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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

**(Stock Code: 03958)**

- (1) 2023 REPORT OF THE BOARD**
  - (2) 2023 REPORT OF THE SUPERVISORY COMMITTEE**
  - (3) 2023 WORK REPORT OF THE INDEPENDENT DIRECTORS**
  - (4) 2023 FINAL ACCOUNTS REPORT**
  - (5) 2023 PROFIT DISTRIBUTION PROPOSAL**
  - (6) PROPRIETARY BUSINESS SCALE OF THE COMPANY IN 2024**
  - (7) 2023 ANNUAL REPORT**
  - (8) PROJECTED ROUTINE RELATED PARTY TRANSACTIONS OF THE COMPANY IN 2024**
  - (9) EXPECTED PROVISION OF GUARANTEE BY THE COMPANY IN 2024**
  - (10) ENGAGEMENT OF ACCOUNTING FIRM IN 2024**
  - (11) PROPOSAL REGARDING THE AMENDMENTS TO THE INDEPENDENT DIRECTOR POLICY OF THE COMPANY**
  - (12) PROPOSAL REGARDING THE AMENDMENTS TO THE MANAGEMENT MEASURES OF PROCEEDS FROM FUND-RAISING ACTIVITIES OF THE COMPANY**
  - (13) PROPOSAL REGARDING THE AMENDMENTS TO THE MANAGEMENT MEASURES OF RELATED-PARTY TRANSACTIONS OF THE COMPANY**
  - (14) PROPOSAL REGARDING THE GENERAL MANDATE TO ISSUE OFFSHORE DEBT FINANCING INSTRUMENTS OF THE COMPANY**
  - (15) PROPOSAL REGARDING THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**
- AND**
- NOTICE OF ANNUAL GENERAL MEETING**
- 

A notice convening the AGM of the Company to be held at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on Friday, May 10, 2024 at 2:00 p.m. is set out on pages 15 to 17 of this circular.

The form of proxy for the AGM has been distributed to you and has also been published on the HKEX news website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dfzq.com.cn](http://www.dfzq.com.cn)) on Tuesday April 9, 2024. If you are not able to attend the AGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the AGM, and deposit it together with the notarized power of attorney or other document of authorization with the H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares). Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the AGM should they so desire.

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

April 10, 2024

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## DEFINITIONS

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

“A Share(s)”	PRC domestically listed share(s) with a par value of RMB1.00 each in the share capital of the Company, which are listed on the SSE and traded in RMB
“A Shareholder(s)”	holder(s) of the A Shares
“AGM” or “Annual General Meeting”	the 2023 annual general meeting of the Company to be held at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on Friday May 10, 2024 at 2:00 p.m.
“Articles of Association”	the articles of association of 東方證券股份有限公司, as amended from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“China Universal”	China Universal Asset Management Company Limited (匯添富基金管理股份有限公司), an investee company of the Company
“Company”	東方證券股份有限公司, a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange under the stock code of 03958 and the A Shares of which are listed on the SSE under the stock code of 600958
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholder(s)”	holder(s) of the H Shares

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## DEFINITIONS

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“HK\$” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	April 2, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period”	January 1, 2023 to December 31, 2023
“Rights Issue”	the A Share rights issue and/or the H Share rights issue, details of which are set out in the A Share Rights Issue Prospectus of 東方證券股份有限公司 dated April 18, 2022 and the H Share rights issue prospectus dated May 5, 2022 published by the Company on the HKEX news website ( <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> )
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the A Share(s) and/or the H Share(s)
“Shenergy Group”	Shenergy (Group) Company Limited (申能(集團)有限公司)
“SSE”	the Shanghai Stock Exchange

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## DEFINITIONS

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“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“%”	per cent.

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

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## LETTER FROM THE BOARD

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

(Stock Code: 03958)

*Executive Directors:*

Mr. JIN Wenzhong (*Chairman*)  
Mr. GONG Dexiong  
Mr. LU Weiming (*President*)

*Non-executive Directors:*

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

*Independent non-executive Directors:*

Mr. WU Hong  
Mr. FENG Xingdong  
Mr. LUO Xinyu  
Mr. CHAN Hon  
Mr. ZHU Kai

*To the Shareholders*

Dear Sirs or Madams,

### INTRODUCTION

The purpose of this circular is to provide you, as holders of H Shares, with the notice of the AGM (set out on pages 15 to 17 of this circular) and information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions or abstain from voting at the AGM.

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## LETTER FROM THE BOARD

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At the AGM, ordinary resolutions will be proposed to approve, among others, (i) the report of the board of directors of the Company for the year 2023 (the “**2023 Report of the Board**”); (ii) the report of the supervisory committee of the Company for the year 2023 (the “**2023 Report of the Supervisory Committee**”); (iii) the work report of the independent Directors of the Company for the year 2023 (the “**2023 Work Report of the Independent Directors**”); (iv) the final accounts report of the Company for the year 2023 (the “**2023 Final Accounts Report**”); (v) the profit distribution proposal of the Company for the year 2023 (the “**2023 Profit Distribution Proposal**”); (vi) the proposal regarding the proprietary business scale of the Company in 2024; (vii) the annual report of the Company for the year 2023 (the “**2023 Annual Report**”); (viii) the proposal regarding the projected routine related party transactions of the Company in 2024; (ix) the proposal regarding the expected provision of guarantees by the Company in 2024; (x) the proposal regarding the engagement of accounting firm in 2024; (xi) the proposal regarding the amendments to the Independent Director Policy of the Company; (xii) the proposal regarding the amendments to the Management Measures of Proceeds from Fund-raising Activities of the Company; and (xiii) the proposal regarding the amendments to the Management Measures of Related-party Transactions of the Company. At the AGM, special resolutions will be proposed to approve, among others, (i) the proposal regarding the general mandate to issue offshore debt financing instruments of the Company; and (ii) the proposal regarding the amendments to the Articles of Association and its annexes.

### ORDINARY RESOLUTIONS

#### 1. **2023 Report of the Board**

An ordinary resolution will be proposed at the AGM to consider and approve the 2023 Report of the Board. Details of the aforesaid report of the Board are set out in Annex I of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The 2023 Report of the Board was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

#### 2. **2023 Report of the Supervisory Committee**

An ordinary resolution will be proposed at the AGM to consider and approve the 2023 Report of the Supervisory Committee. Details of the aforesaid report of the Supervisory Committee are set out in Annex II of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The 2023 Report of the Supervisory Committee was considered and approved by the Supervisory Committee on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

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## LETTER FROM THE BOARD

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### 3. 2023 Work Report of the Independent Directors

An ordinary resolution will be proposed at the AGM to consider and approve the 2023 Work Report of the Independent Directors. Details of the aforesaid work report of the independent Directors are set out in Annex III of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The 2023 Work Report of the Independent Directors was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

### 4. 2023 Final Accounts Report

An ordinary resolution will be proposed at the AGM to consider and approve the 2023 Final Accounts Report. Details of the aforesaid final accounts report are set out in Annex IV of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The 2023 Final Accounts Report was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

### 5. 2023 Profit Distribution Proposal

An ordinary resolution will be proposed at the AGM to consider and approve the 2023 Profit Distribution Proposal in accordance with the Articles of Association. Details are as follows:

In accordance with the Company Law, the Securities Law and the Financial Rules for Financial Enterprises (《金融企業財務規則》), as well as the Regulatory Guidelines No. 3 for Listed Companies – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), and the Provisional Measures on the Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds (《公開募集證券投資基金風險準備金監督管理暫行辦法》) issued by the CSRC, and the Articles of Association and other relevant rules, and based on the actual needs of business development of the Company, the details of the 2023 Profit Distribution Proposal are as follows:

As at the beginning of 2023, the undistributed profit of the Company was RMB5,062,212,350.49, of which profit distributable was RMB4,978,924,679.26 after deducting the interest accrued on the cumulative perpetual bonds issued by the Company as at the end of last year which were classified as equity of RMB83,287,671.23, together with the net profit of the Company realised in 2023 of RMB3,244,632,922.97 and deducting the cash dividends distributed for 2022 implemented during the year of RMB1,274,496,793.80, the impact on unallocated profits of the owners' interests internally carried forward in 2023 of RMB1,148,690.02 and the distribution to holders of other equity instruments of the Company of RMB237,500,000.00, the distributable profit of the Company as at the end of 2023 was RMB6,712,709,498.45.



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## LETTER FROM THE BOARD

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In accordance with the relevant requirements of the aforesaid laws and regulations and the Articles of Association, the net profits of the Company for 2023 shall be allocated according to the following sequence:

1. The Company appropriates RMB324,463,292.30 to the general risk reserve calculated on the basis of 10% of the net profit of the Company realized in 2023;
2. The Company appropriates RMB324,463,292.30 to the statutory surplus reserve calculated on the basis of 10% of the net profit of the Company realized in 2023;
3. The Company appropriates RMB324,463,292.30 to the transaction risk reserve calculated on the basis of 10% of the net profit of the Company realized in 2023;
4. A risk reserve for custodian business of RMB498,577.28 was set aside at 2.5% of the custodian fee income of the publicly offered funds.

The aggregate of the above amounted to RMB973,888,454.18.

Net of the above items, the Company's distributable profits attributable as at the end of 2023 were RMB5,738,821,044.27.

After comprehensive consideration of factors such as the interests of Shareholders and the development of the Company, it is recommended that the 2023 Profit Distribution Proposal be as follows:

1. The Company adopts the cash dividends for the profit distribution for the year 2023, based the total share capital of 8,496,645,292 Shares as at the end of 2023, less 34,843,324 Shares in the designated securities account for repurchase of the Company, a cash dividend of RMB1.50 (inclusive of tax) for every 10 Shares will be distributed to A Shareholders and H Shareholders who are registered on the record date for the 2023 annual cash distribution, with a total cash dividend of RMB1,269,270,295.20, accounting for 46.09% of the net profit attributable the owners of the parent company on a consolidated basis in 2023.
2. Cash dividend of the Company are denominated and declared in Renminbi, and will be paid in Renminbi to A Shareholders and in Hong Kong dollars to H Shareholders. The actual amount of distribution in Hong Kong dollars will be calculated based on the average benchmark exchange rate of Renminbi and Hong Kong dollars published by the People's Bank of China five working days prior to the date of 2023 AGM of the Company.

The 2023 Profit Distribution Proposal was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

Subject to consideration and approval of the 2023 Profit Distribution Proposal at the AGM, the Company will distribute cash dividends within two months from the date of convening the AGM. If the total share capital of the Company changes before the registration date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per Share unchanged and adjust the total distribution accordingly. Information about the record date and closure of register of members for the purpose of dividend distribution on H Shares and the record date for the purpose of dividend distribution on A Shares and specific date for distribution will be separately announced by the Company.

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## LETTER FROM THE BOARD

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### 6. The Proposal Regarding the Proprietary Business Scale of the Company in 2024

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the proprietary business scale of the Company in 2024. Details are as follows:

The proprietary securities business is an important component of the principal business of the Company. In order to comply with the regulatory requirements on listed securities companies and further strengthen risk management, the proprietary business scale of the Company in 2024 is set out as follows, guided by the Rules on Strengthening the Supervision and Administration of Listed Securities Companies (as amended in 2020) (《關於加強上市證券公司監管的規定(2020年修訂)》) and the Administrative Measures for Risk Control Indicators of Securities Companies (as amended in 2020) (《證券公司風險控制指標管理辦法(2020年修正)》) and relevant laws and regulations and relevant rules of the Company:

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

The aforesaid resolution was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

### 7. 2023 Annual Report

An ordinary resolution will be proposed at the AGM to consider and approve the 2023 Annual Report. The 2023 Annual Report has been published on the HKEX news website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.dfzq.com.cn](http://www.dfzq.com.cn)) and will be despatched to the Shareholders who have indicated their wish to receive a printed copy in due course.

The 2023 Annual Report was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

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## LETTER FROM THE BOARD

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### **8. The Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2024**

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the projected routine related party transactions of the Company for the year 2024, details of which are set out in Annex V of this circular.

The aforesaid resolution was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

### **9. The Proposal Regarding the Expected Provision of Guarantees by the Company in 2024**

Reference is made to the announcement of the Company dated March 27, 2024 in relation to, among other things, the projected intragroup guarantees for the year 2024. An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the expected provision of guarantees by the Company in 2024, details of which are as follows:

1. Limitation of the guarantees: the total amount of new guarantees provided by the Company and its subsidiaries for wholly-owned subsidiaries of the Company with a gearing ratio of less than 70% shall not exceed 10% of the latest audited net assets of the Company.

The total amount of new guarantees provided by the Company and its subsidiaries for wholly-owned subsidiaries with a gearing ratio of over 70% shall not exceed 10% of the latest audited net assets of the Company.

2. Types of the guarantees: including but not limited to providing guarantees for the public or non-public issuance of onshore and offshore debt financing instruments (including but not limited to ordinary bonds, subordinated bonds, ultra short-term financing bonds, short-term financing bonds, medium-term notes, etc.), loans from domestic or overseas financial institutions (including but not limited to bank credit, bank loans, syndicated loans, etc.), including but not limited to providing guarantees for transactions such as International Swaps and Derivatives Association (ISDA), Master Clearing Agreement, Bond Market Association/ International Securities Market Association Global Master Repurchase Agreement (TBMA/ ISMA GMRA), Master Brokerage Service Agreement, physical trading of precious metals, brokerage business, and issuance of structured notes.
3. Models of the guarantees: including guarantees, security, pledges, and other models as required under the provisions of the relevant laws and regulations.
4. Guaranteed parties: wholly-owned subsidiaries directly and indirectly held by the Company.

