**Article 25** Except where all Investment Projects have already been transferred or replaced externally as part of the Company's major asset restructuring, if the Company proposes to transfer or replace an Investment Project externally, it shall, after submitting the matter to the Board of Directors for consideration, promptly disclose the following:

- (1) the specific reasons for the external transfer or replacement of the Investment Project;
- (2) the amount of proceeds already invested in the project;
- (3) the degree of completion of the project and the benefits realized therefrom;
- (4) the basic information feasibility analysis and risk warnings relating to the replacement project (if applicable);
- (5) the pricing basis for the transfer or replacement and the related proceeds therefrom;
- (6) the opinion of the sponsor or independent financial advisor regarding the transfer or replacement of the Investment Project;
- (7) a statement indicating that the transfer or replacement is subject to submission to the general meeting for consideration.

**Chapter 5 Management and Supervision of the Use of Proceeds**

**Article 26** The Board of Directors shall continuously monitor the actual management and use of proceeds and excess proceeds (if any), conduct a comprehensive review of the progress of Investment Projects semi-annually, and prepare, review and disclose the Special Report on Proceeds. Such special report shall include the basic information on the proceeds and excess proceeds, as well as the status of their deposit, management and use as required under the Standardized Operation Guidelines. Where there is any discrepancy between the actual investment progress of an Investment Project and the investment plan, the Company shall explain the specific reasons therefor in the Special Report on Proceeds.

During the annual audit, the Company shall engage an accounting firm to issue an assurance report on the deposit, management and use of proceeds, which shall be disclosed concurrently with the annual report.

**Article 27** The sponsor or independent financial advisor shall, in accordance with the provisions of the Measures for the Administration of the Sponsorship Business for the Offerings and Listing of Securities, conduct ongoing supervision over the deposit, management and use of the proceeds of the Company. Where any abnormalities are identified during such ongoing supervision, on-site inspections shall be promptly carried out. The sponsor or independent financial advisor shall conduct at least one on-site inspection every six months with respect to the deposit, management and use of the proceeds of the Company. Where any abnormalities are discovered in the course of ongoing supervision or on-site inspections, the sponsor or independent financial advisor shall procure the Company to make timely rectification and shall promptly report the matter to the Shanghai Stock Exchange and the relevant regulatory authorities.

At the conclusion of each fiscal year, the sponsor or independent financial advisor shall issue a special verification report on the annual deposit, management and use of the proceeds of the Company, which shall be disclosed concurrently with the Company's annual report. Such verification report shall include the following:

- (1) the deposit, management and use of proceeds, and the balance of the Specified Account;
- (2) the progress of Investment Projects, including any deviations from the planned investment schedule;
- (3) the replacement of self-raised funds already invested in Investment Projects with proceeds (if applicable);
- (4) the replenishment of working capital with idle proceeds and its effectiveness (if applicable);

- (5) cash management of idle proceeds (if applicable);
- (6) the use of excess proceeds (if applicable);
- (7) changes in the use of proceeds (if applicable);
- (8) the use of surplus proceeds (if applicable);
- (9) a conclusive opinion as to whether the Company's deposit, management and use of proceeds are compliant with applicable regulations;
- (10) any other contents required by the Shanghai Stock Exchange.

At the conclusion of each fiscal year, the Board of Directors shall disclose in the Special Report on Proceeds the conclusive opinions contained in the special verification report issued by the sponsor or independent financial advisor and the assurance report issued by the accounting firm.

The Company shall cooperate fully with the sponsor in its ongoing supervision and on-site inspections, as well as with the auditing work of the accounting firm, and shall promptly provide, or apply to the relevant banks for the provision of, all necessary information relating to the deposit, management and use of proceeds.

Where the sponsor or independent financial advisor discovers that the Company or any Commercial Bank has failed to perform its obligations under the tripartite regulatory agreement in connection with the deposit of proceeds into the Specified Account, it shall procure the Company to make timely rectification and shall promptly report the matter to the Shanghai Stock Exchange.

### **Chapter 6 Supplementary Provisions**

**Article 28** For the purposes of these Measures, the terms “above”, “within”, and “before” shall include the stated number, while the terms “exceed” and “below” shall exclude the stated number.

**Article 29** Any matters not provided for in these Measures shall be governed by the provisions of relevant national laws, administrative regulations, departmental rules, and the Articles of Association.

In the event that these Measures conflict with any national laws, administrative regulations, departmental rules promulgated in the future, or with any subsequently amended Articles of Association, the relevant national laws, administrative regulations, departmental rules, and the Articles of Association shall prevail.

**Article 30** These Measures shall not apply to the use and management of proceeds raised through the issuance of overseas-listed foreign shares by the Company. The use of proceeds raised through the issuance of such overseas-listed foreign shares shall be governed by the relevant laws, regulations, normative documents, and listing rules of the stock exchange where such shares are listed.

**Article 31** These Measures shall be interpreted by the Board of Directors of the Company.

**Article 32** These Measures shall take effect from the date of approval by the general meeting of the Company and shall likewise apply to any amendments hereto.

Details of the Proposed Amendments to the Rules of Independent Directors are as follows:

### Chapter I General Provisions

**Article 1** To further improve the Company’s corporate governance structure, effectively protect the interests of its shareholders, and promote its standardized operations, this Working System is hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Administrative Measures for Independent Directors of Listed Companies (hereinafter referred to as the “Administrative Measures”), the Corporate Governance Guidelines for Listed Companies, relevant business rules of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “HKEX Listing Rules”), other relevant laws, regulations and normative documents, as well as the Articles of Association of Nanhua Futures Co., Ltd. (hereinafter referred to as the “Articles of Association”).

**Article 2** Independent directors of the Company refer to these directors who do not hold any other position in the Company besides being a director, and who do not have any direct or indirect material interest relationship with the Company, its major shareholders, or its de facto controllers, or have other relationships that might affect their ability to make independent and objective judgments. In this Working System, the meaning of “Independent Director” is consistent with that of “Independent Non-executive Director” in the HKEX Listing Rules. And independent directors must also meet the independence requirements stipulated in the HKEX Listing Rules.

**Article 3** Independent directors owe duties of loyalty and diligence to the Company and all its shareholders; and shall perform their duties conscientiously, play roles in participating in decision-making, supervision and balance, and professional consultation in the Board of Directors, safeguard the overall interests of the Company, as well as protect the legitimate rights and interests of minority shareholders in line with laws, administrative regulations, provisions of the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), regulatory securities rules of the place where the Company’s shares are listed, and the Articles of Association.

**Article 4** The proportion of independent directors on the Board of Directors shall not be less than one-third, and shall include at least one accounting professional who possesses the appropriate professional qualifications required by the regulatory securities rules of the place where the Company’s shares are listed or appropriate accounting or related financial management expertise. Unless specifically exempted, at least one independent director shall ordinarily reside in Hong Kong.

In principle, an independent director may serve as an independent director in up to three Chinese mainland-listed companies and as a director (including independent director) in up to six Hong Kong-listed companies. Furthermore, they may serve as an independent director in up to two futures companies, while ensuring they have sufficient time and energy to effectively fulfill their duties as an independent director.

The Company shall establish an Audit Committee within its Board of Directors. Members of the Audit Committee shall be directors who do not hold senior management positions in the Company, with independent directors comprising the majority, and the convener shall be an accounting professional among independent directors.

The Company may establish a Strategy Committee, a Nomination Committee, a Risk Management Committee, and a Remuneration and Appraisal Committee within the Board of Directors as needed. Independent directors shall comprise the majority and serve as conveners of the Remuneration and Appraisal Committee and the Nomination Committee.

### **Chapter II Qualifications for Serving as an Independent Director**

**Article 5** To serve as an independent director, a person shall meet the following conditions:

- (1) Possessing the qualifications to serve as a director of a listed company in accordance with laws, administrative regulations, and other relevant provisions;
- (2) Meeting the independence requirements stipulated by the regulatory securities rules of the place where the Company's shares are listed, the Articles of Association, and this Working System;
- (3) Possessing basic knowledge of listed company operations and being familiar with relevant laws, regulations, and rules;
- (4) Having more than five (5) years of work experience necessary for performing the duties of an independent director, such as in law, accounting, or economics;
- (5) Possessing good personal character, without major credit default or other adverse records;
- (6) Meeting other conditions stipulated by laws, administrative regulations, CSRC provisions, the regulatory securities rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 6** Independent directors must maintain independence. The following persons shall not serve as independent directors:

- (1) Persons who work for the Company or its subsidiaries, as well as their spouses, parents, children, and major social relations (major social relations refer to siblings, spouses of siblings, parents of spouses, siblings of spouses, spouses of children, parents of children's spouses, etc.);
- (2) Natural person shareholders who directly or indirectly hold more than 1% of the issued shares of the Company or among the Top 10 shareholders of the Company, as well as their spouses, parents and children;
- (3) Persons who hold a position in the shareholder entities directly or indirectly holding more than 5% of the issued shares of the Company or in any of the Top 5 shareholder entities of the Company, as well as their spouses, parents and children;
- (4) Persons who serve in the subsidiaries of the Company's controlling shareholders and de facto controllers, as well as their spouses, parents and children;
- (5) Persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who serve in the entities with which they have significant business dealings and the entities of their controlling shareholders or de facto controllers;
- (6) Persons who provide financial, legal, consulting and sponsorship services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, including but not limited to all members of the project team of the intermediary institution providing the services, reviewers at all levels, persons signing on the reports, partners, directors, senior management and key persons in charge;
- (7) Persons who have been in any of the circumstances described in Items (1) to (6) above within the last twelve months;
- (8) Other persons who lack independence as stipulated by laws, administrative regulations, CSRC provisions, the regulatory securities rules of the place where the Company's shares are listed, and the Articles of Association;

“Significant business dealings” refer to matters requiring submission to the shareholders’ meeting for consideration according to relevant laws, regulations, normative documents, and the Articles of Association, or other major matters identified by the stock exchange where the Company’s shares are listed; and “holding a position” refers to serving as a director, supervisor, senior management, or other staff member.

Independent directors shall conduct an annual self-assessment of their independence and submit the assessment results to the Board of Directors. The Board of Directors shall annually assess the independence of the incumbent independent directors and issue a special opinion, which shall be disclosed together with the annual report.

**Article 7** Candidates for independent directors shall possess good personal character, and shall not be disqualified from being nominated as a director of a listed company under laws, administrative regulations, CSRC provisions, the business rules of the stock exchange where the Company's shares are listed, and the Articles of Association. Additionally, they shall not have any of the following adverse records:

- (1) Having been subject to administrative penalties by the CSRC or criminal penalties by judicial authorities for securities or futures-related violations within the last thirty-six months;
- (2) Being currently under investigation by the CSRC or judicial authorities for suspected securities or futures-related violations, without final conclusive opinion yet;
- (3) Having received a public reprimand or three or more circularized criticisms from a stock exchange within the last thirty-six months;
- (4) Having major credit default or other adverse records;
- (5) Having been proposed by the Board of Directors to convene a shareholders' meeting for removal from the position of independent director due to failure to attend two consecutive board meetings in person or to entrust another independent director to attend on behalf during a previous term as an independent director, within less than twelve months thereafter;
- (6) Other circumstances identified by the stock exchange where the Company's shares are listed.

**Article 8** A person nominated as a candidate for independent director as an accounting professional shall possess substantial accounting professional knowledge and experience, and meet at least one of the following conditions:

- (1) Holding certified public accountant qualifications;
- (2) Holding a senior professional title, associate professor title or higher, or a doctoral degree in accounting, auditing, or financial management;

- (3) Holding a senior professional title in economic management, and having more than five years of full-time work experience in professional positions such as accounting, auditing, or financial management.

### **Chapter III Nomination, Election, and Replacement of Independent Directors**

**Article 9** The Company's Board of Directors, or shareholders individually or collectively holding 1% or more of the Company's shares, may nominate candidates for independent directors, who shall be elected by the shareholders' meeting.

Investor protection institutions as established according to law may publicly request shareholders to entrust them to exercise the right to nominate independent directors on their behalf.

The nominators specified in the first paragraph of this article shall not nominate persons who have an interest relationship with them or are closely related persons that might otherwise affect independent performance of duties as candidates for independent directors.

**Article 10** The nominator of an independent director shall obtain the consent of the nominee before making the nomination. The nominator shall fully understand the nominee's profession, educational background, professional title, detailed work experience, all concurrent positions, presence or absence of major credit default or other adverse records, and shall express an opinion on the nominee's compliance with independence and other conditions for serving as an independent director. The nominee shall make a public statement affirming his/her compliance with the independence requirements and other conditions for serving as an independent director.

**Article 11** The Nomination Committee under the Board of Directors shall review the qualifications of the nominees and form a clear review opinion.

Before the shareholders' meeting as convened to elect independent directors, the Company shall disclose relevant contents in accordance with Article 10 and the preceding paragraphs, and submit the relevant information about all candidates for independent directors to the Shanghai Stock Exchange. And such submitted information shall be true, accurate, and complete. If the Shanghai Stock Exchange raises an objection, the Company shall not submit the nomination to the shareholders' meeting for election. If already submitted to the shareholders' meeting for consideration, such relevant proposal shall be canceled.

**Article 12** When the shareholders' meeting elects two or more independent directors, the cumulative voting shall be adopted.

Votes of minority shareholders shall be counted separately and disclosed.

**Article 13** The term of office for an independent director is the same as that of other directors of the Company. Upon expiration of the term, they may serve consecutive terms if re-elected, but the total consecutive service period shall not exceed six years.

If an independent director has served continuously for six years in the Company, he/she shall not be nominated as a candidate for independent director for that listed company within thirty-six months from the date such fact occurs.

**Article 14** Prior to the expiration of term of office of an independent director, the Company may remove him/her in line with legal procedures. If an independent director is removed prior to the expiration of term of office, the Company shall promptly disclose the specific reasons and bases. If the independent director disagrees with the removal, the Company shall promptly disclose this fact.

If, after assuming the position, an independent director fails to meet the qualifications or independence requirements, he/she shall immediately cease performing the duties and resign from the position. If he/she does not submit a resignation, the Board of Directors, upon becoming aware or being supposed to become aware of the occurrence of such fact, shall immediately remove him/her as regulated.

If the resignation or removal of an independent director due to the circumstances specified in the preceding paragraph results in the proportion of independent directors in the Board of Directors or its special committees not complying with the Administrative Measures or the Articles of Association, or if the independent directors lack an accounting professional, the Company shall complete a by-election within sixty (60) days from the date of occurrence of the aforementioned fact.

**Article 15** An independent director may resign prior to the expiration of term of office. The resigning independent director shall submit a written resignation report to the Board of Directors, explaining any circumstances related to his/her resignation or which he/she believes are necessary to bring to the attention of the Company's shareholders and creditors. The Company shall disclose the reasons for the independent director's resignation and the matters of concern.