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## LETTER FROM THE BOARD

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5. Validity period of authorization: the aforementioned guarantees shall be valid from the date of consideration and approval of the guarantees by the Annual General Meeting to the date of the 2024 annual general meeting.
6. Authorization: subject to the aforesaid quota, types, models, guaranteed parties, validity period and other elements, it is proposed to the AGM to authorize the Board and agree the Board in turn to further authorize the management of the Company or its subsidiaries or Directors so authorized, to handle all specific matters involved in the above guarantee at their sole discretion, including but not limited to the execution of documents and the performance of the approval and filing of relevant regulatory authorities, etc., and to perform the corresponding information disclosure obligations in a timely manner in accordance with relevant laws and regulations when the Company or its subsidiaries provide letters of guarantees or issuance of guarantee documents for its wholly-owned subsidiaries.

The above proposal was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

### **10. The Proposal Regarding the Engagement of Accounting Firm in 2024**

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the engagement of accounting firm in 2024. Details of the above proposal regarding the engagement of accounting firm in 2024 are set out in Annex VI to this circular.

The above proposal was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

### **11. The Proposal Regarding the Amendments to the Independent Director Policy of the Company**

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the amendments to the Independent Director Policy of the Company, details of which are as follows:

To further improve the corporate governance of the Company, pursuant to the relevant provisions of the Measures for the Administration of Independent Directors of Listed Companies 《上市公司獨立董事管理辦法》 and the SSE Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations 《上海證券交易所上市公司自律監管指引第1號—規範運作》, and taking into account the actual operation and management of the Company, the Company proposes to amend certain provisions of the Independent Director Policy of the Company, details of which are set out in Annex VII to this circular. If there is any inconsistency between the English translation and the Chinese version of the relevant amendments, the Chinese version shall prevail.

The above proposal was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

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## LETTER FROM THE BOARD

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### **12. The Proposal Regarding the Amendments to the Management Measures of Proceeds from Fund-raising Activities of the Company**

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the amendments to the Management Measures of Proceeds from Fund-raising Activities of the Company, details of which are as follows:

To further improve the corporate governance of the Company, pursuant to the relevant provisions of the SSE Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations (revised in December 2023) 《上海證券交易所上市公司自律監管指引第1號－規範運作(2023年12月修訂)》，and taking into account the actual operation and management of the Company, the Company proposes to amend certain provisions of the Management Measures of Proceeds from Fund-raising Activities of the Company, details of which are set out in Annex VIII to this circular. If there is any inconsistency between the English translation and the Chinese version of the relevant amendments, the Chinese version shall prevail.

The above proposal was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

### **13. The Proposal Regarding the Amendments to the Management Measures of Related party Transactions of the Company**

An ordinary resolution will be proposed at the AGM to consider and approve the proposal regarding the amendments to the Management Measures of Related party Transactions of the Company, details of which are as follows:

To further improve the corporate governance of the Company, pursuant to the relevant provisions of the Rules Governing the Listing of Stocks on the SSE (revised in August 2023) 《上海證券交易所股票上市規則(2023年8月修訂)》，the Company proposes to amend certain provisions of the Management Measures of Related party Transactions of the Company, details of which are set out in Annex IX to this circular. If there is any inconsistency between the English translation and the Chinese version of the relevant amendments, the Chinese version shall prevail.

The above proposal was considered and approved by the Board on March 27, 2024 and is hereby proposed at the AGM for consideration and approval.

## **SPECIAL RESOLUTIONS**

### **14. The proposal regarding the general mandate to issue offshore debt financing instruments of the Company**

A special resolution will be proposed at the AGM to consider and approve the proposal regarding the general mandate to issue offshore debt financing instruments of the Company. The details of the above proposal regarding the general mandate to issue onshore debt financing instruments of the Company are set out in Annex X of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The above proposal was considered and approved by the Board on March 27, 2024, and is hereby proposed at the AGM for consideration and approval.

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## LETTER FROM THE BOARD

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### 15. Proposal regarding the Amendments to the Articles of Association and its Annexes

Reference is made to the announcement of the Company dated March 27, 2024 in relation to, among other things, the proposed amendments to certain articles of the Articles of Association, the Rules of Procedure for the General Meetings and the Rules of Procedure for the Board of Directors. A special resolution will be proposed at the AGM to consider and approve the proposal regarding the amendments to the Articles of Association and its Annexes, details of which are as follows:

1. According to the Constitution of the Chinese Communist Party 《中國共產黨章程》, the Regulations of the Communist Party of China on the Work of Primary-level Organisations of State-owned Enterprises (Trial) 《中國共產黨國有企業基層組織工作條例(試行)》 and other regulations, and taking into account the actual situation of the Company such as the requirements of Party building, it is proposed to amend and improve Article 10 of the Articles of Association of the Company, and add relevant provisions of Chapter III Organisation of the Party.
2. In accordance with the Company Law, the Reply of the State Council on the Adjustment of the Notice Period of the General Meetings and Other Matters Applicable to Overseas Listed Companies 《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》, and the latest Hong Kong Listing Rules, it is proposed to make corresponding amendments to the terms of the notice period of general meetings in the Articles of Association.
3. In accordance with the Measures for the Administration of Independent Directors of Listed Companies 《上市公司獨立董事管理辦法》 issued by the CSRC and the supporting regulations of the stock exchanges, it is proposed to amend and improve the relevant provisions of the Articles of Association involving independent directors.
4. In accordance with the Guidelines for the Articles of Association of Listed Companies 《上市公司章程指引》 issued by the CSRC, the Rules Governing the Listing of Stocks on SSE 《上海證券交易所股票上市規則》 and the SSE Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardised Operations 《上海證券交易所上市公司自律監管指引第1號－規範運作》 and other relevant regulatory requirements, it is proposed to amend and improve the provisions of the Articles of Association in terms of profit distribution and standardised operation.

The amendments to the Articles of Association are in accordance with the relevant provisions of the Guidelines for the Articles of Association of Listed Companies 《上市公司章程指引》, and the Rules of Procedure for the General Meetings of the Company, the Rules of Procedure for the Board of Directors of the Company and the Rules of Procedure for the Supervisory Committee of the Company (i.e. the “Rules of Procedure for the Three Meetings”) have been adjusted to the annexes to the Articles of Association, and the relevant provisions of the annexes have been amended simultaneously. Details of which are set out in Annex XI to this circular. If there is any inconsistency between the English translation and the Chinese version of the relevant amendments, the Chinese version shall prevail.

The above proposal was considered and approved by the Board on March 27, 2024 and is hereby proposed at the at the Annual General Meeting for consideration and approval.

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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

The AGM of the Company will be held at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on Friday, May 10, 2024 at 2:00 p.m. The notice of the AGM is set out on pages 15 to 17 of this circular.

The register of members of H Shares of the Company will be closed from Monday, May 6, 2024 to Friday, May 10, 2024 (both days inclusive), during which time no transfers of H Shares will be effected. Holders of H Shares who have submitted their transfer documents to the H Share Registrar of the Company and registered as Shareholders on the register of members of H Shares of the Company before 4:30 p.m. on Friday, May 3, 2024 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM (except for Shareholders who are required to abstain from voting on relevant resolution(s) to be proposed at the AGM according to the Hong Kong Listing Rules and relevant PRC laws and regulations). In order to attend the AGM, holders of H Shares should ensure that all transfer documents, accompanied by the relevant H Share certificates, are lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, May 3, 2024.

The form of proxy for the AGM has been distributed to you and has also been published on the HKEX news website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dfzq.com.cn](http://www.dfzq.com.cn)) on Tuesday, April 9, 2024.

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

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

### HONG KONG LISTING RULES REQUIREMENT

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

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

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

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

### RECOMMENDATION

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

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

April 10, 2024



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# NOTICE OF ANNUAL GENERAL MEETING

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

**(Stock Code: 03958)**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2023 annual general meeting (the “**Annual General Meeting**”) of 東方證券股份有限公司 (the “**Company**”) will be held at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the People's Republic of China (the “**PRC**”) on Friday, May 10, 2024 at 2:00 p.m., for the following purposes:

### ORDINARY RESOLUTIONS

1. To consider and approve the report of the board of directors of the Company for the year 2023.
2. To consider and approve the report of the supervisory committee of the Company for the year 2023.
3. To consider and approve the work report of the independent directors of the Company for the year 2023.
4. To consider and approve the final accounts report of the Company for the year 2023.
5. To consider and approve the profit distribution proposal of the Company for the year 2023.
6. To consider and approve the proposal regarding the proprietary business scale of the Company in 2024.
7. To consider and approve the annual report of the Company for the year 2023.
8. To consider and approve the proposal regarding the projected routine related party transactions of the Company in 2024:
  - 8.01 Routine related party transactions with Shenergy (Group) Company Limited and its related companies;
  - 8.02 Routine related party transactions with other related parties.

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## NOTICE OF ANNUAL GENERAL MEETING

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9. To consider and approve the proposal regarding the expected provision of guarantees by the Company in 2024.
10. To consider and approve the proposal regarding the engagement of accounting firm in 2024.
11. To consider and approve the proposal regarding the amendments to the Independent Director Policy of the Company.
12. To consider and approve the proposal regarding the amendments to the Management Measures of Proceeds from Fund-raising Activities of the Company.
13. To consider and approve the proposal regarding the amendments to Management Measures of Related-party Transactions of the Company.

### SPECIAL RESOLUTIONS

14. To consider and approve the proposal regarding the general mandate to issue offshore debt financing instruments of the Company.
15. To consider and approve the proposal regarding the amendments to the Articles of Association and its annexes.

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

Shanghai, the PRC  
April 10, 2024

*Notes:*

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

The register of members of H Shares of the Company will be closed from Monday, May 6, 2024 to Friday, May 10, 2024 (both days inclusive), during which time no share transfers of H Shares will be effected. Purchasers of shares who have submitted their instruments of share transfer to the H Share Registrar of the Company and registered as shareholders on the register of members of H Shares of the Company before 4:30 p.m. on Friday, May 3, 2024 are entitled to attend and vote in respect of all resolutions to be proposed at the Annual General Meeting (except for shareholders who are required to abstain from voting on relevant resolution(s) to be proposed at the Annual General Meeting according to the Hong Kong Listing Rules and relevant PRC laws and regulations).

In order to attend the Annual General Meeting, holders of H Shares should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, May 3, 2024.

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# NOTICE OF ANNUAL GENERAL MEETING

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## 2. PROXY

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

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the Annual General Meeting (i.e. before 2:00 p.m. on Thursday, May 9, 2024).

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

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

## 4. VOTING BY POLL

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

## 5. MISCELLANEOUS

- (1) The Annual General Meeting is expected to be held for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
- (2) The address of Computershare Hong Kong Investor Services Limited is:  
  
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (3) The registered office of the Company:  
  
Orient Securities Building  
No. 119 South Zhongshan Road  
Huangpu District, Shanghai  
the People's Republic of China  
  
Contact department: Office of the Board  
Telephone No.: 86(21) 6332 6373  
Facsimile No.: 86(21) 6332 6010  
Contact Person: Mr. WU Yibo
- (4) Please refer to the circular of the Company in relation to the Annual General Meeting to be dispatched in due course for details of the resolutions to be proposed at the Annual General Meeting for consideration and approval.

*As at the date of this notice, the Board of Directors comprises Mr. JIN Wenzhong, Mr. GONG Dexiong and Mr. LU Weiming as executive Directors; Mr. YU Xuechun, Mr. ZHOU Donghui, Ms. LI Yun, Mr. REN Zhixiang and Ms. ZHU Jing as non-executive Directors; and Mr. WU Hong, Mr. FENG Xingdong, Mr. LUO Xinyu, Mr. CHAN Hon and Mr. ZHU Kai as independent non-executive Directors.*

**2023 REPORT OF THE BOARD OF THE COMPANY<sup>1</sup>**

Dear Shareholders,

The 2023 work report and 2024 work plan of the Board are hereby set forth below according to relevant requirements of laws and regulations and the Articles of Association:

In 2023, in the face of the complex and severe macro market environment, the Board of the Company assessed the situation, adhered to the general keynote of “maintaining stability with steady progress”, closely followed the main line of high-quality development, and firmly implemented the strategy of “stabilizing growth, controlling risks and promoting development”, so that the Company maintained overall stable operation and development.

**I. PRINCIPAL OPERATING CONDITION OF THE COMPANY IN 2023**

In 2023, the Company achieved operating revenue of RMB17.09 billion and net profit attributable to the parent company of RMB2.754 billion, representing a year-on-year decrease of 8.75% and 8.53%, respectively. As of the end of 2023, the Company had total assets of RMB383.69 billion and net assets attributable to the parent company of RMB78.746 billion, representing an increase of 4.24% and 1.76%, from the end of the previous year, respectively.