If the resignation of an independent director would result in the proportion of independent directors in the Board of Directors or its special committees not complying with the Administrative Measures or the Articles of Association, or if the independent directors would lack an accounting professional, the resigning independent director shall continue to perform his/her duties until the new independent director is elected. The Company shall complete a by-election within sixty (60) days from the date the independent director submits his/her resignation.

**Chapter IV Duties and Working Methods of Independent Directors**

**Article 16** Independent directors perform the following duties:

- (1) Participating in decision-making of the Board of Directors, and expressing clear opinions on the matters deliberated;
- (2) Supervising matters listed in Articles 23, 26, 27, and 28 of the Administrative Measures, which concern potential major conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors, and senior management, ensuring that board decisions are in the overall interests of the Company and protecting the legitimate rights and interests of minority shareholders;
- (3) Making professional and objective advice on the Company's business development, and helping to improve the decision-making level of the Board of Directors;
- (4) Performing other duties stipulated by laws, administrative regulations, CSRC provisions, and the Articles of Association. Independent directors shall perform their duties independently and impartially, without being influenced by the Company, its major shareholders, de facto controllers, or any other entities or individuals.

If they find that the matters under consideration affect their independence, they shall declare the fact to the Company and recuse themselves. Whenever circumstances that significantly affect their independence arise during their term of office, they shall promptly notify the Company, propose remedial measures, and resign if necessary.

**Article 17** Independent directors exercise the following special powers:

- (1) Independently engaging intermediary agencies to conduct audits, consultations, or verifications on specific matters of the Company;
- (2) Proposing to the Board of Directors to convene an interim shareholders' meeting;
- (3) Proposing to the Board of Directors to convene board meetings;
- (4) Publicly soliciting shareholders' voting rights according to law;
- (5) Expressing independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (6) Other powers stipulated by laws, administrative regulations, CSRC provisions, regulatory securities rules of the place where the Company's shares are listed, and the Articles of Association.

When independent directors exercise the powers listed in Items (1) to (3) of the preceding paragraph, such exercise shall be approved by a majority vote of all independent directors.

When independent directors exercise the powers listed in the first paragraph, the Company shall promptly disclose such exercise. If the above-mentioned powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

**Article 18** Before a board meeting is held, independent directors may communicate with the Board Secretary to inquire about the matters to be deliberated, request supplementary materials, put forward opinions and suggestions, etc. The Board of Directors and relevant personnel shall carefully study the questions, requests, and opinions raised by independent directors, and promptly provide feedback to the independent directors on the implementation status of such revisions to proposals, etc.

**Article 19** Independent directors shall attend board meetings in person. If unable to attend a board meeting in person for justifiable reasons, an independent director shall review the meeting documents in advance, form a clear opinion, and entrust another independent director in writing to attend on his/her behalf.

If an independent director fails to attend two consecutive board meetings in person and does not entrust another independent director to attend on his/her behalf, the Board of Directors shall propose convening a shareholders' meeting to remove such independent director within thirty (30) days from the date of occurrence of such fact.

**Article 20** If an independent director votes against or abstains from voting on a board proposal, they shall explain the specific reasons and bases, the legality and compliance of the matters involved in the proposal, possible risks, and the impact on the interests of the Company and its minority shareholders. When the Company discloses a board resolution, it shall simultaneously disclose the dissenting opinions of independent directors, and such opinions shall be recorded in the board resolution and meeting minutes.

**Article 21** Independent directors shall continuously attach importance to the implementation status of board resolutions related to the matters listed in Article 22 of this Working System, Articles 26, 27, and 28 of the Administrative Measures. If they find any violations of laws, administrative regulations, CSRC provisions, business rules of the involved stock exchange, and the Articles of Association, or any violations of shareholders' meeting or board resolutions, etc., they shall promptly report to the Board of Directors and may request the Company to make a written explanation. If the matter involves disclosure, the Company shall promptly disclose it accordingly.

If the Company fails to make an explanation or make a timely disclosure as stipulated in the preceding paragraph, independent directors may report to the CSRC and the involved stock exchange.

**Article 22** The following matters shall be submitted to the Board of Directors for deliberation only after approval by a majority vote of all independent directors of the Company:

- (1) Related-party transactions that require disclosure;
- (2) Plans proposed by the Company or related parties to change or waive commitments;
- (3) Decisions and measures taken by the board of directors of the target company regarding the acquisition;
- (4) Other matters stipulated by laws, administrative regulations, the CSRC, regulatory securities rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 23** The Company shall hold meetings as composed solely of independent directors (hereinafter referred to as "Independent Director Meetings") regularly or as needed. Matters listed in Items (1) to (3) of the first paragraph of Article 17, and Article 22 of this Working System shall be deliberated by Independent Director Meetings. Independent Director Meetings may study and discuss other matters of the Company as needed.

Independent Director Meetings shall be convened and presided over by an independent director as jointly elected by a majority vote of the independent directors; and if the convener fails or is unable to perform his/her duties, two or more independent directors may convene the meeting themselves and elect a representative to preside.

Independent Director Meetings are divided into regular meetings and interim meetings, wherein regular meetings shall be held at least once a year in principle. Notices of Independent Director Meetings shall be given to all independent directors three (3) days before such meetings are held. In urgent cases, such notices may be given by telephone or other means at any time, but the convener shall make an explanation at these meetings.

The voting method for Independent Director Meetings shall be a show of hands or written ballot, and voting by electronic communication may also be adopted.

The Company shall provide facilities and support for the convening of Independent Director Meetings.

**Article 24** The independent opinions issued by an independent director on a major matter shall at least include the following:

- (1) Basic information about the major matter;

- (2) Basis for expressing the opinion, including the procedures followed, documents verified, contents of on-site inspections, etc.;
- (3) Legality and compliance of the major matter;
- (4) Impact on the interests of the Company and its minority shareholders, possible risks, and whether the measures taken by the Company are effective;
- (5) Conclusive opinions expressed, including opinions of agreement, reservations and their reasons, objections and their reasons, inability to express an opinion and its obstacles.

The independent director shall sign to confirm the issued independent opinions and promptly report the above opinions to the Board of Directors, which shall be disclosed simultaneously with the Company's relevant announcements.

**Article 25** Independent directors shall perform their duties in the special committees in accordance with laws, administrative regulations, CSRC provisions, business rules of the involved stock exchange, and the Articles of Association. Independent directors shall attend special committee meetings in person. Whenever unable to attend a meeting in person for justifiable reasons, they shall review the meeting documents in advance, form a clear opinion, and entrust other independent directors in writing to attend on their behalf. If, during the performance of their duties, independent directors become aware of major matters of the Company falling within the scope of responsibilities of a special committee, they may request the special committee to discuss and deliberate on such matters in accordance with procedures.

**Article 26** The annual on-site working time of an independent director at the Company shall be no less than fifteen (15) days.

Besides attending shareholders' meetings, board meetings, special committee meetings, and Independent Director Meetings as required, independent directors may perform their duties through various means such as regularly obtaining corporate operation data and materials, listening to management reports, communicating with the head of internal audit and intermediary agencies (e.g., accounting firms undertaking the Company's audit), conducting on-site inspections, and communicating with minority shareholders.

**Article 27** If any of the following circumstances occurs, the independent director shall promptly report to the Shanghai Stock Exchange:

- (1) Being dismissed by the Company where the involved independent director deems the dismissal reasons unjustified;
- (2) Resignation of the independent director due to the Company obstructing the independent director from legally exercising his/her powers;

- (3) The board meeting materials are incomplete or insufficiently substantiated, and a proposal by two or more independent directors in writing to postpone the board meeting or postpone deliberation of the relevant matter is not adopted;
- (4) After reporting suspected illegal or non-compliant activities of the Company or its directors or senior management to the Board of Directors, the Board of Directors fails to take effective measures;
- (5) Other circumstances that seriously obstruct the independent directors from performing their duties.

**Article 28** The Board of Directors, its special committees, and Independent Director Meetings shall properly prepare meeting minutes, in which the opinions of independent directors shall be recorded. Independent directors shall sign to confirm such meeting minutes.

Independent directors shall maintain work records, detailing their performance of duties. Information obtained by independent directors during the performance of their duties, relevant meeting minutes, communication records with personnel from the Company and intermediary agencies, etc., shall constitute part of the work records. For important contents in the work records, independent directors may request relevant personnel such as the Board Secretary to sign for confirmation, and the Company and its relevant personnel shall cooperate in this regard.

Work records of independent directors and materials provided by the Company to independent directors shall be preserved for at least ten (10) years.

**Article 29** Independent directors shall submit an annual duty performance report to the annual shareholders' meeting, explaining the status of their performance of duties. The annual duty performance report shall include the following:

- (1) Number of board meetings attended, method of attendance, votes, and number of shareholders' meetings attended;
- (2) Participation in special committees and Independent Director Meetings;
- (3) Status of deliberation on matters listed in Articles 23, 26, 27, and 28 of the Administrative Measures and exercise of the special powers of independent directors listed in the first paragraph of Article 17 of this Working System;
- (4) Major matters, methods, and results of communication with the internal audit institution and the accounting firm undertaking the audit regarding the Company's financial and business status;
- (5) Communications with the minority shareholders;

- (6) On-site working time, contents, etc., at the Company;
- (7) Other circumstances of performing duties.

An independent director's annual duty performance report shall be disclosed no later than the time when the Company issues the notice for its annual shareholders' meeting.

**Article 30** Independent directors shall continuously strengthen their study of securities laws, regulations, and rules to continuously improve their ability to perform duties.

#### **Chapter V Guarantees for Independent Directors to Perform Duties**

**Article 31** The Company shall provide necessary working conditions and personnel support for independent directors to perform their duties, designating specialized departments (such as the Board Office) and specialized personnel (such as the Board Secretary) to assist independent directors in performing their duties.

The Board Secretary shall ensure smooth information flow between independent directors and other directors, senior management, and other relevant personnel, and ensure that independent directors have access to sufficient resources and necessary professional advice when performing their duties.

**Article 32** The Company shall guarantee that independent directors enjoy the same right to information as other directors. To ensure that independent directors effectively exercise their powers, the Company shall regularly update independent directors on its operating conditions, provide sufficient information, and organize or cooperate with independent directors in conducting on-site inspections, etc.

Before the Board of Directors deliberates major and complicated matters, the Company may organize independent directors to participate in research, demonstration, and other related steps, fully listen to independent directors' opinions, and promptly provide feedback to independent directors on the adoption status of their opinions.

**Article 33** The Company shall send board meeting notices to independent directors in a timely manner, provide relevant meeting materials no later than the deadline stipulated by laws, administrative regulations, CSRC provisions, or the Articles of Association for sending such board meeting notices, and also assign effective communication channels for independent directors. When convening special committee meetings, the Company shall provide relevant materials and information no later than three (3) days before such meetings in principle. The Company shall preserve the above-mentioned meeting information for at least ten (10) years.

If two or more independent directors believe that the meeting materials are incomplete, insufficiently substantiated, or provided untimely, they may submit a written request to the Board of Directors to postpone the meeting or postpone deliberation of the matter, and the Board of Directors shall adopt it.

Meetings of the Board of Directors and special committees shall be convened on-site in principle. If all attending directors can communicate fully and express their opinions, such meetings may, when necessary, be convened via video, telephone, or other means in accordance with procedures.

**Article 34** When independent directors exercise their powers, relevant personnel such as the directors and senior management shall cooperate, and shall neither refuse, obstruct, or conceal relevant information, nor interfere with the independent exercise of their powers.

If an independent director encounters obstruction while legally exercising his/her powers, he/she may explain the fact to the Board of Directors, request relevant personnel such as directors and senior management to cooperate in this regard, and record the specific obstruction details and the resolution status in his/her work records; and if the obstruction cannot be resolved, he/she may report to the CSRC and the involved stock exchange.

If matters involved in the performance of duties by an independent director require disclosure, the Company shall promptly handle the disclosure; but if the Company fails to do so, the independent director may directly apply for disclosure, or report to the CSRC and the involved stock exchange.

**Article 35** The Company shall bear the expenses incurred when independent directors engage professional institutions and exercise other powers.

**Article 36** The Company may establish an independent director liability insurance system to mitigate the risks that independent directors may incur during the normal performance of their duties.

**Article 37** The Company shall provide independent directors with allowances appropriate to the responsibilities they bear. The standard for allowances shall be determined by the Board of Directors through a formulated plan, approved by the shareholders' meeting, and then disclosed in the annual report.

Apart from the aforementioned allowances, independent directors shall not receive other benefits from the Company, its major shareholders, de facto controller, or interested entities or persons.

**Chapter VI Supplementary Provisions**

**Article 38** Matters not covered in this Working System shall be handled in accordance with relevant national laws, administrative regulations, departmental rules, and the Articles of Association.

If this Working System conflicts with laws and administrative regulations promulgated by the State in the future, departmental rules, regulatory securities rules of the place where the Company's shares are listed, or the revised Articles of Association, the latter shall prevail.

**Article 39** The right to interpret this Working System resides with the Board of Directors.

**Article 40** This Working System is formulated by the Board of Directors and will take effect upon approval by the shareholders' meeting.

Details of the Proposed Amendments to the Management Rules for Related Party Transactions are as follows:

### **Chapter I General Provisions**

**Article 1** To regulate the related party/connected (collectively referred to as “related party”) transactions of Nanhua Futures Co., Ltd. (hereinafter referred to as the “Company”), ensure the fairness of the Company’s related party transactions, and safeguard the legitimate rights and interests of the Company and all its shareholders, this Management System is established in accordance with the provisions of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (hereinafter referred to as the “SSE Listing Rules”), the Guidelines for Self-Regulation of Listed Companies in the Shanghai Stock Exchange No.5 – Transactions and Related Party Transactions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “HKEX Listing Rules”), other laws, administrative regulations, departmental rules and normative documents, as well as the relevant provisions of the Articles of Association of Nanhua Futures Co., Ltd. (hereinafter referred to as the “Articles of Association”), and in light of the Company’s actual circumstances.

The Company shall implement a categorized management system for related party transactions, confirm the scope of related persons subject to stock exchange rules and other relevant laws and regulations, and perform procedures such as approval and information disclosure for related party transactions in line with corresponding regulations.

All disclosures concerning continuing related party transactions in the Company’s interim reports and periodic reports shall comply with the relevant regulations of the stock exchange where the Company’s shares are listed.