The Company overcame operational challenges and achieved the following positive results: firstly, the Company’s position in the industry was generally stable; secondly, we focused on adjusting the allocation structure of asset and liability, increasing the efforts to clear risky assets, and further consolidating the asset quality; thirdly, we accelerated the continuous optimization of business models, strengthened the limit management of high-risk businesses, and reduced the disturbance to the Company’s performance; fourthly, in the fierce market competition, the performance of some businesses such as futures, innovative investment and fixed income was relatively stable, and the industry rankings of asset management, investment banking and research were relatively stable; fifthly, the internal management level was further improved, the synergy of a “Collaborative DFZQ” was steadily promoted, and the classification rating maintained at AA for three consecutive years. The development of the Company’s principal businesses is summarized as follows:

**1. Promoting innovation and accelerating the construction of a wealth management system for buyers**

The Company continued to promote the transformation of wealth management business into the model of “investment advisory for buyers”. Traditional brokerage business focused on expanding the scale of customers. As of the end of 2023, the number of customers increased by 10% from the beginning of the year; we continuously built the core competitiveness of financial products agency sales business, the size of equity + mixed publicly offered funds held by the Company ranked 14th among securities dealers; the buyer service model of the fund investment advisory business has gradually matured, with good customer experience and a size of approximately RMB14.36 billion; the institutional wealth management platform was continuously upgraded to create integrated comprehensive service capabilities, with a retained scale of RMB10.9 billion, representing an increase of 45.3% from the beginning of the period; we enriched the private product system, continuously promoted the asset allocation service plan of “Beautiful DFZQ • Wealth 100”, and the scale of the implementation plan increased by more than 90% year on year.

<sup>1</sup> Unless otherwise specified, all amounts listed in this report are in RMB.

In terms of margin financing and securities lending business, the Company actively expanded customers and business resources, continuously improved the whole-process risk management system, and maintained a guarantee ratio higher than the market average. As of the end of 2023, the balance of margin financing and securities lending reached RMB20.769 billion, representing an increase of 7.25% as compared with that of the end of the previous year.

## **2. Professional investment research to consolidate the core competitiveness of investment management business**

Orient Securities Asset Management maintained its strategic focus and continuously promoted the platform-based, diversified and market-oriented transformation of the Company through the “second start-up”. As of the end of 2023, the total size under management of Orient Securities Asset Management was RMB235.754 billion, of which the size under management of publicly offered funds was RMB183.379 billion. In terms of return rate, the return rate of stock investment under active management of Orient Securities Asset Management in the past seven years was 65.34%, ranking 9th in the industry; the absolute return rate of fixed income funds in the past five years was 22.55%, ranking among top 1/4 in the industry. The construction of the integrated platform for equity investment and research of Orient Securities Asset Management reached a new level. We gradually expanded the product matrix, deepened the strategy of capital diversification, and continuously made breakthroughs in various key customers.

China Universal continued to strengthen its investment philosophy and principles, and improve the foresight and effectiveness of its research; it enriched its multi-asset and multi-strategy product system, and continued to build the brand “HTF index”; it solidly promoted the internationalization strategy. As of the end of 2023, the average monthly size of non-monetary publicly offered funds of China Universal exceeded RMB450 billion, ranking among the top in the industry.

## **3. Actively serving the real economy and striving to build a universal investment banking system**

In 2023, Orient Investment Banking completed 15 equity financing transactions with a lead underwriting amount of RMB12.93 billion. Among them, the Company acted as the lead underwriter for 7 IPO projects, with a total underwriting size of RMB6.826 billion, including a number of enterprises in strategic emerging industries or national-level specialized and innovative enterprises such as Xishan Science & Technology (西山科技), VMAX (威邁斯), Fengmao Technology Co., Ltd. (豐茂股份) and Wuxi Jinghai (無錫晶海); it acted as the lead underwriter for a total of 4 convertible bond projects, with a lead underwriting size of RMB3.839 billion, ranking among top ten in the industry in terms of number and size.

According to Wind, in 2023, the total size of DFZQ’s bond underwriting business on a combined basis was RMB383.791 billion, ranking 8th in the market. Among them, Orient Investment Banking achieved remarkable results in regional deep cultivation and increased high-quality customers, and was awarded Grade A evaluation of corporate bond lead underwriters for 2022 by Securities Association of China; the Company’s underwriting of interest rate bonds maintained a leading position in the industry, and its underwriting of financial bonds issued by China Development Bank and Agricultural Development Bank of China ranked second among securities dealers. It ranked among the top three in the industry for book-entry treasury bond underwriting, and ranked eighth among securities dealers in terms of the lead underwriting size of debt financing instruments.

#### **4. Further strengthening investment research capabilities and promoting the transformation of proprietary investment to sales and trading**

In terms of proprietary equity investment, the Company performed well in high dividend strategy, actively promoted quantitative investment, and carried out market-making business on Beijing Stock Exchange and the Science and Technology Innovation Board in an orderly manner.

In terms of FICC business, the domestic and overseas institutional sales and trading platforms for all assets continued to be improved. The Company achieved steady growth in the size of fixed income proprietary trading and continuous optimization of the position structure; it was approved as one of the first batch of primary market makers of bonds on Shanghai Stock Exchange and Shenzhen Stock Exchange, and the market-making business of the three major policy financial bonds continued to rank first in the market; the first carbon emission rights trading was launched, and breakthroughs were made in foreign exchange agency services under both current account and capital account.

In terms of the financial derivatives business, the market-making business made every effort to promote strategic objectives, the overall business scale increased by 50% year on year, the total number of options market-making products increased from 12 to 23, and the number of funds market-making products increased from more than 60 to more than 100; for the OTC derivatives business, the Company continued to explore business models. The trading volume of OTC options reached RMB120.66 billion, representing a year-on-year increase of 16.8%, and the trading volume of income swaps amounted to RMB43.951 billion, representing a year-on-year increase of 134.30%.

The Securities Research Institute carried out thorough research on fundamentals, cultivated the public offering market. In the first half of 2023, the Company's seats of publicly offered commission accounted for 3.27%, ranking seventh. At the same time, with the purpose of project implementation and business promotion, we continued to promote the integration of the Group.

#### **5. Facilitating collectivized development**

Orient Futures seized market opportunities and continued to improve its comprehensive service capabilities with financial technology. In 2023, the trading volume of Orient Futures ranked first in the industry, and the net profit, operating revenue and customer equity scale remained among the top five in the industry; the influence of FINOVIEW products increased steadily. At the same time, the overseas business continued to develop well, and the Singapore subsidiary achieved continuous monthly profit.

Orient Securities Capital Investment actively sought for high-quality investment opportunities in the anti-cyclical industry. As of the end of 2023, it managed 58 funds with a scale of approximately RMB17.54 billion; there were 145 projects under investment with an investment amount of approximately RMB8.61 billion; and there were 9 existing listing targets.

Orient Securities Innovation Investment combined the investment cycle and risk level of different categories of assets, and continuously optimized the allocation structure. In particular, the Company adhered to the investment idea of "growth as the principle and reasonable valuation", fully explored high-quality projects, and the investment scale of equity business reached RMB4.801 billion; the Company steadily promoted special asset acquisition and disposal business with an investment scale of RMB1.912 billion.

## II. MAJOR WORK OF THE BOARD IN 2023

### (i) Working with Diligence and Scientific Decision-making

In 2023, the Board continued to effectively carry out consideration of major issues to guarantee scientific and efficient decision-making process. The Board held a total of 10 meetings throughout the year, including 2 meetings held on-site and 8 meetings held via correspondence. Firstly, the Board determined the Company's annual operation plan, assets/liabilities portfolio and other issues relating to daily operation; secondly, it considered and approved issuance of domestic debt financing instruments, repurchase of A shares of the Company, election of Directors and appointment of senior management, setting up of the organizational structure of investment banking, revision or formulation of the Company's remuneration management and the appraisal and remuneration management system for Directors and Supervisors and other major decision matters regarding investment and financing, personnel, organization and system.

In strict compliance with relevant requirements of laws and regulations and the Articles of Association, the Board performed its duty as a convener of the Shareholders' general meeting diligently. Three general meetings were convened in 2023, at which 17 resolutions were considered and approved, which effectively protected the rights of Shareholders.

### (ii) Doing a Good Job in the Repurchase of Shares of the Company

In order to safeguard the value of the Company and the rights and interests of the Shareholders, the Board of the Company considered and approved the Resolution on the Plan for Repurchase of A Shares of the Company through Centralized Price Bidding on October 30, 2023. The Company properly carried out the implementation of share repurchases to ensure standardized operation. As of January 30, 2024, upon the expiry of the repurchase period, the Company actually repurchased 34,843,324 A shares of the Company, accounting for 0.4101% of the total share capital of the Company. The total amount of funds used was RMB310,877,125.32 (excluding transaction costs), which effectively conveyed the confidence in the development of the Company to the market and shareholders.

### (iii) Continuously Improving Corporate Governance and Standardized Operation

The Board of the Company strictly followed the requirements of A + H corporate governance and standardized operation, continuously improved the corporate governance structure, perfected the internal control system, and constantly improved the level of corporate governance.

Firstly, in accordance with the requirements of the Code of Governance for Securities Companies (《證券公司治理準則》) issued by the CSRC, the Guidelines for the Management of Investor Relations of Listed Companies (《上市公司投資者關係管理工作指引》) and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上交所股票上市規則》), and taking into account the actual situation of the Company, the Company formulated the Assessment and Remuneration Management System for Directors and Supervisors of the Company, and timely revised and improved the Administrative Measures for Investor Relations of the Company and other governance systems.



Secondly, the Company further strengthened Shareholders and equity ownership management. In accordance with the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》) and other regulations, the Company formulated the Plan on Shareholders' Returns in the Next Three Years of the Company (《公司未來三年股東回報規劃》), continued to implement the requirements of the Provisions on the Administration of Equity Ownership of Securities Companies, refined and improved the work of equity ownership management, successfully completed the annual profit distribution to holders of A Shares and H Shares, and continued to conduct the follow-up management of employee ownership of H Shares.

Thirdly, the Company continued to optimize the management of the Company's related transactions, external guarantees and external donations. The Company improved the management and control of intra-group connected transaction quota, initiated the signing of the new three-year connected transaction framework agreement with major shareholders, and coordinated efforts to establish a more effective guarantee information exchange and collaboration mechanism.

Fourthly, the Company increased its efforts in implementation of feedback of the Directors' opinions and the self-development of the Board members, and stepped up training and duty performance of "key minorities", actively organized directors to participate in various internal and external director trainings, transmitted and learned the Company's business development information, so as to enhance the Company's service quality for the Directors.

#### **(iv) Continuously Enhancing the Quality of Information Disclosure**

The Board of the Company strictly followed the requirements of the specific chapter of the new Securities Law and its ancillary rules and the listing rules of the SSE and the Hong Kong Stock Exchange, actively implemented the new regulatory regulations of the two places, revised and improved the Management Measures of Information Disclosure of the Company, persistently optimized the review procedures and processes, and continuously enhanced the quality of information disclosure to ensure the compliance and effectiveness of information disclosure of the Company. In 2023, the Company prepared and disclosed in aggregate 4 periodic reports, issued nearly 97 temporary announcements and online documents. Among them, the Company's 2023 interim report released the design version for the first time, which significantly improved the visualization of the Company's regular reports and optimized the reading experience of investors.

#### **(v) Actively Improving Investor Relations Management**

The Board of the Company actively improved the investor relations management mechanism, built a communication bridge between the Company and investors, and established brand image to convey corporate value. In 2023, the Company conducted a total of 73 road show exchange activities, including 4 results presentations. Annual and interim results presentations were conducted in the form of "offline venues + online livestreaming" and recorded a total view count of nearly 120,000. In addition, the Company held the "2023 Investor Meeting", participated in the strategy meetings of securities dealers, received research and other road show activities, arranged special personnel to answer the investor hotline and answer questions from investors, answered 79 relevant questions from various investors through the SSE E-Information platform, and pushed 22 articles in the "DFZQ Investor Relations Platform" WeChat official account, so as to strengthen communication with investors in multiple dimensions and strive to maintain the Company's market value.



**(vi) Strengthening the Development of Talent Pool**

The Board of the Company promotes the implementation of the strategy of strengthening the Company with talents. The Company strengthened the composition of its leaders and senior management team and optimised the structure and division of labour; and accelerated the introduction and promotion of middle-level cadres, continued to promote the construction of a young workforce. The Company revised and improved the Remuneration Management System of the Company, improved the performance management model, deepened the application of performance results, improved the indicator evaluation and assessment methods, and transmitted the Company's operation and development orientation. The Company optimized the job grade promotion and income distribution system, and implemented the switching of the job grade system for employees to achieve a reasonable linkage between remuneration and business performance.

**(vii) Strengthening Compliance and Risk Control and Management**

The Board of the Company followed the high-quality development trend of the industry, deeply promoted the effective implementation of the vertical management plan for compliance and risk control, and further consolidated the effects of vertical management and control. We improved the Group's risk early warning system, established a risk classification and grading management mechanism, and strengthened comprehensive and penetrating risk control. We accelerated the in-depth transformation of anti-money laundering from compliance to effectiveness to safeguard the compliant development and effective risk control of the Company. The original audit headquarters was upgraded to the audit center, giving full play to the role of audit in preventing operational risks, promoting standardized management and strengthening supervision and control.

**(viii) Actively Practicing Sustainable Development**

The Board of the Company strived to fulfill its responsibilities and duties as a state-owned financial enterprise, continued to promote ESG work and sustainable development management, and helped the Company achieve high-quality development. In 2023, the Company's MSCI ESG rating was upgraded from A to AA, which was the highest rating among Chinese securities companies that have been publicly rated and one of the only two AA-rated domestic securities companies.