**Article 2** Under the SSE Listing Rules, a related party transaction refers to any matter involving the transfer of resources or obligations between the Company, its holding subsidiaries and other entities controlled by it, and its related persons. The Company’s related party transactions include, but are not limited to, the following matters:

- (1) Purchase or sale of assets;
- (2) External investments (including entrusted wealth management, investments in subsidiaries, etc.);
- (3) Provision of financial assistance (including interest-bearing or interest-free loans, entrusted loans, etc.);

- (4) Provision of guarantees (including guarantees for holding subsidiaries, etc.);
- (5) Lease of assets as lessee or lessor;
- (6) Entrusting or entrusted management of assets and businesses;
- (7) Donation or acceptance of property;
- (8) Restructuring of claims and debts;
- (9) Signing of license agreements;
- (10) Transfer or acceptance of research and development projects;
- (11) Waiver of rights (including waiver of pre-emptive rights, pre-emptive capital contribution rights, etc.);
- (12) Purchase of raw materials, fuel, and power;
- (13) Sale of products and goods;
- (14) Provision or receipt of labor services;
- (15) Entrusting or entrusted sales;
- (16) Deposit and loan services;
- (17) Joint investments with related persons;
- (18) Other matters that may lead to the transfer of resources or obligations through agreement;
- (19) Other matters deemed as related party transactions by the regulatory securities authority or stock exchange of the place where the Company's shares are listed.

Under the HKEX Listing Rules, a related party transaction refers to a transaction between the Company and its subsidiaries and a connected person, as well as a specified category of transaction with a third party which may enable a connected person to obtain benefits through its interest in the entity involved in the transaction. Such transactions may be one-off transactions or continuing transactions. The above transactions include transactions of capital nature and revenue nature, regardless of whether they are conducted in the ordinary and usual course of business of the Company and its subsidiaries. This includes the following categories of transactions:

- (1) The purchase or sale of assets by the Company or its subsidiaries, including deemed disposals;
- (2) The grant, acceptance, exercise, transfer or termination of an option by the Company or its subsidiaries to purchase or sell assets, or to subscribe for securities (if an option is terminated under the terms of the original agreement and the Company and its subsidiaries have no discretion over such termination, the termination of the option is not a transaction); or the decision by the Company or its subsidiaries not to exercise an option to purchase or sell assets, or to subscribe for securities;
- (3) The entry into or termination of a finance lease or operating lease or sub-lease;
- (4) The making of a guarantee for compensation or the provision or acceptance of financial assistance. Financial assistance includes granting credit, making loans, or making a guarantee for compensation, indemnity or security for a loan;
- (5) The entry into of an agreement or arrangement to form any type of joint venture company (e.g., partnership or incorporation) or to carry out any other form of joint venture arrangement;
- (6) The issue of new securities of the Company or its subsidiaries, or the sale or transfer of treasury shares, including underwriting or sub-underwriting of a securities issue or treasury share sale or transfer;
- (7) The provision, receipt or sharing of services; or
- (8) The purchase or supply of raw materials, semi-finished goods and/or finished goods.

**Article 3** The Company's related persons include related legal persons (or other organizations) and related natural persons as defined under the SSE Listing Rules, as well as connected persons as defined under Chapter 14A of the HKEX Listing Rules.

**Article 4** Under the SSE Listing Rules, a legal person (or other organization) falling under any of the following circumstances is considered a related legal person (or other organization) of the Company:

- (1) A legal person (or other organization) that directly or indirectly controls the Company;
- (2) A legal person (or other organization) other than the Company, its holding subsidiaries and other entities controlled by it, that is directly or indirectly controlled by the legal person (or other organization) referred to in Item (1);
- (3) A legal person (or other organization) other than the Company, its holding subsidiaries and other entities controlled by it, that is directly or indirectly controlled by a related natural person, or in which such related natural person serves as a director (excluding an independent director of both parties) or senior management;
- (4) A legal person (or other organization) holding 5% or more of the Company's shares and its persons acting in concert;
- (5) Other legal persons (or other organizations) which, as determined by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"), the regulatory securities authorities of the Company's share listing place, the involved stock exchange, or the Company based on the substance-over-form principle, have a special relationship with the Company that may or has already caused the Company to favor their interests.

**Article 5** Under the SSE Listing Rules, a natural person falling under any of the following circumstances is considered a related natural person of the Company:

- (1) A natural person directly or indirectly holding 5% or more of the Company's shares;
- (2) Directors and senior management of the Company;
- (3) Directors, supervisors and senior management of the legal person (or other organization) listed in Item (1) of Article 4 hereof;
- (4) Close family members of the persons referred to in Items (1) and (2) of this Article, including spouses, parents, children aged 18 or over and their spouses, siblings and their spouses, parents of spouses, siblings of spouses, and parents of children's spouses;

- (5) Other natural persons who, as determined by the CSRC, the regulatory securities authorities of the Company's share listing place, the involved stock exchange, or the Company based on the substance-over-form principle, have a special relationship with the Company that may or has already caused the Company to favor their interests.

**Article 6** Under the SSE Listing Rules, a legal person (or other organization) or natural person who, within the past 12 months or within 12 months after the effective date of the relevant agreement or arrangement, falls under any of the circumstances described in Articles 4 or 5 hereof is considered a related person of the Company.

**Article 7** Under the HKEX Listing Rules, except for the exceptions specified therein, the connected persons of the Company generally include the following parties:

- (1) A director, supervisor (if any), highest administrative executive or substantial shareholder (i.e., a person entitled to exercise or control the exercise of 10% or more of the voting power at the shareholders' meetings of the Company) of the Company or any of its subsidiaries;
- (2) A person who was a director of the Company or any of its subsidiaries at any time during the past 12 months (collectively with the persons in Item (1) of this Article, the "primary connected persons");
- (3) An associate of any primary connected person, including:
1. Where the primary connected person is an individual:
    - (1) The individual's spouse, and any child (whether biological or adopted) or step-child aged under 18 of the individual or their spouse (each a "immediate family member");
    - (2) Any trustee of a trust (other than an employee share scheme or occupational retirement scheme established for a broad group of participants where the connected person's aggregate interest in the scheme is less than 30%) where the individual or any of his/her immediate family member is a beneficiary (or, in the case of a discretionary trust, the individual or such member is known to be a discretionary object) (hereinafter referred to as a "trustee");
    - (3) A 30%-controlled company held directly or indirectly by the individual (whether individually or jointly), his/her immediate family members and/or a trustee, or any subsidiary of such company;

- (4) A person cohabiting with the individual as a spouse, or a child, step-child, parent, step-parent, brother, step-brother, sister or step-sister of the individual (each a “family member”);
  - (5) A company held directly or indirectly by a family member (whether individually or jointly), or held jointly by a family member together with the individual, his/her immediate family members and/or a trustee through majority control, or any subsidiary of such company; or
  - (6) Any joint venture partner of that joint venture company, where the individual, his/her immediate family members and/or a trustee jointly hold directly or indirectly 30% (or such other percentage as specified by PRC laws which trigger a mandatory general offer or establish legal or management control over an enterprise) or more of the contributed capital or assets of a cooperative or contractual joint venture company (whether or not an independent legal person), or are entitled to 30% or more of the profits or other income of the joint venture company under a contract.
2. Where the primary connected person is a company:
- (1) Any subsidiary or holding company of the company, or a fellow subsidiary of such holding company;
  - (2) Any trustee of a trust where the company is a beneficiary (or, in the case of a discretionary trust, the company is known to be a discretionary object) (hereinafter referred to as a “trustee”);
  - (3) A 30%-controlled company held directly or indirectly by the company (whether individually or jointly), the companies referred to in Paragraph (1) above and/or a trustee, or any subsidiary of such 30%-controlled company; or
  - (4) Any joint venture partner of that joint venture company, where the company, any of its subsidiaries, holding company or fellow subsidiary of the holding company and/or a trustee jointly hold directly or indirectly 30% (or such other percentage as specified by PRC laws which trigger a mandatory general offer or establish legal or management control over an enterprise) or more of the contributed capital or assets of a cooperative or contractual joint venture company (whether or not an independent legal person), or are entitled to 30% or more of the profits or other income of the joint venture company under a contract.

- (4) Connected subsidiaries, including:
1. A non-wholly owned subsidiary of the Company in which a connected person at the Company level can exercise 10% or more of the voting rights at the shareholders' meeting of that subsidiary individually or jointly; and such 10% level excludes any indirect interest held by that connected person through the Company; or
  2. Any subsidiary of the non-wholly owned subsidiary referred to in Paragraph A above.
- (5) Persons deemed to be connected by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange").

**Article 8** Primary connected persons do not include directors, highest administrative executives, substantial shareholders or supervisors (if any) of a non-material subsidiary of the Company. For this purpose:

- (1) "Non-material subsidiary" means a subsidiary whose total assets, profits and revenue relative to the Company and its subsidiaries all meet the following conditions:
  1. The relevant percentage ratios for each of the last three financial years (or, if less than three financial years, from the date of incorporation or establishment of the subsidiary) are all less than 10%; or
  2. The relevant percentage ratio for the most recent financial year is less than 5%.
- (2) If a person is connected with two or more subsidiaries of the Company, the Hong Kong Stock Exchange will aggregate the total assets, profits and revenue of those subsidiaries to determine whether they are collectively "non-material subsidiaries" of the Company; and
- (3) When calculating the relevant percentage ratio, 100% of the total assets, profits and revenue of those subsidiaries shall be taken as the calculation basis. If the calculated percentage ratio produces anomalous results, the Hong Kong Stock Exchange may disregard the calculation and instead consider an alternative test provided by the Company.

**Article 9** Related party relationship mainly refers to the manner or channel through which a party has the ability to directly or indirectly control or exercise significant influence over the Company through financial and operational decisions, including but not limited to equity relationships, personnel relationships, management relationships and commercial interest relationships between the related party and the Company.

The related party relationship shall be substantially judged in terms of the specific manner, channel and extent of control or influence exercised by the related party over the Company.

**Article 10** The Company's directors, senior management, shareholders holding 5% or more of the shares and their persons acting in concert, and de facto controllers shall promptly submit to the Board of Directors a list of the Company's related persons and a description of the related party relationships, and the Company shall maintain proper registration and management.

**Article 11** The Company's related party transactions shall adhere to the following basic principles:

- (1) The principle of good faith;
- (2) The principle of fairness, openness and justice;
- (3) The principle of not jeopardizing the legitimate rights and interests of the Company and its non-related shareholders;
- (4) The principle that a related person shall abstain from voting if he/she has voting rights at a shareholders' meeting;
- (5) The principle that any director who has an interest in the related party transaction shall abstain from voting when the Board of Directors votes on the matter;
- (6) The principle that the Board of Directors shall judge whether the related party transaction is beneficial to the Company based on objective criteria, and if necessary, shall engage an independent appraiser or an independent financial advisor.

## **Chapter II Prices of Related Party Transactions**

**Article 12** The price of a related party transaction refers to the transaction price involved in the related party transaction between the Company and its related persons.

**Article 13** The pricing of the Company's related party transactions shall be fair and follow the following principles:

- (1) Where government pricing is implemented for the transaction, such price may directly apply;

- (2) Where government-guided pricing is implemented for the transaction, the transaction price may be reasonably determined within the scope of the government-guided price;
- (3) Except where government pricing or government-guided pricing is implemented, whether there is a comparable independent third-party market price or fee rate for the transaction, such price or rate may be preferentially referred to for determining the transaction price;
- (4) Where there is no comparable independent third-party market price for the related party transaction, the transaction price may be determined by reference to the price of a non-related party transaction between the related person and an independent third party;
- (5) Where there is neither an independent third-party market price nor an independent non-related party transaction price available for reference, a reasonable constituent price may serve as the basis for pricing, where the constituent price consists of the reasonable costs and expenses plus a reasonable profit.

### Chapter III Decision-Making Procedures for Related Party Transactions

**Article 14** A related party transaction between the Company and a related natural person with a transaction amount (including debts and expenses as assumed) exceeding RMB300,000 shall be submitted to the Board of Directors for deliberation and timely disclosure after being approved by a majority of the independent directors.

A related party transaction between the Company and a related legal person (or other organization) with a transaction amount (including debts and expenses as assumed) exceeding RMB3,000,000 and accounting for 0.5% or more of the absolute value of the Company's latest audited net assets shall be submitted to the Board of Directors for deliberation and timely disclosure after being approved by a majority of the independent directors.

If laws, regulations or the stock exchange rules of the Company's share listing place provide otherwise, such transactions shall be submitted to the Board of Directors for deliberation and timely disclosure in accordance therewith.

**Article 15** If a related party transaction between the Company and a related natural person or related legal person does not reach the threshold for deliberation by the Board of Directors, it shall be reviewed and approved by the Chairman of the Board. If the Chairman is a related director as described in Article 17, the transaction shall be deliberated by the General Manager's office meeting, and any interested person shall abstain from voting at such meeting.

**Article 16** Except as otherwise provided in this Management System, if the transaction amount (including debts and expenses as assumed) of a proposed related party transaction between the Company and its related persons exceeds RMB30,000,000 and accounts for 5% or more of the absolute value of the Company's latest audited net assets, or if laws, regulations or the stock exchange rules of the Company's share listing place provide otherwise, the Company shall disclose the audit report or appraisal report in accordance with relevant regulations and submit the transaction to the shareholders' meeting for deliberation.

For the daily related party transactions listed in Items (12) to (16) of Article 2 hereof, an audit or appraisal may be exempted.

If the Company and its related persons jointly establish a company, and the company's capital contribution amount meets the threshold set forth in the first paragraph of this Article, but all contributing parties contribute in cash and the equity interests in the established company are determined based on the proportion of capital contributions, the requirement for submission to the shareholders' meeting for deliberation may be waived.

If a related party transaction of the Company does not meet the threshold set forth in the first paragraph of this Article, but the CSRC, the regulatory securities authorities of the Company's share listing place, or the involved stock exchange requires submission based on prudential principles, or the Company, pursuant to the Articles of Association or other provisions, voluntarily submits the transaction to the shareholders' meeting for deliberation, the deliberation procedures and disclosure obligations shall be performed in accordance with the first paragraph of this Article, and the relevant audit or appraisal requirements shall apply.

**Article 17** When the Board of Directors deliberates on a related party transaction, the interested directors shall abstain from voting and shall not act as a proxy for other directors in voting. Such board meeting may be held with the presence by more than half of the non-interested directors, and the resolution of the board meeting shall be passed by a majority of the non-interested directors. If the number of non-interested directors present at the board meeting is less than three, the Company shall submit the transaction to the shareholders' meeting for deliberation.

Interested directors referred to in the preceding paragraph include any director who is or falls under any of the following circumstances:

- (1) Being a counterparty to the transaction;
- (2) Having direct or indirect control over the counterparty;
- (3) Holding a position in the counterparty, or in a legal person or other organization that can directly or indirectly control the counterparty, or in a legal person or other organization that is directly or indirectly controlled by the counterparty;

- (4) Being a close family member of the counterparty or of a person who directly or indirectly controls the counterparty;
- (5) Being a close family member of a director, supervisor or senior management of the counterparty or of a person who directly or indirectly controls the counterparty;
- (6) Being a director whose independent business judgment may be affected, as determined by the CSRC, the regulatory securities authorities of the Company's share listing place, the involved stock exchange, or the Company based on the substance-over-form principle.