Overall, 2023 consolidated the foundation for the Company's further high-quality development. We would like to take this opportunity to express our sincere gratitude to the shareholders, directors, supervisors and customers of the Company for their strong support for the development of the Company. We also noted the gap between the Company and leading securities dealers in terms of development. In the future work of the Company, it is necessary to further strengthen innovation, transformation and development, promote the reform of market-oriented mechanisms, strengthen compliance and risk management and effectively improve the Company's core competitiveness and ROE level.

### III. DUTY PERFORMANCE OF DIRECTORS IN 2023

In 2023, all Directors of the Company lawfully and diligently fulfilled their statutory duties in compliance with the requirements of laws and regulations, the Listing Rules and the Articles of Association. The Directors actively attended the meetings of the Board and special committees, made recommendations and suggestions and provided professional opinions on important aspects including improvement of corporate governance, major operational decision-making, major investment and financing activities and enhancement of compliance and risk management, which ensured the scientific and standardized decision-making of the Board and effectively safeguarded the rights and interests of Shareholders.

The Board of the Company held in aggregate 10 meetings during the year. The Directors have attended the meetings in person or by appointing other Directors as their proxy (except for one Director who was unable to attend two meetings for some reasons), and the particulars of attendance of meetings are as follows:

Directors	Required attendance during the reporting period (times)	Attendance in person (times)	Attendance by proxy (times)	Absence (times)	Voting results
Jin Wenzhong	10	10	0	0	Voting in favour of all proposals
Gong Dexiong*	1	1	0	0	Voting in favour of all proposals
Lu Weiming	10	10	0	0	Voting in favour of all proposals
Yu Xuechun	10	10	0	0	Voting in favour of all proposals
Zhou Donghui	10	10	0	0	Voting in favour of all proposals
Li Yun*	3	2	1	0	Voting in favour of all proposals
Ren Zhixiang	10	10	0	0	Voting in favour of all proposals
Wu Hong	10	10	0	0	Voting in favour of all proposals
Feng Xingdong	10	10	0	0	Voting in favour of all proposals
Luo Xinyu	10	10	0	0	Voting in favour of all proposals
Chan Hon	10	10	0	0	Voting in favour of all proposals
Zhu Kai*	1	1	0	0	Voting in favour of all proposals
Zhu Jing	10	10	0	0	Voting in favour of all proposals
Song Xuefeng*	8	7	1	0	Voting in favour of all proposals
Cheng Feng*	7	5	0	2	Voting in favour of all proposals
Jin Qinglu*	9	9	0	0	Voting in favour of all proposals

*Note:* Directors marked with \* represent those who were newly appointed or left office during the reporting period. For details, please refer to “Section IV-Corporate Governance-Directors, Supervisors and Senior Management and Performance of Duties by Directors” contained in the 2023 Annual Report of the Company.

In 2023, the Board convened a total of 19 meetings of the special committees, including 2 meetings for the Strategic Development Committee, 5 meetings for the Compliance and Risk Management Committee, 6 meetings for the Audit Committee and 6 meetings for the Remuneration and Nomination Committee. Each special committee, with well-defined terms of reference, conducted prior consideration on the proposals respectively, and put forward professional review opinions as reference for consideration of proposals to the Board, providing strong support to improve the scientific and effective decision-making of the Board and effectively enhancing the corporate governance. Independent Directors diligently performed their duties, played the role of participation in decision-making, supervision and checks and balances, and provision of professional consultation in the Board, protected the overall interests of the listed company, and protected the legitimate rights and interests of minority shareholders. In addition, the Company also organized and held one strategic virtual meeting of the Board and one work training and exchange meeting of independent directors during the year.

#### **IV. WORK PLAN FOR THE BOARD IN 2024**

2024 is a critical year for implementing the Central Financial Work Conference and the final year for the “3 + 1” strategic planning of the Company. The Company will fully implement the spirit of the 20th National Congress of the Communist Party of China and the spirit of the Central Financial Work Conference, focus on the goal of building a strong financial country, continue to firmly grasp the work tone of “maintaining stability with steady progress, promoting stability with progress, and establishing before breaking”, firmly grasp the primary task of high-quality development, maintain the strategic determination of “becoming a first-class modern investment bank in the industry” and fulfill its duty of serving the development of the real economy and the management of social wealth.

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

Firstly, we will continue to improve the governance of listed company. We will continue to improve the corporate governance structure and decision-making mechanism to ensure scientific decision-making and standardized operation of the Company; strictly fulfill the new requirements of information disclosure, optimize the information disclosed to better meet the needs of investors, and enhance the relevance and effectiveness of information disclosure; strengthen investor relations management, effectively convey the value of the Company through communication with various investors, and strive to enhance the market value of the Company.

Secondly, we will play a leading role in strategic management. The Board of the Company will continue to implement the requirements of the strategic plan from 2021 to 2024, conduct strategic analysis and project research, facilitate implementation of the plan, and give full play to the leading and guiding role of strategic planning. We will focus on customer orientation, promote the transformation and upgrading of the three major business lines of buyer wealth management, industrial investment banking and institutional sales and trading, and optimize the development model; we will emphasize development orientation, improve the three core capabilities of comprehensive customer group operation, organic compliance risk control and digital technology driving, and enhance development momentum; we will emphasize problem orientation, improve the three major management systems, and improve the quality of development. We will also lead and support the Company’s management in its efforts to achieve all operational goals for the year.

Thirdly, we will adhere to the bottom line of compliance and strengthen comprehensive risk management. We will adhere to the bottom line of compliance and improve the effectiveness of risk management; we will strengthen risk investigation and disposal, reduce existing risks, and effectively prevent and control incremental risks; we will further promote the effective implementation of the vertical management plan of compliance and risk control, and optimize the compliance review and participation mechanism for decision-making on major matters; we will take the consolidated management system as the starting point, strengthen risk governance and unify risk management policies; we will give full play to the joint supervision of inspection and audit risk compliance, build a large supervision pattern, and enhance the overall ability to prevent, control and dissolve risks.

Fourthly, we will strengthen the construction of talent team and step up the reform of system and mechanism. We will inherit the advantages of “party building and corporate culture are productivities”, continue to promote the cultural characteristics of “striving for common development in a people-oriented approach” and create a vigorous working atmosphere. We will implement the strategy of “strengthening the Company with talents”, strengthen the construction of the talent team, promote the reform of the mechanism in an integrated manner, optimize the talent development environment, strengthen the positive incentive effect, improve the career development space of talents, accelerate building a talent team with matching scale, reasonable structure and excellent quality with effective measures, perfect mechanisms and positive incentive means, so as to provide strong support in terms of talents and mechanism for long-term sustainable development of the Company.

Fifthly, we will improve self-construction of the Board and enhance the Directors’ capabilities to perform duties. Following the implementation of the new regulatory requirements for the listing places of the A Shares and H Shares, the Company will fully leverage the professional decision-making effects of the Board and its four special committees including Audit Committee, Remuneration Committee and Nomination Committee and the effects of independent Directors in terms of participation in decision-making, supervision and checks and balances and professional consultation, improve self-construction, ensure major decisions are made in a scientific and regulated manner; and continue to provide regular and irregular trainings for the Directors of the Company to constantly enhance their duty performance capabilities.

Addressing new opportunities and challenges, in 2024, while remaining true to its original aspiration and mission and with the strong support of all parties concerned, the Board will continue to perform its duties diligently, facilitate the Company to scale new heights through uniting all cadres and employees of the Company, closely focusing on the strategic goal of building a first-class modern investment bank and taking the promotion of high-quality financial development as the theme.

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

**2023 REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY<sup>1</sup>**

Dear Shareholders,

In accordance with relevant requirements under the laws, regulations and the Articles of Association, the 2023 Report of the Supervisory Committee of the Company is hereby submitted to the general meeting for consideration.

**I.      WORK OF THE SUPERVISORY COMMITTEE IN 2023**

In 2023, following the Company Law, the Securities Law and relevant state laws and regulations, the Supervisory Committee upheld the annual working guideline of “focusing on supervision priorities, optimizing and improving the supervision mechanism, innovating supervision measures and promoting the Company to write a new chapter of high-quality development”, solidly carried out supervision work, and constantly improved supervision efficiency, in an endeavor to contribute to the high-quality development of the Company.

**(I)    Standardizing Efficient Performance of Duties and Promoting the Improvement of Corporate Governance*****1.    Convening meetings of the supervisory committee in legal and compliant manner to perform statutory supervision duties***

The Supervisory Committee convened 6 meetings in 2023 and considered and reviewed 33 resolutions in relation to the periodic reports, profit distribution, financial management, internal control compliance, management of related party transactions, risk management of the Company. All Supervisors diligently performed their duties, attended the meetings of the Supervisory Committee in strict accordance with relevant requirements, expressed their supervisory opinions independently and professionally, formed 6 Supervision Suggestions of the Supervisory Committee and made 20 supervisory recommendations to the Board of Directors and senior management throughout the year, and continuously tracked and promoted the implementation, which played a positive role in promoting the compliant and stable operation of the Company.

***2.    Attending and presenting at relevant meetings to strictly carry out process supervision***

In 2023, the Supervisors of the Company attended three general meetings and were present at two on-site meetings of the Board of Directors and seven on-site meetings of the special committees of the Board of Directors to supervise the legality and compliance of the Board of Directors and senior management in terms of discussion procedures, decision-making process and information disclosure.

<sup>1</sup> Unless otherwise specified, all amounts listed in this report are in RMB.

The Supervisory Committee continued to optimize the performance evaluation, revised and improved the “Measures for the Performance Evaluation of Directors, Supervisors and Senior Management by the Supervisory Committee of the Company” and promoted the formulation of “Rules of Appraisal and Remuneration Management of Directors and Supervisors of the Company”. On the basis of focusing on the daily performance of duties and the practice compliance of directors and senior management, the Supervisory Committee further improved the performance evaluation system of “combining standardization and personalization” and “giving equal weight to quantitative and qualitative”. During the evaluation process, the Supervisory Committee fully listened to the opinions of various parties, and put forward reasonable evaluation and suggestions on the performance of duties by 14 directors, 9 supervisors and 7 senior management, so as to promote each governance body to fulfill responsibility and take proactive actions.

**(II) Keeping abreast with the Overall Development and Improving the Supervision Efficiency of Key Areas**

***1. Making targeted efforts to consistently strengthen financial supervision efforts***

Firstly, the Supervisory Committee formulated an annual financial supervision work plan, focused on major financial matters such as the use of proceeds from rights issue, provision for impairment and write-off of bad debts, clarified the supervision work goals and measures, and systematically and multi-dimensionally enhanced financial supervision; Secondly, the Supervisory Committee earnestly performed the audit duties of regular reports, strengthened the supervision of financial compliance and authenticity, held two external audit work meetings, listened to audit findings and management suggestions, and proposed work requirements based on the key concerns of the Supervisory Committee to promote the quality improvement of external audit work; Thirdly, the Supervisory Committee regularly communicated with the Company’s financial lines, dynamically followed up on important financial decisions of the Company, and analyzed the financial position and financial risk control of the Company. In 2023, the Supervisory Committee made supervisory recommendations on the financial management of the Company, such as “strengthening comprehensive budget management, improving data quality and analysis level” “strengthening liquidity risk management, and improving debt financing management”, and the relevant departments proposed measures such as “improving the ROE-oriented refined management level and strengthening the liquidity risk management of subsidiaries” based on the recommendations and diligently implemented the same.

**2.    *Following by integration to promote the building of a solid defense line of compliance and risk control***

Firstly, the Supervisory Committee paid attention to the identification and rectification of internal control deficiencies in the Company, optimized the modular analysis and list-based supervision process of risk issues, established standardized work papers and supervision ledgers, and formulated the Daily Supervision Report of the Supervisory Committee to remind and pay attention to trend and important issues; Secondly, the Supervisory Committee consolidated the foundation of compliance risk control in key areas, promoted the optimization of the related party retrieval and identification mechanism, effectively reduced the operational risk of related transaction management, followed up on the Company's share repurchase work, ensured that the legality and compliance of repurchase plan and information disclosure, paid attention to the Company's response and disposal of public opinion risks, and supervise the improvement of the reputation risk management level. In 2023, the Supervisory Committee put forward supervisory recommendations on compliance and risk management such as "improving the Company's compliance management system, enhancing the vertical control effectiveness" "enhancing pre risk control capabilities, deepening the construction of the Group's comprehensive risk management system", and the relevant departments responded to the recommendations with measures such as "deepening vertical management of compliance and risk control, improving the control mechanism for major risk matters" and actively implemented the same.

**3.    *Making in-depth investigation and research to promote the improvement of management capability***

The Supervisory Committee closely followed the regulatory requirements and carried out supervision and inspection of key businesses and crucial aspects of concern. Firstly, the Supervisory Committee conducted inspection and research on Shanghai Orient Securities Innovation Investment Co., Ltd., listened to the operation and development, compliance and risk control and integrity and honesty and other aspects on Orient Securities Innovation on site, and put forward supervision suggestions on further coordinating investment innovation with compliance and stability, strengthening business coordination and division of rights and responsibilities; Secondly, the Supervisory Committee conducted special research on the Company's anti-money laundering work, listened to the construction of anti-money laundering systems, work processes, existing challenges, etc., and proposed supervision suggestions such as "integrating money laundering risk management into the entire process of decision-making, execution and supervision, and embedding anti-money laundering concepts into business essence", to promote the Company's continuous standardization of internal management.