**Article 18** When the shareholders' meeting deliberates on a related party transaction, the interested shareholders shall abstain from voting and shall not act as a proxy for other shareholders in voting.

Interested shareholders referred to in the preceding paragraph include any shareholder who is or falls under any of the following circumstances:

- (1) Being a counterparty to the transaction;
- (2) Having direct or indirect control over the counterparty;
- (3) Being directly or indirectly controlled by the counterparty;
- (4) Being under the direct or indirect control of the same legal person, other organization or natural person as the counterparty;
- (5) Being a shareholder whose voting rights are restricted or affected due to the existence of an unperformed equity transfer agreement or other agreement with the counterparty or its related persons;
- (6) Holding a position in the counterparty, or in a legal person or other organization that can directly or indirectly control the counterparty, or in a legal person or other organization that is directly or indirectly controlled by the counterparty;
- (7) Being a close family member of the counterparty or of a person who directly or indirectly controls the counterparty;
- (8) Being a shareholder determined by the CSRC, the regulatory securities authorities of the Company's share listing place, or the involved stock exchange as likely to cause the Company to favor his/her interests.

**Article 19** The Company shall not provide financial assistance to related persons as defined in this Management System, except where providing financial assistance to a related investee company that is not controlled by the Company's controlling shareholders or de facto controllers, and the other shareholders of such investee company provide financial assistance on the same terms in proportion to their capital contributions.

If the Company provides financial assistance to the related investee company referred to in the preceding paragraph, in addition to being approved by a majority of all non-interested directors, the matter must also be approved by more than two-thirds of the non-interested directors present at the board meeting, and shall be submitted to the shareholders' meeting for deliberation.

**Article 20** If the Company provides a guarantee for a related person, in addition to being approved by a majority of all non-interested directors, the matter must also be approved by more than two-thirds of the non-interested directors present at the board meeting, which shall make a resolution thereon, and submit it to the shareholders' meeting for deliberation. If the Company provides guarantees for its controlling shareholders, de facto controllers and their related persons, such controlling shareholders, de facto controllers and related persons shall provide counter-guarantees.

If, as a result of a transaction or related party transaction, the guaranteed party becomes a related person of the Company, then simultaneously with the implementation of such transaction or related party transaction, the Company shall perform the corresponding deliberation procedures and information disclosure obligations for the existing related guarantee.

If the Board of Directors or shareholders' meeting does not approve the related guarantee as referred to in the preceding paragraph, the transaction parties shall take effective measures such as early termination of the guarantee.

**Article 21** When the Company jointly establishes a company with related persons, the Company's capital contribution amount shall be taken as the transaction amount for the purposes of Articles 14, 15 and 16 of this Management System.

**Article 22** If a related party transaction between the Company and its related persons arises as a result of the Company's waiver of rights, the relevant provisions on such waiver of rights shall apply for the purposes of Articles 14, 15 and 16 of this Management System.

**Article 23** If the relevant arrangements for a transaction between the Company and a related person involve conditionally determined amounts such as future possible payment or receipt of consideration, the estimated maximum amount shall be taken as the transaction amount for the purposes of Articles 14, 15 and 16 of this Management System.

**Article 24** Under the SSE Listing Rules, for the following related party transactions occurring within 12 consecutive months, the Company shall aggregate the transaction amounts for the purpose of applying Articles 14, 15 and 16 of this Management System:

- (1) Transactions with the same related person;
- (2) Transactions with different related persons involving underlying assets of the same transaction category.

The “same related person” above includes other related persons controlled by the same entity or having an equity control relationship with each other.

If the aggregated amount calculated on a rolling 12-month basis under this Article reaches the disclosure threshold or the deliberation threshold of the shareholders’ meeting, the provisions of Rule 6.1.16 of the SSE Listing Rules shall apply mutatis mutandis.

Transactions that have already complied with the relevant obligations under the rolling 12-month aggregation principle shall not be included again in the relevant aggregation calculation.

**Article 25** Under the HKEX Listing Rules, if a series of related party transactions are all entered into or completed within the same 12-month period, or the relevant transactions are otherwise connected, such transactions shall be aggregated and treated as a single transaction. The Company must comply with the related party transaction requirements applicable to the transaction category resulting from such aggregation. If the related party transactions constitute a series of asset acquisitions and aggregating such acquisitions would constitute a reverse takeover, the aggregation period will be 24 months. When deciding whether to aggregate related party transactions, the following factors shall be considered:

- (1) Whether the transactions are conducted with the same party or with parties connected with each other;
- (2) Whether the transactions involve the acquisition or disposal of a component of an asset or securities or interests in a company (or group of companies); or
- (3) Whether the transactions together would result in the Company’s becoming substantially involved in a new business.

**Article 26** Except as otherwise provided by the regulatory securities rules of the Company's share listing place, when the Company engages in daily related party transactions listed in Items (12) to (16) of the first paragraph of Article 2 hereof with its related persons, the following procedures for deliberation and disclosure shall apply:

- (1) For a daily related party transaction occurring for the first time, the Company shall perform the deliberation procedures and make timely disclosure based on the transaction amount involved in the agreement; if the agreement does not specify a specific transaction amount, it shall be submitted to the shareholders' meeting for deliberation; and if the material terms of the agreement undergo significant changes during performance or if the agreement expires and needs to be renewed, the preceding provisions of this subparagraph shall apply;
- (2) For a daily related party transaction agreement that has been deliberated and approved by the Board of Directors or shareholders' meeting and is being performed, if the material terms have not undergone significant changes during performance, the Company shall disclose the actual performance of each agreement in its annual and semi-annual reports as required, and explain whether it complies with the provisions of the agreement; if the material terms of the agreement undergo significant changes during performance or if the agreement expires and needs to be renewed, the Company shall submit the newly revised or renewed daily related party transaction agreement to the Board of Directors or shareholders' meeting for deliberation based on the transaction amount involved, and if the agreement does not specify a specific transaction amount, it shall be submitted to the shareholders' meeting for deliberation;
- (3) The Company may reasonably estimate the annual amount of daily related party transactions by category, perform the deliberation procedures and make disclosure accordingly. If the actual performance amount exceeds the estimated amount, it shall perform the deliberation procedures and make disclosure again based on the excess amount;
- (4) The Company's annual and semi-annual reports shall summarize and disclose the actual performance of daily related party transactions by category;
- (5) If the term of a daily related party transaction agreement entered into by the Company with a related person exceeds three (3) years, the Company shall re-perform the relevant deliberation procedures and disclosure obligations every three (3) years as regulated.

**Article 27** Except as otherwise provided by the regulatory securities rules of the Company's share listing place, the following transactions between the Company and its related persons may be exempted from deliberation and disclosure as related party transactions:

- (1) There are transactions in which the Company unilaterally gains benefits without paying consideration or assuming any obligations, including accepting cash gifts, obtaining debt relief, and receiving guarantees and financial assistance without consideration;
- (2) A related person provides funds to the Company at an interest rate no higher than the loan prime rate, and the Company is not required to provide a guarantee;
- (3) One party subscribes for the publicly issued shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivative instruments of the other party by way of cash;
- (4) One party, as a member of the underwriting syndicate, underwrites the publicly issued shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivative instruments of the other party;
- (5) One party receives dividends, bonuses or remuneration based on a resolution adopted at a shareholders' meeting of the other party;
- (6) One party participates in a public tender or auction conducted by the other party, unless the public tender or auction makes it difficult to form a fair price;
- (7) The Company provides products and services to the related natural persons specified in Items (2) to (4) of Article 5 hereof on the same transaction terms as those for non-related persons;
- (8) The pricing of the related party transaction is prescribed by the State;
- (9) Other transactions as determined by the stock exchange where the Company's shares are listed.

**Article 28** The procedures for abstention and voting by interested directors are as follows:

- (1) The interested director shall voluntarily raise an abstention application; otherwise, other directors are entitled to request such director's abstention; and
- (2) The interested director shall not participate in the deliberation or attend the discussion of the relevant related party transaction at the meeting;

- (3) When the Board of Directors votes on the related party matter, the non-interested directors present at the board meeting shall vote subject to relevant regulations after deducting the number of voting rights represented by the interested directors.

**Article 29** The procedures for abstention and voting by interested shareholders are as follows:

- (1) The interested shareholder shall voluntarily raise an abstention application; otherwise, the Board Secretary or other shareholders are entitled to request the interested shareholder's abstention at the shareholders' meeting;
- (2) When the shareholders' meeting votes on the related party matter, the non-interested shareholders present at the shareholders' meeting shall vote subject to relevant regulations after deducting the number of voting shares represented by the interested shareholders.

#### **Chapter IV Information Disclosure of Related Party Transactions**

**Article 30** The Company shall disclose related party transactions in accordance with relevant laws, administrative regulations, departmental rules, normative documents and its relevant provisions.

**Article 31** If the information to be disclosed by the Company and the relevant information disclosing persons is legally recognized to be a state secret, and disclosure or fulfillment of the relevant obligations in accordance with this Management System may lead to violation of laws and regulations or endanger national security, the Company may be exempted from disclosure in accordance with the relevant regulations of the Shanghai Stock Exchange.

If the information to be disclosed by the Company and the relevant information disclosing persons is recognized to be a trade secret or commercially sensitive information, and disclosure or fulfillment of the relevant obligations in accordance with this Management System may lead to unfair competition, harm the interests of the Company and its investors or mislead investors, the Company may postpone or be exempted from disclosing such information in accordance with the relevant regulations of the stock exchange where the Company's shares are listed.

**Article 32** Transactions between the Company and its holding subsidiaries within the consolidated reporting scope or other entities controlled by it, or between such holding subsidiaries or other entities controlled by it, may be exempted from disclosure and the performance of corresponding procedures under the SSE Listing Rules, unless the CSRC or the stock exchange where the Company's shares are listed provides otherwise.

**Chapter V Supplementary Provisions**

**Article 33** Matters not covered by this Management System shall be handled in accordance with relevant national laws, administrative regulations, departmental rules, regulatory securities rules of the Company's share listing place and the Articles of Association.

If this Management System conflicts with laws and administrative regulations promulgated by the State in the future, departmental rules, regulatory securities rules of the place where the Company's shares are listed, or the revised Articles of Association, the latter shall prevail.

The obligations relating to supervisors shall not be automatically discharged due to the abolition of the supervisory board, and the Company shall continue to comply with the relevant laws, administrative regulations and departmental rules.

**Article 34** The terms "above", "within" and "before" used in this Management System include the reference number; and the terms "exceeding" and "less than" exclude the reference number.

**Article 35** This Management System shall be interpreted by the Board of Directors.

**Article 36** This Management System shall take effect upon approval by the shareholders' meeting.

In order to improve and solidify a sustainable, scientific, and transparent profit distribution policy and decision-making mechanism of Nanhua Futures Co., Ltd. (the “**Company**”), maintain the continuity and stability of the profit distribution policy, enhance the transparency and operability of profit distribution decisions, and comprehensively taking into account factors such as industry development trends, the Company’s strategic planning, shareholders’ rights and interests, the costs of social capital, and the external financing environment, the Company has formulated its Shareholder Dividend Return Plan for the Next Three Years (2026-2028) (the “**Plan**”) in accordance with the relevant provisions of the Company Law of the People’s Republic of China (《中華人民共和國公司法》), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), the No. 3 Guideline for the Supervision of Listed Companies— Cash Dividend Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), and the Articles of Association of Nanhua Futures Co., Ltd. (the “**Articles of Association**”). The details of the Plan are as follows:

## I. FACTORS CONSIDERED IN FORMULATING SHAREHOLDER RETURN PLAN

With a focus on long-term and sustainable development, and on the basis of a comprehensive consideration of factors such as the Company’s actual operating and development conditions, shareholders’ requests and wishes, the costs of social capital, and the external financing environment, and having thoroughly considered the Company’s current and future profit scale, cash flow status, development stage, project investment funding needs, bank credit, and debt financing conditions, the Company has established a sustainable, stable, and scientific return mechanism for investors.

The formulation of shareholder return plan shall comply with the relevant provisions regarding the profit distribution policy in the Articles of Association.

## II. PRINCIPLES FOR THE FORMULATION OF SHAREHOLDER RETURN PLAN

In accordance with the Company’s strategic objectives and the needs of future sustainable development, and subject to compliance with relevant national laws and regulations and the Articles of Association, the Company will prudently determine its profit distribution plan by comprehensively considering factors such as its actual operating and development conditions, the reasonable demands of shareholders, particularly small and medium shareholders, the costs of social capital, and its cash flow position. The Company will implement an active profit distribution policy, place emphasis on providing reasonable returns on investment to investors, and ensure the continuity and stability of its profit distribution policy. The Company’s board of directors (the “**Board**”) and the Company’s shareholders’ meeting (the “**Shareholders’ Meeting**”) shall give full consideration to the opinions of the Company’s independent directors (the “**Independent Directors**”) and small and medium shareholders during the decision-making and deliberation process of the profit distribution policy. If significant changes in the external operating environment or the Company’s own operating conditions necessitate amendments to the Company’s profit distribution policy, the Board shall, within the scope of its authority, formulate the proposed amended profit distribution policy plan and submit it to the Shareholders’ Meeting for approval.

**III. SPECIFIC SHAREHOLDER RETURN PLAN OF THE COMPANY FOR THE  
NEXT THREE YEARS (2026-2028)**

- (1) The Company shall prioritise providing reasonable returns to its investors and implement a sustainable and stable profit distribution policy. The Company may distribute dividends in the form of cash, shares, or a combination of both. The Company shall prioritise cash dividends, provided that it is profitable, meets regulatory requirements such as net capital, and maintains its normal operations and long-term development.
- (2) If the Company chooses to distribute dividends in the form of cash, shares, or a combination of both, it shall prioritise cash dividends. Furthermore, the amount of profit distributed in cash each year shall not be less than 10% of the distributable profit realised in that year.
- (3) The Board shall, taking into account comprehensively the characteristics of the industry in which it operates, its stage of development, its own mode of operation, profitability, debt repayment ability, whether it has any significant capital expenditure arrangements and investor returns, distinguish between the following circumstances and propose a differentiated cash dividend policy in accordance with the relevant prescribed procedures:
  - (1) Where the Company is in the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution for the period shall reach at least 80%;
  - (2) Where the Company is in the mature stage of development and has significant capital expenditure arrangements, the proportion of cash dividends in the profit distribution for the period shall reach at least 40%;
  - (3) Where the Company is developing at a growing stage and has significant capital expenditure arrangements, the proportion of cash dividends in the profit distribution for the period shall reach at least 20%;

Where the Company's development stage is difficult to distinguish but there is a significant capital expenditure arrangement, the aforesaid provisions of item 3) shall be followed. The "proportion of cash dividends in the profit distribution" refers to cash dividends divided by the sum of cash dividends and shares dividends.