**(III) Improving Supervision Mechanism and Strengthening Self-Construction of the Supervisory Committee****1.      *Effectively facilitating the implementation of supervision opinions through closed-loop management***

The Supervisory Committee further improved the closed-loop supervision management mechanism. Firstly, the Supervisory Committee reviewed the special reports on the Company's information disclosure, related party transaction management and inside information management and other aspects in response to the supervision suggestions put forward by the Supervisory Committee during the special inspection in 2022, and followed up the implementation of supervision suggestions; Secondly, the Supervisory Committee required the Company's treasury, finance, compliance and risk control departments to formulate rectification plans and implementation schedules one by one based on the supervision suggestions of the Supervisory Committee. According to the year-end evaluation and verification, the 38 improvement measures proposed by the above business lines in 2023 have been well implemented or have achieved phased results, thereby further achieving concrete, quality and effective results in implementing supervision efforts.

**2.      *Improving the coordination mechanism with all corporate governance bodies by promoting cross-functional collaboration and coordination***

The Supervisory Committee continued to strengthen the communication and cooperation with the Company's internal supervision lines such as discipline inspection, audit, compliance and risk control, and promoted the construction of a "joint supervision" work pattern. Firstly, the Supervisory Committee convened regular supervisory work meetings to exchange and share the supervision results of the Supervisory Committee, expand the supervision perspectives, and form a joint supervision force; Secondly, in combination with the requirements of inspection, the Supervisory Committee cooperated with relevant functional departments to carry out the evaluation of the effectiveness of compliance management, the supervision of expense management in key areas, the dynamic management of integrity risk prevention and control, and the construction of industry culture; Thirdly, the Supervisory Committee improved the work mechanism of the supervisory committees of parents and subsidiaries, conducted two special transmissions in the form of the Work Newsletter of Supervisors of Subsidiaries, put forward requirements for the performance of duties and provided support for the performance of duties of Supervisors of subsidiaries, to further strengthen comprehensive and coordinated group operation of the Supervisory Committee.



**3.      *Strengthening the foundation by solidly and effectively improving self-construction***

With the value goal of “high-quality development driven by effective supervision”, the Supervisory Committee continuously strengthened its organizational construction and capacity building. Firstly, the Supervisory Committee completed the by election of two shareholder representative supervisors in accordance with laws, regulations and corporate governance procedures; Secondly, the Supervisory Committee improved the multi-dimensional and three-dimensional “supervision information database”, transmitted new market regulatory regulations and industry dynamics through multiple channels such as Work Bulletins, Work Newsletters and Information Disclosure Briefings to provide decision-making reference for the Supervisory Committee to perform its duties; Thirdly, it actively refined its supervision results into a systematic theory, persistently carried out cutting-edge research on ESG and other fields, completed the key projects of Securities Association of China in 2023. Fourthly, it organized Supervisors to participate in various types of training on duty performance, strengthened communication and exchange with industry associations, regulatory authorities and industry institutions, deepened learning and discussion on improving the quality of listed companies and strengthening corporate governance, continuously explored work ideas and improved the level of supervision and practice.

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

In 2023, all the Supervisors of the Company discharged their duties lawfully, honestly and diligently in accordance with laws and regulations and the requirements of the Articles of Association. The Supervisors actively attended the meetings and inspection and research activities of the Supervisory Committee, conducted effective supervision over the finance, compliance and risk management of the Company and raised prompt opinions and suggestions thereon, which promoted the sustainable and healthy development of the Company.

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## ANNEX II 2023 REPORT OF THE SUPERVISORY COMMITTEE

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

No.	Meeting	Form	Date	Proposal passed
1	13th meeting of the fifth session of the Supervisory Committee	On-site meeting	March 30, 2023	The “Work Report of Supervisory Committee of the Company for the Year 2022”, the “Company’s 2022 Annual Financial Report”, the “2022 Profit Distribution Proposal of the Company”, the “Company’s 2022 Annual Compliance Report”, the “2022 Anti-Money Laundering Report of the Company”, the “Company’s 2022 Annual Risk Management Work Report”, the “Special Audit Report on the Company’s Anti-Money Laundering Work in 2022”, the “Company’s 2022 Annual Internal Control Assessment Report”, the “2022 Compliance Management Effectiveness Assessment Report of the Company”, the “Proposal Regarding the Audit of the Related Transactions of the Company in 2022”, the “Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2023”, the “Proposal Regarding the Expected Provision of External Guarantees by the Company in 2023”, the “Special Report on the Deposit and Actual Use of Proceeds of the Company for the Year 2022”, the “Proposal in relation to the Shareholders’ Returns of Company in the Next Three Years (2023-2025)”, the “The Company’s 2022 Annual Social Responsibility/ESG Report”, the “2022 Annual Report of the Company”, the “Evaluation Report on Performance of Duties by Directors of the Company for the Year 2022”, the “Evaluation Report on Performance of Duties by Supervisors of the Company for the Year 2022”, and the “Evaluation Report on Performance of Duties by Senior Management of the Company for the Year 2022” were considered and approved, and the “2022 Audit Work Report of the Company” was presented.
2	14th meeting of the fifth session of the Supervisory Committee	Correspondence	April 27, 2023	The “First Quarterly Report of the Company for the Year 2023” was considered and approved.
3	15th meeting of the fifth session of the Supervisory Committee	Correspondence	June 13, 2023	The “Assessment Report on Comprehensive Risk Management of the Company for the Year 2022” was considered and approved.

## ANNEX II      2023 REPORT OF THE SUPERVISORY COMMITTEE

No.	Meeting	Form	Date	Proposal passed
4	16th meeting of the fifth session of the Supervisory Committee	On-site	August 30, 2023	The “Company’s 2023 Interim Financial Work Report”, “Company’s 2023 Interim Compliance Report”, the “Company’s 2023 Interim Risk Management Work Report”, the “Special Report on the Deposit and Actual Use of Proceeds of the Company for the First Half of 2023”, the “Proposal regarding the Capital Increase in Chengtay Leasing and Related Party Transactions by Orient Securities Innovation”, the “Proposal on the Formulation of Rules of Appraisal and Remuneration Management of Directors and Supervisors of the Company”, the “Proposal on Amendments to the Measures for the Performance Evaluation of Directors, Supervisors and Senior Management by the Supervisory Committee of 東方證券股份有限公司” and the “2023 Interim Report of 東方證券股份有限公司 (A Shares and H Shares)” were considered and approved and the “Company’s 2023 Interim Work Report of the Supervisory Committee” was presented.
5	17th meeting of the fifth session of the Supervisory Committee	Correspondence	October 9, 2023	The “Proposal on the Election of Supervisors” was considered and approved.
6	18th meeting of the fifth session of the Supervisory Committee	Correspondence	October 30, 2023	The “Third Quarterly Report of the Company for the Year 2023” was considered and approved.

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

Name of Supervisor	Position	Attendance				
		Required attendances (Times)	Attendance in person (Times)	Attendance via correspondence (Times)	Attendance by proxy (Times)	Absence (Times)
DU Weihua	Vice chairman of the Supervisory Committee, employee representative Supervisor	6	6	4	0	0
WU Junhao	Shareholder representative Supervisor	6	5	4	1	0
SHEN Guangjun	Shareholder representative Supervisor	6	6	4	0	0
XU Yongmiao	Shareholder representative Supervisor	1	1	1	0	0
LING Yun	Shareholder representative Supervisor	1	1	1	0	0
XIA Lijun	Independent Supervisor	6	5	4	1	0
RUAN Fei	Employee representative Supervisor	6	6	4	0	0
DING Yan	Employee representative Supervisor	6	6	4	0	0
ZHANG Jian (resigned)	Shareholder representative Supervisor	4	3	2	1	0
TONG Jie (resigned)	Shareholder representative Supervisor	4	4	2	0	0
Meetings of the Supervisory Committee held during the year (times)					6	
Including: on-site meeting (times)					2	
Meetings held via correspondence (times)					4	

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

The Company strictly complied with the financial information disclosure requirements of A Share and H Share market with respect to its finance management, coordinated the financial resources, dynamically adjusted the allocation of assets and liabilities, focused on the ROE core indicators, optimized the comprehensive budget management system, continuously improved the efficiency of fund utilization, effectively promoted the deep integration of business and financial work, and continuously improved the Group's refined financial management and active management and control capacity based on the Company's annual operation philosophy, and provided effective support for the stable operation of the Company. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued a "standard unqualified opinion" audit report on the Company's financial statements, and the Company maintained, in all material respects, effective internal control over financial reporting in accordance with the Basic Norms for Enterprise Internal Control and related rules.

**2. Compliance and risk management**

Pursuant to relevant laws and regulations, regulatory requirements and internal management policies of the Company, the Company established a risk classification and hierarchical management mechanism, improved the functions of the multi-dimensional public opinion warning system, continued to strengthen comprehensive and penetrating risk control, strictly implemented the control of high-risk business limits, further consolidated the vertical compliance control effects, accelerated the in-depth transformation of anti-money laundering work from compliance to effectiveness, and continued to promote special work such as integrity management and employee practice behavior management to effectively ensure the steady operation of the Company. In 2023, the Company did not record any material case of non-compliance throughout the year, and maintained a rating of "Grade AA, Category A" for securities firms.

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

The Directors and senior management of the Company have sound professional ethics and professional qualities, and are able to diligently perform their duties required by laws. In 2023, the Directors and senior management of the Company followed the annual work guidance determined by the general meeting and the Board at the beginning of the year, adhered to the general keynote of upholding "integrity and innovation", implemented the strategy of "stabilizing growth, controlling risks, promoting development, adjusting structure and increasing efficiency", implemented various tasks in an orderly manner, and ensured the stable operation and development of the Company and the basically stable position of the industry. During the Reporting Period, the Supervisory Committee did not identify any violations of laws, regulations, Articles of Association or damage to the legitimate rights and interests of Shareholders by the Directors and senior management of the Company in duty performance.

**4.      *Information disclosure management***

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

**5.      *Related-party transaction management***

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

**6.      *Management of registration of insiders***

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

**(II)    *Supervision Suggestions of the Supervisory Committee*****1.      *Maintaining determination, progressing steadily, and promoting high-quality development with Orient characteristics***

In 2024, the Company shall fully implement the spirit of the 20th National Congress of the Communist Party of China and the spirit of the Central Financial Work Conference, focus on the goal of building a strong financial country, deeply grasp the political and people-oriented nature of financial work, anchor its own characteristics and development direction in the process of building a modern financial system with Chinese characteristics, closely monitor the market environment and regulatory requirements, maintain determination and adhere to the bottom line, and ensure that no major financial risks occur; carry out the rectification and implementation of the issues reported in the inspection, consolidate the responsibilities, and make real and practical improvements, and take this as an opportunity to promote the systematic and standardized construction of the Company's work; focusing on the main responsibility and main business of serving the real economy and social wealth management, we shall promote transformation, strengthen collaboration, complete five major tasks, further improve and ensure the smooth conclusion of this round of strategic planning, actively plan a new round of strategic opening, and continue to promote the high-quality development with the characteristics of DFZQ.

**2.    *Enhancing capital and finance management efficiency through allocation optimization and active management***

The Company shall enhance the ability of active management of capital and finance, continuously optimize the allocation of assets and liabilities based on the Company's development strategy, reduce comprehensive financing costs, reasonably control financial leverage, ensure liquidity security, and improve the overall resource utilization efficiency and comprehensive value return. Empowered by financial technology, it shall further promote the integrated construction of the comprehensive budget management form a closed-loop management of the entire budget process, and fully leverage the leading role of comprehensive budget. It shall further strengthen industry bench-marking and create a more scientific and accurate financial forecasting and analysis system. The Company will continuously enhance its financial risk warning and prevention capabilities, give full play to the effectiveness of financial management in decision-making support and value discovery, and promote the Company to continuously reduce costs and increase efficiency.

**3.    *Adhering to the bottom line, exerting joint efforts, and improving endogenous compliance and risk control capabilities***

The Company shall maintain awe and sensitivity to the market, analyze changes in the internal and external environment in a timely manner, maintain effective communication with regulatory authorities, form an in-depth understanding of business fundamentals, further improve its endogenous compliance and risk control capabilities. We will continue to improve the full-cycle management and control process before, during and after the incident, deepen the vertical management closed-loop system of the Company's compliance and risk control, tighten and implement the responsibilities of the three lines of defense, and continuously strengthen the prevention, investigation and disposal of various risks. We will continue to improve the work pattern of "joint supervision" with coordination and horizontal linkage, pay attention to problem orientation, focus on the same topic of key risks, systematic governance and accountability, and lay a solid foundation for high-quality development of the Company.

**IV.    WORK PLAN FOR 2024**

2024 marks the 75th anniversary of the founding of the People's Republic of China, and is a critical year for achieving the goals and tasks of the 14th Five-Year Plan. Guided by Xi Jinping's thought on socialism with Chinese characteristics for a new era, the Supervisory Committee of the Company will fully implement the spirit of the 20th National Congress of the Communist Party of China and the Central Financial Work Conference, focus on the goal of building a strong financial country, commit itself to the guiding ideology for the year of "focusing on key supervision areas, innovating and optimizing supervision mechanisms, promoting the improvement of endogenous compliance and risk control capabilities, and helping the Company promote the high-quality development with Orient characteristics", earnestly perform its statutory supervisory duties, effectively urge the Company to build up a solid line of defense for compliance and risk control, thereby contributing to the preservation and appreciation of state-owned assets and the high-quality development of state-owned assets and state-owned enterprises.

**(I) Insisting on Leading Practices with Scientific Theories, Focusing on Building a Strong Financial Country, and Serving the Overall Development to Improve Supervision Efficiency**

1. Deeply practicing the spirit of the 20th National Congress of the Communist Party of China, and improving the position to shoulder the mission of building a strong financial country. Guided by Xi Jinping's thought on socialism with Chinese characteristics in the new era, the Supervisory Committee of the Company will further study and deeply understand the spirit of the 20th National Congress of the Communist Party of China, consolidate and expand the effectiveness of themed education, implement the spirit of the Central Financial Work Conference, focus on the goal of "building a strong financial country", improve its political awareness, keep in mind the top priorities of the nation, promote the Company to do a good job in five aspects, strengthen the supervision on the Company's key areas such as finance, compliance and risk management, and strive to promote the prevention and resolution of financial risks, and improve the quality of the supervision of the Supervisory Committee.
2. Persistently strengthening the leadership of the Party in corporate governance, serving the overall situation and improving the implementation of major strategic decisions. By strictly adhering to the "Work Plan of Shenergy Group for Strengthening the Leadership of the Party in Improving Corporate Governance", the Supervisory Committee of the Company will keep in mind the main responsibilities and main businesses of the Supervisory Committee of financial state-owned enterprises, promote the Company to improve the "three important and one major" decision-making system and the "pre-procedure" system of the Party organization, continuously improve the corporate governance structure of the Company, promote the Company to implement the important decisions and arrangements of the Party Central Committee, the Municipal Party Committee and the Municipal Government and the Party Committee of Shenergy Group, so as to effectively play the role of checks and balances of the Supervisory Committee in the corporate governance structure.

**(II) Focusing on Key Supervision Areas of the Company, Strengthening Financial Risk Prevention and Control, and Facilitating the High-Quality Development of the Company with High-Quality Supervision**

1. Taking goal-oriented approach, focusing on the key tasks of the Company and effectively cooperating to promote the implementation of inspection and rectification. Firstly, focusing on the key tasks of the Company's operation and management in 2024, the Supervisory Committee pay attention to key tasks such as enhancing the high-quality financial service system, improving the business quality and professionalism, optimizing the allocation of assets and liabilities, and building an efficient management mechanism, and effectively transforming the supervision results into the effectiveness of promoting the Company's standardized management, risk prevention and steady development; Secondly, the Supervisory Committee, together with relevant departments with supervisory functions, jointly strengthen the supervision on the responsible subjects and working mechanism of inspection and rectification, combine the inspection and rectification with the improvement of the Company's internal governance, promote the application of rectification results, achieve real and practical rectification of problems, and optimize and improve the internal control system.



2. Strengthening supervision of major financial matters to consolidate the foundation and improve the efficiency of financial supervision. Firstly, the Supervisory Committee will consider and supervise major issues such as the re-appointment of the annual audit institution, strengthen the communication and coordination with the new annual audit institution and prudently monitor the compliance and reasonableness of the Company's financial decisions and financial behavior. Secondly, the Supervisory Committee will deepen daily financial information reporting mechanisms, follow up on matters such as the Company's financial management, risk management and control, and the operation of subsidiaries, pay attention to the risk factors affecting the Company's profitability and asset quality, and make objective analysis of the operation and management situations reflected in financial indicators.
  
3. Reinforcing the "problem-oriented" closed loop management of inspection, investigation and supervision and taking multiple measures to facilitate the improvement of endogenous compliance and risk control capabilities. Firstly, the Supervisory Committee will adhere to the problem-oriented principle and focus on industrial regulatory priorities, the concerns of the SASAC and Shenergy Group, collaborate with internal and external supervision efforts to promote the improvement of endogenous compliance and risk control capabilities. Secondly, the Supervisory Committee will pay more attention to the rectification of problems identified in inspection, investigation and supervision, follow up the feedback results of special anti-money laundering inspection and financial regulatory proposals, urge the Company to carry out subsequent rectification, and implement regular follow-up, feedback and review mechanisms. Thirdly, the Supervisory Committee will strengthen the use of investigation results, explore the use of inspection, investigation and rectification as an important basis for performance assessment of senior management, and enable closed-loop supervision of identifying and investigating problems, making recommendations, urging rectification, and accountability and incentive.

**(III) Integrating and Coordinating the Internal Supervision Resources of the Company, Building a "Joint Supervision" Pattern, and Improving the Foresight, Accuracy, Effectiveness, and Synergy Of Supervision**

1. Horizontal coordination and integration of internal and external supervision resources to form a joint force to build a "joint supervision" pattern. Firstly, the Supervisory Committee will actively coordinate with internal supervision such as compliance, risk control and audit in daily supervision and inspection research, fully utilize the results of external supervision and inspection, integrate supervision resources, share supervision information, and assist the Company to prevent, discover and deal with risks in a timely manner; Secondly, the Supervisory Committee will organize and participate in the supervision work meetings, urge relevant departments to promote the implementation and rectification of key concerns, and continuously improve the "joint supervision" work pattern of "dominated intra-party supervision, accountable supervision of the Party Committee, specialized supervision of the disciplinary authority, functional supervision of departments, and democratic supervision of grassroots".



2. Cooperating vertically to improve the guidance mechanism of the supervisors (supervisory committees) of the parent and subsidiaries and optimizing the supervision and management system of the Group through top-down linkage. Firstly, the Supervisory Committee will continue to strengthen the work guidance for supervisors (supervisory committees) of each subsidiary, timely convene joint work meetings of supervisors of the parent company and subsidiaries, and establish a regular communication and exchange mechanism, Secondly, regularly prepare the “Newsletter for Supervisors of Subsidiaries”, convey regulatory requirements, supervision cases and important work of the Supervisory Committee of the parent company, and facilitate the formation of a work system of the Supervisory Committee that enables interaction among different levels of management, and improve the standardization of group corporate governance.
  
3. Unimpeded information reporting channels through multiple channels, and exploring and supervising the digital and intelligent transformation with technology empowerment. Firstly, the Supervisory Committee will regularly compile the Work Briefing of the Supervisory Committee, the Work Newsletter of the Supervisory Committee and other information, timely transmit information on the work situation of the Supervisory Committee, market supervision dynamics, industry development trends etc., strengthen information communication with the Board of Directors and continuously strengthen the right of supervisors to be informed; Secondly, adhering to the concept of co-construction, co-governance and sharing, the Company will explore technology-enabled supervision and management, timely promote the construction of a fully covered and digitized supervision platform, promote information exchange and complementary advantages, prevent risks, and strengthen the convenience and timeliness of supervision.

**(IV) Striving to Strengthen the Self-Construction of the Supervisory Committee, Continuously Improving the Ability to Perform Duties, and Effectively Promoting the Quality and Efficiency of Securities Companies**

1. Following closely the supervision, strengthening management of duty performance of supervisors and fulfilling responsibilities by giving full play to the advantage of diversified composition of the Supervisory Committee. Firstly, the Supervisory Committee will timely report information on the practices, training, integrity and other relevant information of the Supervisors of the Company, report on investment conduct of the Supervisors of the Company in accordance with the regulatory requirements” to strengthen the regulation of appointment, conduct and investment of Supervisors. Secondly, the Supervisory Committee will continue to leverage the professional experience of shareholder representative supervisors in corporate governance, raise supervision suggestions to the decisions made by the Board and management of the Company, and explore opportunities for industry-finance integration with shareholder entities. The Supervisory Committee will further leverage the advantages of independent supervisors in terms of professionalism and independence, the Supervisory Committee will promote employee representative supervisors to conduct supervision based on the post characteristics to safeguard the democratic decision-making and supervision rights of employees.

2.     Uniting knowledge with action to explore ESG and corporate governance issues, and striving to make progress to make suggestions for industry development. Firstly, the Supervisory Committee will promote the compilation of research results, based on the research results of ESG key topics of the Securities Association of China in the past three years, assist the Company in industry culture building and enhance the research influence of the Company's sustainable development. Secondly, the Supervisory Committee will orderly promote the research on cutting-edge topics of corporate governance, and extensively carry out research and exchanges with state-owned assets and enterprises in conjunction with the research forces of securities research institutes, strategic development headquarters and investment banks, so as to provide suggestions for the in-depth implementation of the reform and improvement actions of state-owned enterprises and the improvement of the modern enterprise system with Chinese characteristics.
  
3.     Forging ahead with courage to improve the professional ability of supervision and facilitating innovation of supervision mode through brainstorming. Firstly, the Supervisory Committee will strengthen the capacity building of Supervisors in performing their duties, maintain communication with the Securities Association of China and China Association for Public Companies, organize supervisors to participate in on the corporate governance training organized by them and enhance the supervision theoretic level and duty performance capacity of the Supervisory Committee. Secondly, the Supervisory Committee will strengthen study of new policies and new business, and invite the accounting firm and finance department to give lectures on the requirements for preparation and audit of the Company's periodic reports, so as to constantly enhance the capabilities to make analysis and judgement on the matters under supervision, continuously establish and improve the supervision mechanism for corporate governance decision making and execution with equal power and responsibility, coordinated operation, clear attribution of responsibility and effective checks and balances, thereby contributing to the acceleration of the construction of a first-class modern investment bank in the industry and promotion of the high-quality development with the characteristics of DFZQ.

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

**2023 WORK REPORT OF THE INDEPENDENT DIRECTORS  
OF THE COMPANY**

Dear Shareholders,

Pursuant to the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) issued by the CSRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 1 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation, the Guidelines No. 6 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Periodic Reports and other regulations, the independent directors of the Company shall submit their annual work reports to the annual general meeting of the Company to give an explanation on their performance of duties. Accordingly, all independent Directors of the Company (including the Directors who resigned during the Reporting Period) made written work reports on their detailed performance of duties during the Reporting Period (see attachment for details).

During the Reporting Period, all independent Directors of the Company performed their duties as independent Directors faithfully and diligently, fully leveraged on the roles of participating in decision-making, supervision and effective balances, and professional consultation in the Board, offered independent and objective recommendations on the operation and growth of the Company, and made positive contributions to safeguarding the interests of the Company as a whole and protecting legitimate rights and interests of minority Shareholders.

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

*Attachment: 2023 Work Report of Six Independent Directors during the Reporting Period*

**ATTACHMENT: 2023 WORK REPORT OF SIX INDEPENDENT DIRECTORS DURING THE REPORTING PERIOD****2023 WORK REPORT OF INDEPENDENT DIRECTORS OF THE COMPANY****WU Hong**

As an independent director of DFZQ, I engaged in the decision-making of key matters of the Company independently and objectively, and performed my duties as an independent director faithfully and diligently pursuant to the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) issued by the CSRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation (hereinafter referred to as “**Standardized Operation**”), the Guidelines No. 6 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Periodic Reports and other regulations, and hereby report my work in 2023 as follows:

**I. GENERAL INFORMATION**

I have served as an independent Director of the Company since December 2020, and also served as the chairman of the Remuneration and Nomination Committee and a member of the Compliance and Risk Management Committee of the fifth session of the Board of the Company. The details of my work experience, professional background and part-time jobs are available in the Company’s 2023 Annual Report published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on the same date of this report.

In addition to being an independent director of the Company, I have no direct or indirect interests in the Company and its substantial shareholders, or other relationships that may affect my independent and objective judgment, and there are no circumstances that may affect my independence.

**II. DESCRIPTION OF DUTY PERFORMANCE DURING THE YEAR****1. Number of Board meetings attended, manner and voting**

A total of 10 Board meetings were held throughout the year, including 2 meetings held on-site and 8 meetings held via correspondence. I attended all of such meetings in person and voted in favor of the resolutions submitted to the Board for consideration, and there was no objection or abstention. Details of the attendance are set out as follows:

<b>Name of Independent Director</b>	<b>Required attendance during the year</b>	<b>Attendance in person (times)</b>	<b>Attendance via correspondence (times)</b>	<b>Attendance by proxy (times)</b>	<b>Absence (times)</b>
WU Hong	10	10	8	0	0

**2. Number of general meetings attended**

A total of three general meetings were held throughout the year, and I attended 2 meetings in person. I was absent from the Company's 2023 first extraordinary general meeting due to official duties and submitted my leave application and filing to the Board of the Company in advance.

**3. Attendance at the meetings of Board committees and special meetings of independent Directors**

In 2023, the Company held 6 meetings of the Remuneration and Nomination Committee of the Board, I attended all of such meetings in person; the Company held 5 meetings of the Compliance and Risk Management Committee of the Board, I attended 4 meetings, and I was absent from 1 meeting due to official duties.

During the Reporting Period, the Company did not have any matters listed in items (1) to (3) of the first paragraph of Article 3.5.16 and Article 3.5.17 of the Standardized Operation, and did not hold any special meetings for independent Directors.

**4. Exercising the functions and powers of independent Directors**

During the Reporting Period, in addition to attending general meetings, meetings of the Board and its special committees as required and expressing clear opinions on the matters considered, I also performed my duties by regularly access to operation information on the Company, listening to reports of the management and on-site inspections, so as to promote the decision-making of the Board to be in line with the overall interests of the Company, protect the legitimate rights and interests of minority shareholders, and promote the improvement of the decision-making level of the Board.