- (4) The Company shall determine the specific proportion of the profit distributed in cash in the current year to the distributable profit realised in the current year and whether to distribute dividend in the form of shares based on the Company's annual profitability and future capital utilisation plan. Relevant proposals shall be submitted to the Shareholders' Meeting for approval after being reviewed by the Board. The Board may propose interim cash dividend distributions based on the Company's profitability and capital requirement conditions.

- (5) The Company shall ensure that the distribution of shares dividends is synchronized with capital expansion and performance growth. When facing net capital constraints or insufficient cash flow, the Company may consider adopting shares dividends as a method of profit distribution. Profit distribution through shares dividends shall be based on genuine and reasonable factors such as the Company's growth potential and the dilution of net assets per share.
- (6) If profit is recorded for the year and the Board does not put forth any cash dividends distribution proposal, reasons therefor and the use of such funds to be retained by the Company which may otherwise be used as dividends shall be explained in details in its announcement of resolutions passed by the Board and its periodic report.

#### **IV. DECISION-MAKING, REVISION AND SUPERVISION MECHANISM OF THE PROFIT DISTRIBUTION PLAN OF THE COMPANY**

- (1) The Board shall formulate an annual dividend distribution proposal based on the results of the annual audit conditions and submit it to the Shareholders' Meeting for deliberation and approval. The Company may distribute profits during the interim period of the year. The specific distribution plan shall be formulated by the Board based on the Company's actual operating and financial conditions within its authority and approved by the Shareholders' Meeting, or the Board may formulate a specific interim dividend plan in accordance with the criteria for distribution of profits based on the resolution of the annual shareholders' meeting.
- (2) When formulating profit distribution plans, particularly cash dividend plans, the Board shall thoroughly research and deliberate on matters including the timing, criteria, and minimum ratio of cash dividends of the Company, adjustment criteria, and decision-making procedures. If Independent Directors consider that a specific cash dividend plan may harm the rights and interests of the Company or small and medium shareholders, they shall be entitled to express independent opinions. If the opinions of the Independent Directors are not adopted or not fully adopted by the Board, the opinions of the Independent Directors and the specific reasons for non-adoption shall be recorded in the resolutions of the Board and disclosed.
- (3) Before considering the profit distribution plan, especially the cash dividend plan, submitted by the Board at the Shareholders' Meeting, the Company shall communicate and exchange views with shareholders, especially small and medium shareholders, through public channels, sufficiently listen to the opinions and requests of small and medium shareholders, and promptly answer the questions which small and medium shareholders are concerned about. In addition to setting up on-site voting at the Shareholders' Meeting, the Company shall also support shareholders by providing an online voting system.

- (4) The Company's profit distribution policy shall not be altered arbitrarily. Should significant changes in the external operating environment or the Company's own operating conditions necessitate revisions to the profit distribution policy of the Company, the Board shall formulate a proposed amendment to the profit distribution policy plan within its authority. The adjustment of the Company's profit distribution policy requires approval by more than two-thirds of the voting rights held by the shareholders present at the Shareholders' Meeting.
- (5) The Audit Committee shall supervise the implementation of cash dividend policy and shareholders' return plan by the Board, and whether to perform the corresponding decision-making procedures and information disclosure. If the Audit Committee of the Company finds that the Board fails to strictly implement the cash dividend policy and shareholders' return plan, fails to strictly perform the corresponding decision-making procedures or fails to truthfully, accurately and completely disclose the corresponding information, it shall issue clear opinions and urge the Board to make corrections in a timely manner.

## **V. OTHERS**

Any matters not covered herein shall be governed and implemented in accordance with the requirements of relevant laws, regulations, normative documents and the Articles of Association. The Plan is formulated by the Board and will come into force from the date of approval of the resolution at the Shareholders' Meeting, and the same will apply to its amendments.

**2025 Annual Report on Performance of Duties by Independent  
Director of Nanhua Futures Co., Ltd. (By Xu Lin)**

I, Xu Lin, as an independent director of Nanhua Futures Co., Ltd. (the “Company”), hereby strictly comply with relevant requirements of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for Independent Directors of Listed Companies, the No. 1 Self-Disciplinary Regulatory Guidance of Shanghai Stock Exchange – Standardised Operation, other laws, regulations and normative documents, as well as the Articles of Association of the Company and the Working System for Independent Directors of the Company. I adhere to the principles of independence, objectivity, and fairness, actively fulfill my duties as an independent director, and effectively safeguard the legitimate rights and interests of all shareholders, especially the minority shareholders. Now, I report on the performance of my duties as an independent director for the year 2025 as follows:

**I. BASIC INFORMATION**

I am Xu Lin, male, born in July 1970, a Chinese national with a doctoral degree. I am currently a professor and doctoral supervisor at the School of Public Affairs, Zhejiang University, chief expert at the Institute for Public Policy of Zhejiang University/Zhejiang Province, and editor-in-chief of the Internal Reference on Public Policy. And I also serve as an independent director of the Company’s 5th session of the Board of Directors, a convener of the Nomination Committee, and a member of the Remuneration and Appraisal Committee.

I meet the independence requirements under the Administrative Measures for Independent Directors of Listed Companies and other regulations, and there are no circumstances affecting my independence as an independent director. In the course of performing my duties, I am not influenced by the Company’s controlling shareholders, de facto controllers, or any other units or individuals with an interest in the Company. And I always exercise my voting rights and perform my responsibilities independently, objectively, and fairly.

**II. OVERVIEW OF DUTY PERFORMANCE IN 2025**

- (1) Attendance at Board meetings, number of attendances, voting status, and attendance at shareholders’ meetings

In 2025, the Company totally held 9 Board meetings and 3 shareholders’ meetings. I attended all meetings on time, achieving an attendance rate of 100%. I conscientiously participated in the Company’s Board and shareholders’ meetings, carefully reviewed all meeting materials as provided by the Company, actively participated in discussions on various topics, and fully utilized my professional knowledge to express independent and objective opinions. I voted in favor of all matters considered by the Board and shareholders’ meetings in 2025, with no instances of absence, lateness, early departure, or attendance by proxy.

(2) Participation in special committees and independent director meetings

In 2025, I served as the Chairman of the 4th session of the Remuneration and Appraisal Committee, a member of the Audit Committee, a member of the Nomination Committee, the convener of the 5th session of the Nomination Committee, and a member of the Remuneration and Appraisal Committee. During this period, I attended 3 meetings of the Audit Committee, 4 meetings of the Nomination Committee, 1 meeting of the Remuneration and Appraisal Committee, and 1 Independent Director Meeting, attending all meetings on time with a 100% attendance rate. I carefully reviewed all proposals of each special committee, strictly fulfilled my duties in line with the rules of procedure, and voted in favor of all proposals as reviewed, promoting the standardized and efficient operation of each special committee.

(3) Exercise of special powers of independent directors

In 2025, I strictly complied with relevant laws, regulations, and the Company's policies, prudently exercised my powers as an independent director, and focused on core matters such as the Company's internal control, compliant operations, information disclosure, and protection of minority shareholders' rights and interests. During my term of office, there were no circumstances requiring the separate exercise of special powers of independent directors.

(4) Communication with internal audit institution and accounting firm

In 2025, I attached great importance to communication and collaboration with the Company's internal audit institution (the Audit and Supervision Department) and the accounting firm responsible for the Company's audit (Pan-China Certified Public Accountants LLP). After the accounting firm issued its preliminary audit opinion, I conducted in-depth discussions and exchanges on matters related to internal control verification, among other issues, to keep abreast of the audit progress and ensure that the audit results truly and accurately reflected the Company's financial position and operating results.

(5) Communication with minority shareholders

In 2025, I continuously monitored the Shanghai Stock Exchange's e-Interaction platform and other legally compliant shareholder communication channels, focusing on minority shareholders' opinions on corporate governance standards, information disclosure, and other matters. Regarding questions and reasonable suggestions raised by minority shareholders, I promptly provided feedback and verified the truth with the Company's management and relevant departments, effectively safeguarding minority shareholders' rights to information, participation, and supervision, and making every effort to protect their legitimate rights and interests.

(6) On-site work time, contents, etc.

In 2025, I conscientiously performed my duties as an independent director, reasonably arranged my time to conduct on-site work at the Company, and ensured that my on-site working hours met the requirements for independent directors. Meanwhile, I maintained regular contact with the Company's managers and heads of relevant departments through on-site communication, telephone, email, WeChat, and other means. I continuously studied the latest regulatory policies, laws and regulations, and relevant materials on the Company's operations and management, keeping abreast of industry development trends, regulatory policy adjustments, and corporate operating and major progress developments, thereby continuously improving the relevance and effectiveness of my duties and ensuring the proactive and efficient performance of all my independent director responsibilities.

(7) Company's cooperation with independent directors' work

During my performance of duties in 2025, the Company's managers, relevant functional departments, and staffs provided me with positive and effective cooperation and support. Before relevant meetings, they timely offered me meeting proposals, background materials, and related attachments, fully safeguarding my right to information. During meetings, they timely reported to me on the Company's operations, financial status, and major matters, actively solicited my opinions and listened to my professional suggestions. Additionally, they organized my participation in relevant trainings for independent directors, helping me enhance my performance of duties capabilities. Throughout the year, there were no circumstances restricting or hindering my normal performance of duties, providing a solid guarantee for my independent and impartial performance.

### **III. KEY MATTERS OF CONCERN FOR THE INDEPENDENT DIRECTOR'S ANNUAL DUTY PERFORMANCE**

In 2025, based on regulatory rules and the Company's internal system provisions, and combined with my investigation of the Company and the information I mastered, I focused on and supervised key matters as follows:

(1) Related party transactions requiring disclosure

I noted that the Company made projections for its daily related party transactions for 2025, which were considered and approved by the Board and the annual shareholders' meeting. During the Reporting Period, the Company's daily related party transactions were executed in accordance with relevant resolutions, and their execution was disclosed in the Interim Report for 2025 and the Annual Report for 2025.

I believe that the relevant daily related party transactions between the Company and its related parties are based on providing or receiving services or transactions for the Company's normal operating activities, which facilitate the Company's business to operate normally. The projected daily related party transactions will neither affect the Company's independence, nor cause the Company's primary business to become dependent on related parties.

(2) Plans for changing or waiving commitments by the Company or its related parties

During the Reporting Period, there were no circumstances where the Company or its related parties changed or waived commitments.

(3) Report on decisions and measures taken by the board of the acquired company against the acquisition

During my term of office, the Company did not experience any of the above circumstances.

(4) Disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports

I noted that during the Reporting Period, the Company prepared and disclosed the Annual Report for 2024, the First Quarter Report for 2025, the Interim Report for 2025, and the Third Quarter Report for 2025 in accordance with relevant regulations, and disclosed financial information such as financial reports or statements in the aforementioned periodic reports. I believe that the preparation and review procedures of the aforementioned reports comply with the relevant provisions of laws, administrative regulations, other normative documents, as well as domestic and overseas securities regulatory authorities, and that the contents are true, accurate, and complete, and I have given written confirmation opinions.

The Company also considered and disclosed the Internal Control Evaluation Report for 2024 in accordance with relevant regulations; and as at December 31, 2024, no material deficiencies were found in the Company's internal controls. I believe that the Internal Control Evaluation Report for 2024 prepared by the Company complies with the relevant provisions of laws, regulations, normative documents, and the Company's internal governance systems, and that this Report is complete in contents and truthful in circumstances.

(5) Appointment or dismissal of the accounting firm responsible for the Company's audit

During the Reporting Period, there were no circumstances where the Company appointed or dismissed an accounting firm responsible for its audit.

(6) Appointment or dismissal of the Company's Financial Controller

On July 14, 2025, the Company held a relevant Board meeting to approve the appointment of Ms. Li Li as the Company's Financial Controller. I believe that the appointment procedure for the Financial Controller was compliant and the information disclosure was complete and accurate, in line with laws, regulations, and the Articles of Association.

(7) Changes in accounting policies or estimates, or corrections of material accounting errors for reasons other than changes in accounting standards

In 2025, the Company made reasonable changes to its relevant accounting policies as required by the Ministry of Finance and other authorities. I paid close attention to this matter throughout the process, verified the bases for such changes, the plan, and the financial impact, and confirmed that the changes were compliant and reasonable.

(8) Nomination or removal of directors, and appointment or dismissal of senior management

In 2025, the Board considered proposals related to its re-election and the appointment of senior management. I believe that the Company strictly followed the rules of procedure and the Articles of Association, and prudently verified the qualifications, professional competence, and compliance status of relevant candidates, and that the relevant appointment and removal procedures were compliant and the information disclosure was complete, without harming the interests of the Company or its shareholders.

(9) Remuneration for directors and senior management, formulation or change of equity incentive plans or employee stock ownership plans, achievement of conditions for awarding rights or exercising rights to incentive recipients, and arrangements for directors or senior management to hold shares in subsidiaries to be split off

I believe that the remuneration paid by the Company in 2025 complied with the Company's relevant provisions and did not harm the interests of the Company or its shareholders. In 2025, the Company did not formulate or change equity incentive plans or employee stock ownership plans, there were no circumstances where incentive recipients were awarded rights or conditions for exercising rights were achieved, and there were no circumstances where directors or senior management held shares in subsidiaries to be split off.

**IV. OVERALL EVALUATION AND RECOMMENDATIONS**

In 2025, as an independent director of the Company, I strictly complied with relevant laws, regulations, regulatory requirements, and the Company's various systems, faithfully, diligently, independently, and conscientiously performing all duties as an independent director, fully playing the role of participating in decision-making, supervision for balance, and professional consulting, actively participating in corporate governance, focusing on the Company's compliant operations, risk prevention and control, and protection of minority shareholders' rights and interests, and promoting the Company to improve its governance level and operational quality, thus effectively safeguarding the legitimate rights and interests of all shareholders, especially minority shareholders.

In 2026, I will continue to dedicate myself to my duties, work diligently, continuously strengthen my study of regulatory policies in the futures industry, laws and regulations, and the Company's business knowledge, and constantly improve my performance of duties capabilities. I will further strengthen communication and collaboration with the Company's management, the audit institution, minority shareholders, and various special committees, fully leverage the professional advantages and supervisory role of independent directors in corporate governance, actively make suggestions and recommendations, better safeguard the legitimate rights and interests of the Company and all its shareholders, especially the minority shareholders, and assist the Company in achieving stable and high-quality development.

**2025 Annual Report on Performance of Duties by Independent  
Director of Nanhua Futures Co., Ltd. (By Liu Yulong)**

I, Liu Yulong, was elected as an independent director of the Company's 5th session of the Board of Directors at the Company's 2nd extraordinary shareholders' meeting in 2025 on July 14, 2025, and have served in this position since then. Since taking office, I have strictly abode by relevant provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for Independent Directors of Listed Companies, the No. 1 Self-Disciplinary Regulatory Guidance of Shanghai Stock Exchange – Standardised Operation, other laws, regulations and normative documents, as well as the Articles of Association and the Working System for Independent Directors of the Company. Adhering to the principles of independence, objectivity, and fairness, I have actively fulfilled my duties as an independent director and effectively safeguarded the legitimate rights and interests of all shareholders, especially the minority shareholders. Now, I report on the performance of my duties for the year 2025 (during my term of office) as follows:

**I. BASIC INFORMATION**

I am Liu Yulong, male, born in February 1971, a Chinese national with a doctoral degree and an associate professor of accounting. I am currently a faculty member at the School of Accounting of Zhejiang Gongshang University, and also serve as an independent director of Zhejiang Jiechang Linear Motion Technology Co., Ltd. and an independent director of Hangzhou Minsheng Healthcare Co., Ltd. Since July 2025, I have served as an independent director of the Company's 5th session of the Board of Directors, a convener of the Remuneration and Appraisal Committee, and a member of the Audit Committee.

I possess the qualifications for independent directors as stipulated in the Administrative Measures for Independent Directors of Listed Companies and other regulations, and there are no circumstances affecting my independence as specified in the relevant measures and regulatory rules. I do not hold any shares of the Company, have no interests that might affect my independent judgment with the Company's controlling shareholders, de facto controllers, other directors, senior management, or major shareholders. During my term of office, I can exercise my voting rights independently without interference from any third party, while always adhering to the bottom line of independence as an independent director.

**II. OVERVIEW OF DUTY PERFORMANCE IN 2025 (FROM JULY TO DECEMBER)**

- (1) Attendance at Board meetings, number of attendances, voting status, and attendance at shareholders' meetings

During my term of office (from July 14, 2025 to December 31, 2025), the Company totally held 4 Board meetings, all of which I attended as required. I carefully reviewed all meeting materials, participated in discussions, expressed professional opinions based on independent judgment on each proposal as considered and voted. There were no instances of absence, lateness, early departure, or attendance by proxy to others relating to me. My attendance rate at meetings and voting participation rate both reached 100%. During my term of office, the Company did not hold any shareholders' meetings, so I was not involved in attending such meetings.

- (2) Participation in special committees and independent director meetings

During my term of office, I served as a member of the Audit Committee and a convener of the Remuneration and Appraisal Committee. I consistently participated in the work of each special committee with a rigorous and pragmatic attitude, effectively fulfilling my duties as a member and a convener. During this period, I attended 3 meetings of the Audit Committee, achieving an attendance rate of 100%, and there were no instances of absence or attendance by proxy to others relating to me. During my term of office, no meetings of the Remuneration and Appraisal Committee or no Independent Director Meetings were held.

- (3) Exercise of special powers of independent directors

During my term of office, I strictly exercised the special powers of independent directors in accordance with the Administrative Measures for Independent Directors of Listed Companies and relevant guidelines, focusing on core areas such as the Company's financial condition, internal control, compliant operations, information disclosure, and protection of minority shareholders' rights and interests, effectively playing the role of an independent director and safeguarding the legitimate rights and interests of the Company and all its shareholders, especially the minority shareholders.

- (4) Communication with internal audit institution and accounting firm

During my term of office, I attached importance to coordination and cooperation with the Company's internal audit institution (the Audit and Supervision Department) and the external audit institution (Pan-China Certified Public Accountants LLP). Through regular communication and other compliant means, I maintained sufficient and timely communication on issues related to the Company's financial accounting and annual audit.

(5) Communication with minority shareholders

During my term of office, I actively listened to the questions, opinions, and suggestions raised by minority shareholders through continuously monitoring the Shanghai Stock Exchange's e-Interaction platform and other compliant communication channels, paying particular attention to their concerns regarding the Company's governance structure, information disclosure, and financial condition.

(6) On-site work time, contents, etc.

During my term of office, I strictly followed relevant regulations, reasonably arranged on-site duty time, and ensured that my work met the requirements and was highly effective. By gaining an in-depth understanding of the Company's operations, internal control, and compliance, and communicating with the Board, the management, and the heads of major departments, I made suggestions for the Company's standardized operations and risk management based on my professional judgment, effectively fulfilling my duties as an independent director.

(7) Company's cooperation with independent directors' work

During my term of office, the Company's directors and senior management communicated with me regularly or irregularly through on-site means or communication methods such as telephone, email, and WeChat, narrowing the gap between the independent directors and the managers, resolving the challenge of achieving information symmetry essential for Board decision-making, and enabling independent directors to keep abreast of the Company's operations, internal control, major project progress, and other matters.

### **III. KEY MATTERS OF CONCERN FOR THE INDEPENDENT DIRECTOR'S ANNUAL DUTY PERFORMANCE**

During my term of office, in line with the Administrative Measures for Independent Directors of Listed Companies, other regulatory rules and the Company's internal management systems, while in combination with my investigation of the Company and the information I mastered, I attached special importance to matters such as financial information in the Company's financial accounting reports and periodic reports, appointment of accounting firms, effectiveness of internal control, control over related party transactions, and changes in directors and senior management, as detailed below:

(1) Related party transactions requiring disclosure

During my term of office, the Company did not consider any proposals related to related party transactions. Upon reviewing relevant materials, I confirmed that the related party transactions that occurred during the period were within the scope of the Company's normal business dealings, consistent with the Company's business characteristics and the actual needs

of its daily operations. The transaction pricing strictly followed the principles of fairness, justice, and reasonableness, and was determined with reference to fair market prices; and there were no circumstances of abnormal pricing harming the legitimate rights and interests of all shareholders, especially the minority shareholders, nor did they affect the Company's independence. So, the related party transactions were standardized and compliant.

(2) Plans for changing or waiving commitments by the Company or its related parties

During my term of office, there were no circumstances where the Company or its related parties changed or waived commitments.

(3) Report on decisions and measures taken by the board of the acquired company against the acquisition

During my term of office, the Company did not experience any of the above circumstances.

(4) Disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports

During my term of office, I participated in reviewing the preparation process, data authenticity, content completeness, and disclosure timeliness of the Company's semi-annual and third-quarter periodic reports, focusing on verifying the accuracy of financial data, ensuring that the relevant reports were true, accurate, and complete, with no false records, misleading statements, or material omissions, thereby effectively safeguarding investors' right to know and their legitimate rights and interests.

(5) Appointment or dismissal of the accounting firm responsible for the Company's audit

During my term of office, there were no circumstances where the Company appointed or dismissed an accounting firm responsible for its audit.

(6) Appointment or dismissal of the Company's Financial Controller

During the re-election of the 5th session of the Board of Directors and the reappointment of the Financial Controller, I believe that the relevant procedures and disclosures complied with laws, regulations, and the Articles of Association.

- (7) Changes in accounting policies or estimates, or corrections of material accounting errors for reasons other than changes in accounting standards

During my term of office, the Company made reasonable adjustments to its accounting policies as required by the Ministry of Finance and other authorities. I attached great importance to this matter, leveraging my professional advantages to verify the basis for the accounting policy changes, the specific plans, and the financial impacts, fully understanding the change background and implementation arrangements, and focusing on supervising the compliance of the change procedures and the completeness of information disclosure. Upon verification, the accounting policy changes comply with the Accounting Standards for Business Enterprises and relevant regulatory requirements, the review procedures are standardized, and it can fairly reflect the Company's financial position and operating results, without harming the interests of the Company or all its shareholders.

- (8) Nomination or removal of directors, and appointment or dismissal of senior management

During my term of office, the Board considered matters related to its re-election and the appointment of directors and senior management. I believe that such relevant personnel possess the competency to perform their respective duties. Upon verification, the relevant appointment procedures were compliant, and the information disclosure was complete and accurate, conducive to maintaining the stability of the Company's governance structure.

- (9) Remuneration for directors and senior management, formulation or change of equity incentive plans or employee stock ownership plans, achievement of conditions for awarding rights or exercising rights to incentive recipients, and arrangements for directors or senior management to hold shares in subsidiaries to be split off

Upon reviewing relevant materials, I believe that the remuneration paid by the Company complied with the Company's relevant provisions and did not harm the interests of the Company or its shareholders. Furthermore, I verified that in 2025, the Company did not formulate or change equity incentive plans or employee stock ownership plans, there were no circumstances where incentive recipients were awarded rights or conditions for exercising rights were achieved, and there were no circumstances where directors or senior management held shares in subsidiaries to be split off.

**IV. OVERALL EVALUATION AND RECOMMENDATIONS**

During my term of office, I strictly complied with regulatory rules such as laws and regulations, as well as internal systems including the Articles of Association. I actively attended meetings, reminded the Company to attach importance to industry risks and operational risks, and continuously promoted the Board to strengthen comprehensive risk management and compliance system development. Meanwhile, I continuously strengthened my learning and improved my ability to perform my duties, participated diligently and prudently in various decisions of the Board, expressed opinions independently and professionally, continuously strengthened communication and collaboration with the Board and the management, paid full attention to and actively participated in exchanges with minority shareholders, and concerned myself with the legitimate rights and interests of minority shareholders.

In the future, I will continue to improve my ability to perform my duties, further leverage the independence and professionalism of independent directors, strengthen supervision over key areas such as the Company's risk control compliance, financial accounting reports, and related party transactions, maintain close communication with other directors, the management, relevant departments, and intermediary institutions, sustain a high level of attention to the Company's operations, compliance, and risk control, and ensure that Board decisions are in the overall interests of the Company and all its shareholders, and safeguard the legitimate rights and interests of minority shareholders.

**2025 Annual Report on Performance of Duties by Independent  
Director of Nanhua Futures Co., Ltd. (By Li Jing)**

I, Li Jing, was elected as an independent director of the Company's 5th session of the Board of Directors at the Company's 2nd extraordinary shareholders' meeting in 2025 on July 14, 2025, and have served in this position since then. Since taking office, I have strictly abode by relevant provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for Independent Directors of Listed Companies, the No. 1 Self-Disciplinary Regulatory Guidance of Shanghai Stock Exchange – Standardised Operation, other laws, regulations and normative documents, as well as the Articles of Association and the Working System for Independent Directors of the Company. Adhering to the principles of independence, objectivity, and fairness, I have actively fulfilled my duties as an independent director and effectively safeguarded the legitimate rights and interests of all shareholders, especially the minority shareholders. Now, I report on the performance of my duties for the year 2025 (during my term of office) as follows:

**I. BASIC INFORMATION**

I am Li Jing, female, born in May 1988, a Chinese national with a master's degree, a certified public accountant, a tax agent, and a holder of the Chinese Legal Professional Qualification Certificate. I am currently a consultant at Guangdong Chongli Law Firm. Since July 2025, I have served as an independent director of the Company's 5th session of the Board of Directors, a convener of the Audit Committee, and a member of the Nomination Committee.

I meet the qualifications for independent directors as stipulated in the Administrative Measures for Independent Directors of Listed Companies, and there are no circumstances affecting my independence. I do not hold any shares of the Company, have no interests that might affect my independent judgment with the Company's controlling shareholders, de facto controllers, other directors, senior management, or major shareholders. During my term of office, I can exercise my voting rights independently without interference from any third party, adhering to the principle of independence as an independent director.

**II. OVERVIEW OF DUTY PERFORMANCE IN 2025 (FROM JULY TO DECEMBER)**

- (1) Attendance at Board meetings, number of attendances, voting status, and attendance at shareholders' meetings

During my term of office (from July 14, 2025 to December 31, 2025), the Company totally held 4 Board meetings, all of which I attended on time. I carefully reviewed meeting materials, participated in Board deliberations, prudently exercised my voting rights, expressed opinions and voted on each proposal based on independent judgment, with no absences or attendance by proxy to others. During my term of office, the Company did not hold any shareholders' meetings, so I was not involved in attending such meetings.

(2) Participation in special committees and independent director meetings

During my term of office, I served as the convener of the Company's Audit Committee and a member of the Nomination Committee, actively participating in the work of each special committee. During this period, I attended 3 meetings of the Audit Committee and 1 meeting of the Nomination Committee, with a 100% attendance rate for both, and no absences or attendance by proxy to others. During the same period, no Independent Director Meetings were held. And any matters requiring research and consultation among independent directors were reached through compliant communication channels.

(3) Exercise of special powers of independent directors

During my term of office, I strictly exercised the special powers of independent directors in accordance with the Administrative Measures for Independent Directors of Listed Companies and relevant guidelines, focusing on core matters such as the Company's financial condition, internal control, compliant operations, information disclosure, and protection of minority shareholders' rights and interests. I prudently judged the compliance and reasonableness of the Company's major matters, facilitating the Company to standardize governance and comply with regulations, and safeguarding the legitimate rights and interests of the Company and all its shareholders, especially the minority shareholders.

(4) Communication with internal audit institution and accounting firm

During my term of office, I attached great importance to communication with the Company's internal audit institution (the Audit and Supervision Department) and the accounting firm responsible for the Company's audit (Pan-China Certified Public Accountants LLP). Through daily communication and other means, I engaged in comprehensive exchanges regarding the Company's financial condition, business operations, and related matters in the audit. I focused on communicating major matters concerning the Company's financial standards, internal control implementation, and key audit-related tasks, keeping abreast of the audit progress and related issues identified. Through regular and standardized communication, I ensured timely understanding of the true financial and operational status of the Company, promoted relevant institutions to efficiently complete audit and internal verification, and ensured that the Company's financial and business operations were standardized and orderly.

(5) Communication with minority shareholders

I placed emphasis on safeguarding the rights and interests of minority shareholders. During my term of office, I continuously monitored the Shanghai Stock Exchange's e-Interaction platform and other platforms for shareholders' questions and comments, listened to the demands and suggestions of minority shareholders, kept abreast of their opinions on the Company's development, standardized governance, information disclosure, and other matters, effectively safeguarded their rights to information, participation, and oversight, and strove to build a sound communication bridge between the Company and minority shareholders.

(6) On-site work time, contents, etc.

During my term of office, I reasonably arranged my time to conduct on-site work at the Company subject to my duty needs, and ensured that on-site working time met the requirements for independent directors. During on-site work, I focused on understanding the Company's operational management status, business operations, internal control implementation, and other relevant aspects, communicated with the Company's directors, senior management, and heads of relevant departments, verified the progress of the Company's related work, and gathered relevant information as needed for my duties, aiming at assisting the Company in optimizing its operational management and standardizing its operations.