**5. Basic information regarding key matters, methods and results of communication with the internal auditor and the accounting firm engaged in the auditing business of the Company in relation to the financial and business conditions of the Company**

During the Reporting Period, I proactively communicated with the Company's internal auditor and accounting firm by attending the Board meetings and the work exchange meetings of independent Directors, and conducted completely exchange and analysis in relation to the internal control, financial and business conditions of the Company, so as to promote the Company to establish effective internal control and provide true, accurate and complete financial reports.

**6. Basic information regarding communication with minority shareholders**

During the Reporting Period, I proactively listened to and understood the opinions and concerns of minority shareholders regarding strategic development, innovation and transition, compliance and risk management by attending 2 general meetings and other seminars of the Company, and put forward professional opinions and recommendations relating to relevant decision-making and corporate governance, which effectively protected the interests of the Company and the legitimate rights and interests of minority shareholders.

**7. Time and content of on-site work in the Company**

According to the Administrative Measures for Independent Directors of Listed Companies, which came into effect in September 2023, independent directors shall work on-site for a listed company for no less than 15 days each year. During the Reporting Period, I earnestly performed my duties by attending the meetings of the Board and its special committees and the general meetings of the Company, participating in the research and survey of the Company's sales department and the guideline meetings of directors, attending the work training and exchange meetings of independent directors of the Company, etc., and prepared relevant work records as required, and all on-site working hours and contents were in compliance with relevant requirements.

**8. Other information on performance of duties and cooperation of the Company**

During the Reporting Period, I also expressed relevant independent opinions on matters involving in rights and interests of minority shareholders, such as the formulation of profit distribution plan, the deposit and actual use of proceeds, capital transactions and external guarantees, and the plan on shareholders' return in the next three years before the Measures for the Administration of Independent Directors of Listed Companies came into effect.

I also put forward relevant opinions and recommendations at the meetings of the Board, the Compliance and Risk Management Committee and the board guideline meetings in relation to the Company's comprehensive risk management and control awareness, highly emphasis on digital transformation, consolidation and improvement of the customer base, well-utilization of macro policies, timely transformation and fully leveraging on productivity. The Company also provided proactive cooperation and support for my performance of duties, and attached great importance to the communication with me, and maintained daily contact and work implementation through email, telephone and other channels in a timely manner. The Company regularly prepared materials such as Board Bulletins, Compliance and Risk Management Comprehensive Report, Compliance Mails and Anti-Money Laundering Quarterly Report, so that I can timely access to the Company's operation and management information and follow up the operation dynamics, and put forward constructive opinions and recommendations on relevant resolutions of the Board. Meanwhile, the Company also proactively assisted me in attending the 6th follow-up training for independent directors of listed companies on the Shanghai Stock Exchange in 2023, offered me to participate in the seminar on "Interpretation of New Regulations and Key Points of Compliance Performance of Duties by INEDs", and circulated the Cases and Regulations on Illegal Trading of Shares by Directors, Supervisors and Senior Management of Listed Securities Companies and Their Relatives to me, so as to enhance my ability to perform duties in all aspects.

**III. KEY MATTERS OF INDEPENDENT DIRECTORS IN PERFORMING THEIR DUTIES DURING THE YEAR****1. Discloseable related-party transactions**

During the Reporting Period, the “Proposal Regarding the Auditing of the Related Party Transactions of the Company in 2022”, the “Proposal regarding the Projected Routine Related Party Transactions of the Company in 2023” and the “Proposal regarding the Capital Increase in Chengtay Leasing and Related Party Transactions by Orient Securities Innovation” were considered and approved at the 23rd and 29th meetings of the fifth session of the Board, the first and fourth meetings of the Audit Committee of the Board in 2023 or the 2022 AGM of the Company, respectively. I made an independent judgment that the projected routine related-party transactions of the Company for 2023 and prior to the convening of the 2023 AGM were conducted in the ordinary course of business and for the business development of the Company, which did not impair the independence of the Company; Orient Securities Innovation, a wholly-owned subsidiary of the Company, proposed to acquire part of the equity interest in Chengtay Leasing and increase its capital with special dividend payment, which was a related-party transaction as Chengtay Leasing optimized its capital structure, complied with regulatory requirements and promoted its sustainable development; The pricing of the transaction is reasonable and fair without prejudice to the interests of non-related shareholders of the Company and the Company. The procedures complied with laws, regulations and the requirements of the Articles of Association.

**2. Disclosure of financial information and internal control evaluation reports in financial accounting reports and periodic reports**

During the Reporting Period, the Company prepared and disclosed the 2022 Annual Report, the First Quarterly Report for the year 2023, the 2023 Interim Report, the Third Quarterly Report for the year 2023 and the 2022 Internal Control Evaluation Report in accordance with the Company Law, the Securities Law, the Administrative Measures for the Disclosure of Information of Listed Companies and the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and other laws and regulations as well as the requirements of regulatory documents strictly, and disclosed the financial information and material matters for the corresponding reporting period in a timely manner, so as to fully disclose the Company’s operation to investors. The above reports were considered and approved by the meetings of the Audit Committee of the Board and the Board of the Company. The 2022 Annual Report was also considered and approved at the 2022 AGM of the Company. I signed written confirmation opinions on the truthfulness, accuracy and completeness of the periodic reports of the Company, and agreed with the conclusions made in the 2022 Internal Control Evaluation Report of the Company. I believed that the report gave a comprehensive, truthful and accurate view of the actual situation of the Company’s internal control without false records, misleading statements or major omissions.



**3. Appointment of accounting firm for auditing services of the Company**

During the Reporting Period, as considered and approved at the 2023 first meeting of the audit committee of the fifth session of the Board, the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the Company agreed to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the domestic and overseas auditors of the Company for 2023, and to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditors of the Company for 2023. I agreed with the above-mentioned re-appointment matters and considered that the appointment of the accounting firm was based on scientific decision-making, legal and compliant procedures and complied with the provisions of the Articles of Association.

**4. Nomination, appointment and removal of Directors**

The Company held the 2023 first extraordinary general meeting on August 18, 2023, which considered and approved the Resolution in relation to change of non-executive Director of the Company. As nominated by the Board, and considered and approved at the 2023 third meeting of the Remuneration and Nomination Committee of the fifth session of the Board and the 27th meeting of the fifth session of the Board, the removal of Mr. CHENG Feng from the position of non-executive Director of the fifth session of the Board of the Company and the election of Ms. LI Yun as a non-executive Director of the fifth session of the Board of the Company were approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of independent non-executive director of the Company was considered and approved. As nominated by the Board, and considered and approved at the fifth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 29th meeting of the fifth session of the Board, the election of Mr. ZHU Kai as an independent non-executive Director of the fifth session of the Board was approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of executive Director of the Company was considered and approved. As nominated by the Board, and considered and approved at the sixth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 30th meeting of the fifth session of the Board, the election of Mr. GONG Dexiong as an executive Director of the fifth session of the Board was approved at the general meeting.

After reviewing the personal biographies of the relevant Director candidates of the fifth session of the Board and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed Directors possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.



## **5. Appointment of senior management**

The Company held the 26th meeting of the fifth session of the Board on July 10, 2023, at which the Resolution in relation to the appointment of senior management of the Company was considered and approved. As nominated by the president and considered and approved at the 2023 second meeting of the Remuneration and Nomination Committee of the Board, the Board approved to appoint Mr. CHEN Gang as the chief research officer of the Company and Mr. WU Zezhi as the chief investment officer of the Company.

After reviewing the above-mentioned proposed senior management's educational background, personal biographies and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed senior management members possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company and were conducive to the operation and development of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.

## **6. Remuneration of Directors and senior management members**

At the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the 2022 Annual Report of the Company was considered and approved respectively. I approved the remuneration of the Directors and senior management disclosed in the annual report of the Company, and considered that the total remuneration of the Directors and senior management of the Company for 2022 was in compliance with the requirements of Articles of Association, the Terms of Reference of the Remuneration and Nomination Committee of the Company, the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company.

The fourth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 28th meeting of the fifth session of the Board considered and approved the Resolution in relation to Determination of the total performance bonus of senior management members of the Company in 2022, respectively. After consideration, I believed that the total amount of performance bonuses determined in accordance with the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company and based on the relevant data in the consolidated financial statements of the Company in 2022, and the annual performance evaluation conducted by the Remuneration and Nomination Committee of the Board was in line with the actual situation and system regulations of the Company, which could reflect the consistency of responsibilities, rights and interests, and was conducive to the sustainable development of the Company. The above consideration procedures and the resolutions passed were in compliance with the relevant provisions of laws and regulations and the Articles of Association.

Save for the above, during the Reporting Period, the Company did not have any other matters listed in Article 2.2.8, Article 2.2.13, Article 2.2.14 and Article 3.5.16 of the Standardized Operation, nor did the independent Directors exercise any special powers listed in the first paragraph of Article 3.5.17.

**IV. OVERALL EVALUATION AND RECOMMENDATIONS**

In 2023, I faithfully performed my duties as an independent Director, actively participated in key matters and exercised my duties as a Director, through diligent and dedicated engagement, I provided professional and objective recommendations on the operation and development of the listed company, made positive contributions for improving the corporate governance structure and safeguarding the interests of the Company as a whole as well as the legitimate rights and interests of the public shareholders.

In 2024, I will continuously abide by the regulatory requirements of listed securities companies, diligently and faithfully perform their duties in strict compliance with the relevant requirements under the laws, regulations and the Articles of Association; and effectively safeguard the legitimate rights and interests of all the Shareholders and in particular of the minority Shareholders, with a view to promoting the sustainable, healthy and stable development of the Company.

Independent Directors: WU Hong  
March 2024

**2023 WORK REPORT OF INDEPENDENT DIRECTORS OF THE COMPANY****FENG Xingdong**

As an independent director of DFZQ, I engaged in the decision-making of key matters of the Company independently and objectively, and performed my duties as an independent director faithfully and diligently pursuant to the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) issued by the CSRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 1 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation (hereinafter referred to as “**Standardized Operation**”), the Guidelines No. 6 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Periodic Reports and other regulations, and hereby report my work in 2023 as follows:

**I. GENERAL INFORMATION**

I have served as an independent Director of the Company since December 2020, and also served as a member of the Audit Committee and the Remuneration and Nomination Committee of the fifth session of the Board of the Company. The details of my work experience, professional background and part-time jobs are available in the Company’s 2023 Annual Report published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on the same date of this report.

In addition to being an independent director of the Company, I have no direct or indirect interests in the Company and its substantial shareholders, or other relationships that may affect my independent and objective judgment, and there are no circumstances that may affect my independence.

**II. DESCRIPTION OF DUTY PERFORMANCE DURING THE YEAR****1. Number of Board meetings attended, manner and voting**

A total of 10 Board meetings were held throughout the year, including 2 meetings held on-site and 8 meetings held via correspondence. I attended all of such meetings in person and voted in favor of the resolutions submitted to the Board for consideration, and there was no objection or abstention. Details of the attendance are set out as follows:

Name of Independent Director	Required attendance during the year	Attendance in person (times)	Attendance via correspondence (times)	Attendance by proxy (times)	Absence (times)
FENG Xingdong	10	10	8	0	0

**2. Number of general meetings attended**

A total of three general meetings were held throughout the year, and I attended all of such meetings in person.

**3. Attendance at the meetings of Board committees and special meetings of independent Directors**

In 2023, the Company held 6 meetings of the Audit Committee of the Board and 6 meetings of the Remuneration and Nomination Committee of the Board, I attended all of such meetings in person.

During the Reporting Period, the Company did not have any matters listed in items (1) to (3) of the first paragraph of Article 3.5.16 and Article 3.5.17 of the Standardized Operation, and did not hold any special meetings for independent Directors.

**4. Exercising the functions and powers of independent Directors**

During the Reporting Period, in addition to attending general meetings, meetings of the Board and its special committees as required and expressing clear opinions on the matters considered, I also performed my duties by regularly access to operation information on the Company, listening to reports of the management, communicating with intermediaries such as the person in charge of the internal auditing department and the accounting firm engaged in the Company's auditing business, on-site inspections and communicating with minority shareholders, so as to promote the decision-making of the Board to be in line with the overall interests of the Company, protect the legitimate rights and interests of minority shareholders, and promote the improvement of the decision-making level of the Board.

**5. Basic information regarding key matters, methods and results of communication with the internal auditor and the accounting firm engaged in the auditing business of the Company in relation to the financial and business conditions of the Company**

During the Reporting Period, I proactively communicated with the Company's internal auditor and accounting firm by attending the meetings of the Board and the Audit Committee of the Board and the work exchange meetings of independent Directors, and conducted completely exchange and analysis in relation to the internal control, financial and business conditions and key audit matters of the Company, and put forward detailed requirements for annual auditing work of the Company, effectively supervised and evaluated internal and external auditing work of the Company, so as to promote the Company to establish effective internal control and provide true, accurate and complete financial reports.

**6. Basic information regarding communication with minority shareholders**

During the Reporting Period, I proactively listened to and understood the opinions and concerns of minority shareholders regarding strategic development, innovation and transition, compliance and risk management by attending 3 general meetings and the 2022 annual results seminar of the Company, and put forward professional opinions and recommendations relating to relevant decision-making and corporate governance, which effectively protected the interests of the Company and the legitimate rights and interests of minority shareholders.