(7) Company's cooperation with independent directors' work

Since taking office as an independent director of the Company in July, the Company has attached great importance to and fully cooperated with my performance of duties. During my term of office, the Company timely, accurately, and completely provided me with meeting materials for the Board and special committees, as well as various types of information needed for my duties, such as about the Company's management and financial status, and proactively communicated with me on matters related to performance of duties. Meanwhile, it coordinated with heads of various departments to communicate with me and answer my questions, ensuring that I could smoothly exercise my supervisory and advisory rights, thus providing a solid guarantee for my independent and impartial performance of duties.

### **III. KEY MATTERS OF CONCERN FOR THE INDEPENDENT DIRECTOR'S ANNUAL DUTY PERFORMANCE**

Based on my performance of duties from July to December 2025, and relying on my professional capabilities, I conducted prudent attention and special verification of the Company's key operational management matters in line with regulatory rules and the Company's internal management systems. And I focused on the following matters, with the verification findings summarized as follows:

(1) Related party transactions requiring disclosure

During my term of office, the Company did not consider any proposals related to related party transactions. Upon verification, I confirmed that the related party transactions that occurred during the period were all necessary for daily operations and consistent with the actual business development of the Company, and the transaction pricing strictly followed the principle of fair market value. There were no circumstances of pricing imbalances harming the rights and interests of the Company and all its shareholders, especially the minority shareholders, nor did they affect the independence of the Company's operations. So, the related party transactions were generally standardized and controllable.

- (2) Plans for changing or waiving commitments by the Company or its related parties

During my term of office, there were no circumstances where the Company or its related parties changed or waived commitments.

- (3) Report on decisions and measures taken by the board of the acquired company against the acquisition

During my term of office, the Company did not experience any of the above circumstances.

- (4) Disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports

As an independent director and a convener of the Audit Committee, I attached importance to the disclosure of the Company's periodic reports (including Interim Report and Third-Quarter Report). In strict accordance with regulatory requirements, I prudently verified and supervised the preparation process, authenticity, accuracy, and completeness of the aforementioned reports. I participated in the review of periodic reports to ensure that the periodic reports and financial information were true, accurate, and complete, with no false records, misleading statements, or material omissions, thus effectively safeguarding investors' right to know.

- (5) Appointment or dismissal of the accounting firm responsible for the Company's audit

During my term of office, there were no circumstances where the Company appointed or dismissed an accounting firm responsible for its audit.

- (6) Appointment or dismissal of the Company's Financial Controller

During my term of office, the Company reappointed the Financial Controller. I believe that the procedures and disclosures complied with laws, regulations, and the Articles of Association.

- (7) Changes in accounting policies or estimates, or corrections of material accounting errors for reasons other than changes in accounting standards

During my term of office, the Company made reasonable changes to its relevant accounting policies as required by the Ministry of Finance and other authorities. I paid close attention to this matter, verified the bases for such changes, the plan, and the financial impact, fully understood the reasons for such changes and the specific arrangements, and focused on the implementation and information disclosure. The accounting policy changes comply with the Accounting Standards for Business Enterprises and regulatory requirements, the review procedures are compliant, and it can fairly reflect the Company's financial position and operating results, without harming the interests of the Company or all its shareholders.

(8) Nomination or removal of directors, and appointment or dismissal of senior management

During my term of office, the Board considered matters related to its re-election and the appointment of directors and senior management. I believe that such relevant change procedures and disclosures complied with laws, regulations, and the Articles of Association.

(9) Remuneration for directors and senior management, formulation or change of equity incentive plans or employee stock ownership plans, achievement of conditions for awarding rights or exercising rights to incentive recipients, and arrangements for directors or senior management to hold shares in subsidiaries to be split off

Upon reviewing relevant materials, I believe that the remuneration paid by the Company complied with the Company's relevant provisions and did not harm the interests of the Company or its shareholders. In 2025, the Company did not formulate or change equity incentive plans or employee stock ownership plans, there were no circumstances where incentive recipients were awarded rights or conditions for exercising rights were achieved, and there were no circumstances where directors or senior management held shares in subsidiaries to be split off.

#### **IV. OVERALL EVALUATION AND RECOMMENDATIONS**

During my term of office from July to December 2025, I strictly adhered to my duties as an independent director, and upheld the principles of independence, objectivity, and fairness. I familiarized myself with the Company's status, fully leveraged my dual professional strengths in law and finance, strictly performed all my duty obligations as required, focused on the Company's core performance of duties matters, actively participated in corporate governance, conscientiously fulfilled my responsibilities of supervision, consultation, and decision-making assistance, and effectively safeguarded the legitimate rights and interests of all shareholders, especially the minority shareholders.

I believe that the Company has a sound corporate governance structure, compliant decision-making procedures, diligent and responsible directors and senior management, standardized operations and management, steady progress in its various businesses, and is able to conduct business activities in strict accordance with laws, regulations, and regulatory requirements, while with a high level of compliance management and a generally good development trend. During my performance of duties, I strictly complied with relevant laws, regulations, regulatory requirements, and the provisions of the Articles of Association. There were no circumstances where I violated my duties as an independent director or harmed the interests of the Company and all its shareholders. There were no circumstances where I neglected my duties or abused my authority. And I effectively fulfilled my duty of diligence and conscientiousness.

**2025 Annual Report on Performance of Duties by Independent  
Director of Nanhua Futures Co., Ltd. (By Zhang Hongying)**

I, Zhang Hongying, as an independent director of the 4th session of the Board of Directors of Nanhua Futures Co., Ltd. (the “Company”), have strictly abode by relevant provisions of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for Independent Directors of Listed Companies, the No. 1 Self-Disciplinary Regulatory Guidance of Shanghai Stock Exchange – Standardised Operation, other laws, regulations and normative documents, as well as the Articles of Association and the Working System for Independent Directors of the Company. Adhering to the principles of independence, objectivity, and fairness, I have actively fulfilled my duties as an independent director and effectively safeguarded the legitimate rights and interests of all shareholders, especially the minority shareholders. Now, I report on the performance of my duties for the year 2025 (until the end of my term of office in July) as follows:

**I. BASIC INFORMATION**

I am Zhang Hongying, female, born in May 1966, a Chinese national with a master’s degree, an associate professor and a certified internal auditor. I currently serve as an independent director of Zhejiang Jingsheng Mechanical & Electrical Co., Ltd., Zhejiang Orient Gene Biotech Co., Ltd., Zhejiang XinNong Chemical Co., Ltd., and Chongqing Yingfan Technology Co., Ltd. I served as an independent director of the Company’s 4th session of the Board of Directors and the Chairman of the Audit Committee, and after the term of the 4th session of the Board of Directors expired in July 2025, I stepped down as an independent director of the Company and from my positions on the special committees.

I meet the independence requirements under the Administrative Measures for Independent Directors of Listed Companies and other regulations, and there are no circumstances affecting my independence as an independent director. In the course of performing my duties, I am not influenced by the Company’s controlling shareholders, de facto controllers, or any other units or individuals with an interest in the Company. And I always adhere to the principle of independent judgment and faithfully perform my duties as an independent director.

**II. OVERVIEW OF DUTY PERFORMANCE IN 2025 (AS OF JULY 2025)**

- (1) Attendance at Board meetings, number of attendances, voting status, and attendance at shareholders’ meetings

During my term of office, the Company totally held 5 Board meetings and 3 shareholders’ meetings. I attended all meetings on time, achieving an attendance rate of 100%. The deliberations during these meetings covered various proposals related to the Company’s financial management and corporate governance, including H-share issuance and listing, periodic reports, related party transactions, and amendments to the Company’s policies. I carefully reviewed all meeting documents, actively participated in discussions on the topics,

expressed independent opinions based on my professional competence, and voted in favor of relevant proposals at each Board meeting and shareholders' meeting. And there were no instances of absence, lateness, early departure, or attendance by proxy to others relating to me.

(2) Participation in special committees and independent director meetings

During my term of office, as the Chairman of the Audit Committee, I attended 3 of its meetings, and I also attended 1 Independent Director Meeting, achieving an attendance rate of 100% for both. We mainly discussed proposals related to the Company's Annual Report for 2024, the First Quarter Financial Report for 2025, and other related matters. I voted in favor of relevant proposals at each meeting of the Audit Committee and strictly fulfilled my duties as a member in line with the rules of procedure.

(3) Exercise of special powers of independent directors

During my term of office, I strictly complied with relevant laws, regulations, and the Company's policies, prudently exercised my powers as an independent director, focused on core matters such as the Company's financial standards, internal control, compliant operations, and protection of minority shareholders' rights and interests, and proactively carried out inquiries and verifications. During my term of office, there were no circumstances requiring the separate exercise of special powers of independent directors.

(4) Communication with internal audit institution and accounting firm

During my term of office, I emphasized communication with the Company's internal audit department and the accounting firm. When reviewing the Company's Annual Report for 2024, I listened to reports from the Company's audit department and the accounting firm, actively discussed and exchanged views with the accounting firm on periodic reports and financial issues, and maintained the objectivity and fairness of the audit results.

(5) Communication with minority shareholders

During my term of office, I actively monitored shareholders' questions on platforms such as the Shanghai Stock Exchange's e-Interaction platform to understand their thoughts and concerns. And I also focused on participating in the Company's investor management efforts, effectively safeguarding the legitimate rights and interests of all shareholders, especially the minority shareholders.

- (6) On-site work time, contents, etc.

During my term of office, I fully understood the Company's operations, financial management, and internal control implementation by attending shareholders' meetings, Board meetings, and special committee meetings. And I closely followed the progress of the Company's major matters, kept abreast of the Company's operational dynamics, and actively performed my duties as an independent director.

- (7) Company's cooperation with independent directors' work

During my term of office, the Company's managers attached great importance to their communications with me, timely updated to me on the Company's operations, progress on significant matters, and financial management-related work, and proactively solicited and valued my professional opinions. The Company's Board Office did a good job in organizing meetings, preparing and delivering proposals, and facilitating my performance of duties. The Company's Board Secretary promptly responded to my inquiries and, when necessary, coordinated with relevant departments and intermediary institutions to provide special answers. Throughout the process, there were no circumstances restricting or hindering my normal performance of duties, providing a solid guarantee for my independent and impartial performance.

### **III. KEY MATTERS OF CONCERN FOR THE INDEPENDENT DIRECTOR'S ANNUAL DUTY PERFORMANCE**

- (1) Related party transactions requiring disclosure

During my term of office, I carefully reviewed the proposals and disclosures related to related party transactions as submitted by the Company. I believe that the related party transactions that occurred were all necessary for daily operations and met the requirements of the Company's normal business development. The transaction pricing strictly followed the principles of fairness, justice, and reasonableness, and was determined with reference to fair market prices; and there were no circumstances harming the interests of the Company and all its shareholders, especially the minority shareholders. The related party transactions had no adverse impact on the Company's financial position or operating results, nor would the Company's primary business become dependent on related parties due to the related party transactions. And the management of related party transactions was standardized and the disclosures were complete.

- (2) Plans for changing or waiving commitments by the Company or its related parties

During my term of office, there were no circumstances where the Company or its related parties changed or waived commitments.

- (3) Report on decisions and measures taken by the board of the acquired company against the acquisition

During my term of office, the Company did not experience any of the above circumstances.

- (4) Disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports

During my term of office, I carefully reviewed the Company's final Financial Report for 2024, the First Quarter Financial Report for 2025, and related internal control evaluation documents. I believe that the preparation procedures of various reports complied with the requirements of laws, regulations, normative documents, and the Articles of Association. The formats and contents complied with relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange. Additionally, the contents truly, accurately, and completely reflected the Company's management and financial position during the corresponding reporting periods, with no false records, misleading statements, or material omissions. The Company's existing internal control system is robust and complete, complying with relevant national laws and regulations. The integrity, reasonableness, and effectiveness of the internal control system and related systems have no material defects, and there are no significant deviations in their actual implementation, effectively ensuring the safety of the Company's assets and the normal conduct of its management activities.

- (5) Appointment or dismissal of the accounting firm responsible for the Company's audit

During my term of office, there were no circumstances where the Company appointed or dismissed an accounting firm responsible for its audit.

- (6) Appointment or dismissal of the Company's Financial Controller

During my term of office, there were no circumstances where the Company appointed or dismissed the Financial Controller. The Financial Controller performed his/her duties in a standardized manner, and strictly complies with relevant laws, regulations, and the Company's policies in carrying out financial work, ensuring the orderly operation of the Company's financial affairs.

- (7) Changes in accounting policies or estimates, or corrections of material accounting errors for reasons other than changes in accounting standards

During my term of office, there were no changes in accounting policies or estimates, or corrections of material accounting errors.

(8) Nomination or removal of directors, and appointment or dismissal of senior management

During my term of office, the nomination procedures for senior management complied with laws, regulations, and the Articles of Association. And the qualifications of the appointed personnel met the requirements of the Company Law, the Articles of Association, and other relevant regulations.

(9) Remuneration for directors and senior management, formulation or change of equity incentive plans or employee stock ownership plans, achievement of conditions for awarding rights or exercising rights to incentive recipients, and arrangements for directors or senior management to hold shares in subsidiaries to be split off

During my term of office, I reviewed the relevant remuneration proposals for directors and senior management. I believe that their remunerations were determined based on the remuneration levels in the industry the Company operates, taking into account the specific circumstances faced by the Company, which is conducive to the Company's long-term sustainable development and does not harm the interests of the Company or all its shareholders. In 2025, the Company did not formulate or change equity incentive plans or employee stock ownership plans, there were no circumstances where incentive recipients were awarded rights or conditions for exercising rights were achieved, and there were no circumstances where directors or senior management held shares in subsidiaries to be split off.

#### **IV. OVERALL EVALUATION AND RECOMMENDATIONS**

During my term of office, I adhered to the principles of objectivity, impartiality, and independence, strictly complied with relevant laws, regulations, regulatory requirements, and the provisions of the Articles of Association and the Working System for Independent Directors of the Company, and faithfully, diligently, and conscientiously performed all my duties as an independent director. During my term of office, I actively participated in the Company's major decision-making, paid close attention to the Company's core work such as management, financial standards, internal control, and protection of minority shareholders' rights and interests, maintained good communication with the Company's Board, Supervisory Board, and the management, kept abreast of the Company's operational dynamics, actively played a professional consulting and supervisory balancing role, and effectively safeguarded the overall interests of the Company and the legitimate rights and interests of its minority shareholders.

I believe that during my term of office, the Company's corporate governance structure was continuously improved, the decision-making procedures were standardized and compliant, the internal management was orderly, the business development trend was good, and the directors, supervisors, and the senior management performed their duties diligently and responsibly, while strictly carrying out all work in accordance with relevant regulations. Although I no longer serve as an independent director of the Company, I will continue to attach importance to the Company's development and management, fully leverage my professional advantages, and contribute to the Company's sustained, healthy, and stable development through reasonable means.

**2025 Annual Report on Performance of Duties by Independent  
Director of Nanhua Futures Co., Ltd. (By Chen Rong)**

I, Chen Rong, as an independent director of the 4th session of the Board of Directors of Nanhua Futures Co., Ltd., have strictly abode by relevant provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for Independent Directors of Listed Companies, the No. 1 Self-Disciplinary Regulatory Guidance of Shanghai Stock Exchange – Standardised Operation, other laws, regulations and normative documents, as well as the Articles of Association and the Working System for Independent Directors of the Company. Adhering to the principles of independence, objectivity, and fairness, I have actively fulfilled my duties as an independent director and effectively safeguarded the legitimate rights and interests of all shareholders, especially the minority shareholders. Now, I report on the performance of my duties for the year 2025 (until the end of my term of office in July) as follows:

## **I. BASIC INFORMATION**

I am Chen Rong, female, born in February 1976, a Chinese national with a doctoral degree, a professor, and a certified public accountant. I am currently a teacher at Xiamen University. I served as an independent director of the Company's 4th session of the Board of Directors, the Chairman of the Nomination Committee, and a member of the Remuneration and Appraisal Committee. After the term of the 4th session of the Board of Directors expired in July 2025, I stepped down as an independent director of the Company and from my positions on the special committees.

I meet the independence requirements under the Administrative Measures for Independent Directors of Listed Companies and other regulations, and there are no circumstances affecting my independence as an independent director. In the course of performing my duties, I am not influenced by the Company's controlling shareholders, de facto controllers, or any other units or individuals with an interest in the Company. And I always adhere to the principle of independent judgment and faithfully perform my duties as an independent director.

## **II. OVERVIEW OF DUTY PERFORMANCE IN 2025 (AS OF JULY 2025)**

- (1) Attendance at Board meetings, number of attendances, voting status, and attendance at shareholders' meetings

During my term of office, the Company totally held 5 Board meetings and 3 shareholders' meetings. I attended all meetings on time, achieving an attendance rate of 100%. The deliberations during these meetings covered periodic reports, confirmation of 2024 related party transactions, forecast of 2025 daily related party transactions, amendments to the Company's policies, and proposals related to H-share issuance and listing. I carefully reviewed all meeting documents, prudently analyzed the compliance and reasonableness of each proposal based on my professional competence, actively participated in discussions on the

topics, expressed independent opinions, and voted in favor of relevant proposals at each Board meeting and shareholders' meeting. And there were no instances of absence, lateness, early departure, or attendance by proxy to others relating to me.

(2) Participation in special committees and independent director meetings

As a member of special committees of the Company's Board, I strictly fulfilled my duties in line with the rules of procedure, fully participated in relevant meetings and decision-making processes. I attended 3 meetings of the Nomination Committee, 1 meeting of the Remuneration and Appraisal Committee, and 1 Independent Director Meeting, achieving an attendance rate of 100%. I mainly discussed proposals related to the appointment of senior management and the remuneration for directors. I voted in favor of relevant proposals at each special committee meeting, and strictly fulfilled my duties as a member in line with the rules of procedure.

(3) Exercise of special powers of independent directors

During my term of office, I strictly complied with laws, regulations, and the Company's policies. For key matters such as the Company's related party transactions, I proactively made inquiries to the Company's management, relevant business departments, and intermediary institutions, verified core information, and carried out special checks to ensure that related work was compliant and controllable. Until I stepped down in July, there were no circumstances requiring me to separately exercise the special powers of an independent director. All matters requiring consultation and research among independent directors were communicated through compliant channels to reach a consensus, and my duties were performed in accordance with the law.

(4) Communication with internal audit institution and accounting firm

I attached great importance to audit supervision, and established a regular communication mechanism towards the Company's internal audit department (the Audit and Supervision Department) and its external audit institution (Pan-China Certified Public Accountants LLP). When reviewing the Annual Report for 2024 and the First Quarter Report for 2025, I carefully listened to work reports from the internal audit department and Pan-China Certified Public Accountants LLP to ensure that the audit results were true, objective, and fair, fully reflecting the Company's financial position and operating results.

(5) Communication with minority shareholders

I have always made the protection of minority shareholders' rights and interests a focus of my duties. I proactively monitored communication channels such as the Shanghai Stock Exchange's e-Interaction platform, coordinated with relevant departments to make explanations, kept communication channels open, and effectively safeguarded the rights of minority shareholders to information, participation, and oversight, thereby protecting the common interests of all shareholders.

- (6) On-site work time, contents, etc.

During my term of office, I fully understood the Company's operations, financial management, and internal control implementation by attending shareholders' meetings, Board meetings, and special committee meetings. And I closely followed the progress of the Company's major matters, kept abreast of the Company's operational dynamics, and actively performed my duties as an independent director.

- (7) Company's cooperation with independent directors' work

The Company's management and relevant departments fully cooperated with my independent performance of duties, timely and comprehensively informing me of information related to the Company's operations and the progress of major matters, and proactively soliciting my professional opinions. The Company's Board Office efficiently organized meetings, prepared and delivered proposals, and delivered all meeting and verification materials in advance, providing convenient support for my performance of duties. The Board Secretary promptly responded to my inquiries and, when necessary, coordinated with relevant departments and intermediary institutions to provide special answers. Throughout the process, there were no circumstances restricting or hindering my normal performance of duties, providing a solid guarantee for my independent and impartial performance.

### **III. KEY MATTERS OF CONCERN FOR THE INDEPENDENT DIRECTOR'S ANNUAL DUTY PERFORMANCE**

- (1) Related party transactions requiring disclosure

During my term of office, I carefully reviewed the proposals and disclosures related to related party transactions as submitted by the Company. I believe that the related party transactions that occurred were all necessary for daily operations and met the requirements of the Company's normal business development. The pricing of related party transactions strictly followed the principle of fair market value, with no circumstances harming the interests of the Company and all its shareholders, especially the minority shareholders. The management of related party transactions was standardized, with no non-compliant ones, and the Company's business did not become dependent on related parties, strictly complying with the relevant requirements of the Company's related party transaction policies.

- (2) Plans for changing or waiving commitments by the Company or its related parties

During my term of office, there were no circumstances where the Company or its related parties changed or waived commitments.

- (3) Report on decisions and measures taken by the board of the acquired company against the acquisition

During my term of office, the Company did not experience any of the above circumstances.

- (4) Disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports

I carefully reviewed the Company's Annual Report for 2024, the First Quarter Financial Report for 2025, and the Internal Control Evaluation Report, confirming that the preparation procedures of each report were compliant, the formats and contents complied with relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange, and they truly, accurately, and completely reflected the Company's operational management status, financial revenue and expenditure, and internal control implementation effects for the corresponding reporting periods, with no false records, misleading statements, or material omissions. The Company's existing internal control system is robust and complete, complying with relevant national laws, regulations, and the regulatory requirements of the futures industry. The integrity, reasonableness, and effectiveness of the internal control system have no material defects, and the implementation process is standardized, effectively ensuring the safety of the Company's assets, preventing operational risks, and ensuring orderly corporate operations.

- (5) Appointment or dismissal of the accounting firm responsible for the Company's audit

During my term of office, there were no circumstances where the Company appointed or dismissed an accounting firm responsible for its audit.

- (6) Appointment or dismissal of the Company's Financial Controller

During my term of office, there were no circumstances where the Company appointed or dismissed the Financial Controller.

- (7) Changes in accounting policies or estimates, or corrections of material accounting errors for reasons other than changes in accounting standards

During my term of office, there were no changes in accounting policies or estimates, or corrections of material accounting errors.

- (8) Nomination or removal of directors, and appointment or dismissal of senior management

During my term of office, the Board considered proposals related to the appointment of senior management. I believe that the Company strictly complied with laws, regulations, the Articles of Association, and the rules of procedure of the Nomination Committee. The proposed personnel possessed the competency to perform their respective duties and met the job requirements, with no circumstances harming the interests of the Company or all its shareholders, thus ensuring that the appointment and removal procedures were standardized and orderly.

- (9) Remuneration for directors and senior management, formulation or change of equity incentive plans or employee stock ownership plans, achievement of conditions for awarding rights or exercising rights to incentive recipients, and arrangements for directors or senior management to hold shares in subsidiaries to be split off

I reviewed the remuneration of the Company's directors and senior management for 2024 and the remuneration plan for 2025. I believe that their remunerations were determined based on the remuneration levels in the industry the Company operates, taking into account the specific circumstances faced by the Company, which is conducive to the Company's long-term sustainable development and does not harm the interests of the Company or all its shareholders. In 2025, the Company did not formulate or change equity incentive plans or employee stock ownership plans, there were no circumstances where incentive recipients were awarded rights or conditions for exercising rights were achieved, and there were no circumstances where directors or senior management held shares in subsidiaries to be split off.

#### **IV. Overall Evaluation and Recommendations**

During my term of office from January to July 2025, I always adhered to my duties as an independent director, and upheld the principles of independence, impartiality, faithfulness, and diligence. I strictly complied with laws, regulations, and the Company's relevant provisions, actively participated in the Company's major decision-making, paid close attention to the Company's core work such as operational management, risk prevention & control, and protection of minority shareholders' rights and interests, fully leveraged my professional advantages, performed my supervisory and advisory duties, and effectively safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders.

I believe that during my term of office, the Company's corporate governance structure was continuously improved, the decision-making procedures were standardized and compliant, the internal management was orderly and efficient, the business development trend was good, and the directors and senior management performed their duties diligently and responsibly, and strictly carried out work in accordance with regulatory requirements and the Company's policies, effectively safeguarding the interests of the Company and its shareholders. Although I have stepped down as an independent director of the Company, I will continue to pay attention to the Company's development dynamics, closely follow industry development trends, fully leverage my professional advantages, and provide support and make suggestions for the Company's standardized operations and high-quality development through reasonable means.

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## NOTICE OF ANNUAL GENERAL MEETING

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### **Nanhua Futures Co., Ltd.** **南華期貨股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 南華期貨股份有限公司 and carrying on business in Hong Kong as 橫華國際 through our Hong Kong subsidiaries)*

**(Stock Code: 2691)**

#### **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “AGM”) of Nanhua Futures Co., Ltd. (the “Company”) will be held at 9:30 a.m. on Monday, June 15, 2026 at Conference Room, 9th Floor, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province, the PRC for the purpose of considering and, if thought fit, passing the following resolutions:

#### **As Ordinary Resolutions**

1. To consider and approve the 2025 Annual Report and its summary;
2. To consider and approve the 2025 Report of the Board of Directors;
3. To consider and approve the Proposed Selection and Appointment of Auditors;
4. To consider and approve the Directors' Remuneration for 2025 and Remuneration Plan for 2026;
5. To consider and approve the Confirmation of Related Party Transactions for 2025;
6. To consider and approve the Estimated Daily Related Party Transactions for 2026;
7. To consider and approve the Estimated Guarantee Amounts for 2026;
8. To consider and approve the Formulation of the Administrative Measures on Directors' and Senior Management's Remuneration;
9. To consider and approve the Proposed Amendments to the Administrative Measures on the Proceeds Raised by Nanhua Futures Co., Ltd.;
10. To consider and approve the Proposed Amendments to the Rules of Independent Directors; and

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## NOTICE OF ANNUAL GENERAL MEETING

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11. To consider and approve the Proposed Amendments to the Management Rules for Related Party Transactions.

### As Special Resolutions

12. To consider and approve the 2025 Profit Distribution Plan and Capital Reserve Capitalization Plan;
13. To consider and approve the Proposal on Extension of the Validity Period of the Issuance Plan for A-share Convertible Corporate Bonds to Non-specified Investors;
14. To consider and approve the Authorisation to the Board of Directors to Handle Matters Relating to the Issuance and Listing of A-share Convertible Corporate Bonds to Non-specified Investors;
15. To consider and approve the Report on the Previous Use of Proceeds;
16. To consider and approve the Proposed Amendments to the Articles of Association;
17. To consider and approve the Proposed Amendments to the Rules of Procedure for Shareholders' Meetings; and
18. To consider and approve the Shareholder Dividend Return Plan for the Next Three Years (2026-2028).

By order of the Board  
**Nanhua Futures Co., Ltd.**  
南華期貨股份有限公司  
**Ma Yisheng**  
*Secretary of the Board  
and Joint Company Secretary*

Hangzhou, the PRC, May 22, 2026

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## NOTICE OF ANNUAL GENERAL MEETING

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*Note:*

1. All resolutions at the AGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
2. To ascertain shareholders of the Company who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, June 10, 2026 to Monday, June 15, 2026 (both days inclusive), during which period no transfer of Shares of the Company can be registered. Holders of H Shares whose names appear on the registers of members of the Company on Monday, June 15, 2026 shall be entitled to attend and vote at the AGM. In order to qualify to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712—1716, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares of the Company) no later than 4:30 p.m. on Tuesday, June 9, 2026.
3. Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a shareholder.
4. In order to be valid, the form of proxy for the AGM must be deposited by hand or post, for holders of H Shares of the Company, to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the AGM (i.e. 9:30 a.m. on Sunday, June 14, 2026) (or any adjournment thereof) for taking the poll. If the form of proxy is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the form of proxy. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the AGM or any adjourned meetings should they so wish. If the proxy is a legal person, its legal representative or any representative authorised by a resolution of its board of directors or by other governing body shall attend the AGM on its behalf. If the shareholder is a recognised clearing house (or its proxy) defined by the Hong Kong relevant ordinance from time to time, the shareholder may authorise one or more persons it considers appropriate as its representative(s) at the above meeting; however, if more than one person is authorised, the form of proxy shall contain the number and class of shares for which such persons are authorised, and shall be signed by an authorised personnel of the recognised clearing house. The person(s) so authorised can represent the recognised clearing house (or its proxy) to attend the AGM and exercise its right, as if the persons are the Company’s individual shareholders, and shall not be required to produce evidence of shareholding, the notarised power of attorney and/or further evidence to prove that he/she/they have been duly authorised. A vote provided in accordance with the instruments in such form of proxy shall be valid, notwithstanding the previous death or loss of capacity of the appointer or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares with respect to which the proxy is given, provided that no notice in writing of such matters shall have been received by the Company prior to the AGM.
5. In case of a joint shareholder for any share, only the person whose name is at the first place on the register of shareholders has the right to receive the certificate of relevant shares and notice from the Company and to attend or exercise all of the votes relating to the shares.
6. Shareholders or their proxies shall provide their identity documents when attending the AGM.
7. In this notice of the AGM, unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Company’s circular dated May 22, 2026.

*As at the date of this notice, the board of directors of the Company comprises: (i) Dr. Luo Xufeng as executive Director; (ii) Mr. Lyu Yuelong, Dr. Xu Wencai, Mr. Hu Tiangao, Mr. Li Baoping and Ms. Sun Yingting as non-executive Directors; and (iii) Dr. Xu Lin, Dr. Liu Yulong and Ms. Li Jing as independent non-executive Directors.*