**7. Time and content of on-site work in the Company**

According to the Administrative Measures for Independent Directors of Listed Companies, which came into effect in September 2023, independent directors shall work on-site for a listed company for no less than 15 days each year. During the Reporting Period, I earnestly performed my duties by attending the meetings of the Board and its special committees and the general meetings of the Company, attending the work training and exchange meetings of independent directors of the Company, etc., and prepared relevant work records as required, and all on-site working hours and contents were in compliance with relevant requirements.

**8. Other information on performance of duties and cooperation of the Company**

During the Reporting Period, I also expressed relevant independent opinions on matters involving in rights and interests of minority shareholders, such as the formulation of profit distribution plan, the deposit and actual use of proceeds, capital transactions and external guarantees, and the plan on shareholders' return in the next three years before the Measures for the Administration of Independent Directors of Listed Companies came into effect.

I also put forward relevant opinions and recommendations at the meetings of the Board and the Audit Committee in relation to the risk control and key audit matters through the construction of system and mechanism. The Company provided proactive cooperation and support for my performance of duties, and attached great importance to the communication with me, and maintained daily contact and work implementation through email, telephone and other channels in a timely manner. The Company regularly prepared materials such as Board Bulletins, Compliance and Risk Management Comprehensive Report, Compliance Mails and Anti-Money Laundering Quarterly Report, so that I can timely access to the Company's operation and management information and follow up the operation dynamics, and put forward constructive opinions and recommendations on relevant resolutions of the Board. Meanwhile, the Company also proactively assisted me in attending the 6th follow-up training for independent directors of listed companies on the Shanghai Stock Exchange in 2023, offered me to participate in the seminar on "Interpretation of New Regulations and Key Points of Compliance Performance of Duties by INEDs", and circulated the Cases and Regulations on Illegal Trading of Shares by Directors, Supervisors and Senior Management of Listed Securities Companies and Their Relatives to me, so as to enhance my ability to perform duties in all aspects.

**III. KEY MATTERS OF INDEPENDENT DIRECTORS IN PERFORMING THEIR DUTIES DURING THE YEAR****1. Discloseable related-party transactions**

During the Reporting Period, the “Proposal Regarding the Auditing of the Related Party Transactions of the Company in 2022”, the “Proposal regarding the Projected Routine Related Party Transactions of the Company in 2023” and the “Proposal regarding the Capital Increase in Chengtay Leasing and Related Party Transactions by Orient Securities Innovation” were considered and approved at the 23rd and 29th meetings of the fifth session of the Board, the first and fourth meetings of the Audit Committee of the Board in 2023 or the 2022 AGM of the Company, respectively. I made an independent judgment that the projected routine related-party transactions of the Company for 2023 and prior to the convening of the 2023 AGM were conducted in the ordinary course of business and for the business development of the Company, which did not impair the independence of the Company; Orient Securities Innovation, a wholly-owned subsidiary of the Company, proposed to acquire part of the equity interest in Chengtay Leasing and increase its capital with special dividend payment, which was a related-party transaction as Chengtay Leasing optimized its capital structure, complied with regulatory requirements and promoted its sustainable development; The pricing of the transaction is reasonable and fair without prejudice to the interests of non-related shareholders of the Company and the Company. The procedures complied with laws, regulations and the requirements of the Articles of Association.

**2. Disclosure of financial information and internal control evaluation reports in financial accounting reports and periodic reports**

During the Reporting Period, the Company prepared and disclosed the 2022 Annual Report, the First Quarterly Report for the year 2023, the 2023 Interim Report, the Third Quarterly Report for the year 2023 and the 2022 Internal Control Evaluation Report in accordance with the Company Law, the Securities Law, the Administrative Measures for the Disclosure of Information of Listed Companies and the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and other laws and regulations as well as the requirements of regulatory documents strictly, and disclosed the financial information and material matters for the corresponding reporting period in a timely manner, so as to fully disclose the Company’s operation to investors. The above reports were considered and approved by the meetings of the Audit Committee of the Board and the Board of the Company. The 2022 Annual Report was also considered and approved at the 2022 AGM of the Company. I signed written confirmation opinions on the truthfulness, accuracy and completeness of the periodic reports of the Company, and agreed with the conclusions made in the 2022 Internal Control Evaluation Report of the Company. I believed that the report gave a comprehensive, truthful and accurate view of the actual situation of the Company’s internal control without false records, misleading statements or major omissions.

### **3. Appointment of accounting firm for auditing services of the Company**

During the Reporting Period, as considered and approved at the 2023 first meeting of the audit committee of the fifth session of the Board, the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the Company agreed to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the domestic and overseas auditors of the Company for 2023, and to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditors of the Company for 2023. I agreed with the above-mentioned re-appointment matters and considered that the appointment of the accounting firm was based on scientific decision-making, legal and compliant procedures and complied with the provisions of the Articles of Association.

### **4. Nomination, appointment and removal of Directors**

The Company held the 2023 first extraordinary general meeting on August 18, 2023, which considered and approved the Resolution in relation to change of non-executive Director of the Company. As nominated by the Board, and considered and approved at the 2023 third meeting of the Remuneration and Nomination Committee of the fifth session of the Board and the 27th meeting of the fifth session of the Board, the removal of Mr. CHENG Feng from the position of non-executive Director of the fifth session of the Board of the Company and the election of Ms. LI Yun as a non-executive Director of the fifth session of the Board of the Company were approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of independent non-executive director of the Company was considered and approved. As nominated by the Board, and considered and approved at the fifth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 29th meeting of the fifth session of the Board, the election of Mr. ZHU Kai as an independent non-executive Director of the fifth session of the Board was approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of executive Director of the Company was considered and approved. As nominated by the Board, and considered and approved at the sixth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 30th meeting of the fifth session of the Board, the election of Mr. GONG Dexiong as an executive Director of the fifth session of the Board was approved at the general meeting.

After reviewing the personal biographies of the relevant Director candidates of the fifth session of the Board and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed Directors possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.

## **5. Appointment of senior management**

The Company held the 26th meeting of the fifth session of the Board on July 10, 2023, at which the Resolution in relation to the appointment of senior management of the Company was considered and approved. As nominated by the president and considered and approved at the 2023 second meeting of the Remuneration and Nomination Committee of the Board, the Board approved to appoint Mr. CHEN Gang as the chief research officer of the Company and Mr. WU Zezhi as the chief investment officer of the Company.

After reviewing the above-mentioned proposed senior management's educational background, personal biographies and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed senior management members possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company and were conducive to the operation and development of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.

## **6. Remuneration of Directors and senior management members**

At the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the 2022 Annual Report of the Company was considered and approved respectively. I approved the remuneration of the Directors and senior management disclosed in the annual report of the Company, and considered that the total remuneration of the Directors and senior management of the Company for 2022 was in compliance with the requirements of Articles of Association, the Terms of Reference of the Remuneration and Nomination Committee of the Company, the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company.

The fourth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 28th meeting of the fifth session of the Board considered and approved the Resolution in relation to Determination of the total performance bonus of senior management members of the Company in 2022, respectively. After consideration, I believed that the total amount of performance bonuses determined in accordance with the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company and based on the relevant data in the consolidated financial statements of the Company in 2022, and the annual performance evaluation conducted by the Remuneration and Nomination Committee of the Board was in line with the actual situation and system regulations of the Company, which could reflect the consistency of responsibilities, rights and interests, and was conducive to the sustainable development of the Company. The above consideration procedures and the resolutions passed were in compliance with the relevant provisions of laws and regulations and the Articles of Association.

Save for the above, during the Reporting Period, the Company did not have any other matters listed in Article 2.2.8, Article 2.2.13, Article 2.2.14 and Article 3.5.16 of the Standardized Operation, nor did the independent Directors exercise any special powers listed in the first paragraph of Article 3.5.17.



**IV. OVERALL EVALUATION AND RECOMMENDATIONS**

In 2023, I faithfully performed my duties as an independent Director, actively participated in key matters and exercised my duties as a Director, through diligent and dedicated engagement, I provided professional and objective recommendations on the operation and development of the listed company, made positive contributions for improving the corporate governance structure and safeguarding the interests of the Company as a whole as well as the legitimate rights and interests of the public shareholders.

In 2024, I will continuously abide by the regulatory requirements of listed securities companies, diligently and faithfully perform their duties in strict compliance with the relevant requirements under the laws, regulations and the Articles of Association; and effectively safeguard the legitimate rights and interests of all the Shareholders and in particular of the minority Shareholders, with a view to promoting the sustainable, healthy and stable development of the Company.

Independent Directors: FENG Xingdong  
March 2024

**2023 WORK REPORT OF INDEPENDENT DIRECTORS OF THE COMPANY****LUO Xinyu**

As an independent director of DFZQ, I engaged in the decision-making of key matters of the Company independently and objectively, and performed my duties as an independent director faithfully and diligently pursuant to the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) issued by the CSRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 1 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation (hereinafter referred to as “**Standardized Operation**”), the Guidelines No. 6 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Periodic Reports and other regulations, and hereby report my work in 2023 as follows:

**I. GENERAL INFORMATION**

I have served as an independent Director of the Company since May 2021, and also served as a member of the Audit Committee of the fifth session of the Board of the Company. The details of my work experience, professional background and part-time jobs are available in the Company’s 2023 Annual Report published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on the same date of this report.

In addition to being an independent director of the Company, I have no direct or indirect interests in the Company and its substantial shareholders, or other relationships that may affect my independent and objective judgment, and there are no circumstances that may affect my independence.

**II. DESCRIPTION OF DUTY PERFORMANCE DURING THE YEAR****1. Number of Board meetings attended, manner and voting**

A total of 10 Board meetings were held throughout the year, including 2 meetings held on-site and 8 meetings held via correspondence. I attended all of such meetings in person and voted in favor of the resolutions submitted to the Board for consideration, and there was no objection or abstention. Details of the attendance are set out as follows:

<b>Name of Independent Director</b>	<b>Required attendance during the year</b>	<b>Attendance in person (times)</b>	<b>Attendance via correspondence (times)</b>	<b>Attendance by proxy (times)</b>	<b>Absence (times)</b>
LUO Xinyu	10	10	8	0	0

**2. Number of general meetings attended**

A total of three general meetings were held throughout the year, and I attended all of such meetings in person.

**3. Attendance at the meetings of Board committees and special meetings of independent Directors**

In 2023, the Company held 6 meetings of the Audit Committee of the Board, I attended 5 meetings, and I was absent from 1 meeting due to official duties.

During the Reporting Period, the Company did not have any matters listed in items (1) to (3) of the first paragraph of Article 3.5.16 and Article 3.5.17 of the Standardized Operation, and did not hold any special meetings for independent Directors.

**4. Exercising the functions and powers of independent Directors**

During the Reporting Period, in addition to attending general meetings, meetings of the Board and its special committees as required and expressing clear opinions on the matters considered, I also performed my duties by regularly access to operation information on the Company, listening to reports of the management, communicating with intermediaries such as the person in charge of the internal auditing department and the accounting firm engaged in the Company's auditing business, on-site inspections and communicating with minority shareholders, so as to promote the decision-making of the Board to be in line with the overall interests of the Company, protect the legitimate rights and interests of minority shareholders, and promote the improvement of the decision-making level of the Board.

**5. Basic information regarding key matters, methods and results of communication with the internal auditor and the accounting firm engaged in the auditing business of the Company in relation to the financial and business conditions of the Company**

During the Reporting Period, I proactively communicated with the Company's internal auditor and accounting firm by attending the meetings of the Board and the Audit Committee of the Board and the work exchange meetings of independent Directors, and conducted completely exchange and analysis in relation to the internal control, financial and business conditions and key audit matters of the Company, and put forward detailed requirements for annual auditing work of the Company, effectively supervised and evaluated internal and external auditing work of the Company, so as to promote the Company to establish effective internal control and provide true, accurate and complete financial reports.

**6. Basic information regarding communication with minority shareholders**

During the Reporting Period, I proactively listened to and understood the opinions and concerns of minority shareholders regarding strategic development, innovation and transition, compliance and risk management by attending 3 general meetings, and put forward professional opinions and recommendations relating to relevant decision-making and corporate governance, which effectively protected the interests of the Company and the legitimate rights and interests of minority shareholders.

**7. Time and content of on-site work in the Company**

According to the Administrative Measures for Independent Directors of Listed Companies, which came into effect in September 2023, independent directors shall work on-site for a listed company for no less than 15 days each year. During the Reporting Period, I earnestly performed my duties by attending the meetings of the Board and its special committees and the general meetings of the Company, participating in the research and survey of the Company's sales department and the guideline meetings of directors, attending the work training and exchange meetings of independent directors of the Company, etc., and prepared relevant work records as required, and all on-site working hours and contents were in compliance with relevant requirements.

**8. Other information on performance of duties and cooperation of the Company**

During the Reporting Period, I also expressed relevant independent opinions on matters involving in rights and interests of minority shareholders, such as the formulation of profit distribution plan, the deposit and actual use of proceeds, capital transactions and external guarantees, and the plan on shareholders' return in the next three years before the Measures for the Administration of Independent Directors of Listed Companies came into effect.

I also put forward relevant opinions and recommendations at the meetings of the Board, the Audit Committee and the board guideline meetings in relation to adhering to industry/ROE/characteristics/talent oriented, capital market development and business opportunities, and promotion of business and management model transition of the Company. The Company provided proactive cooperation and support for my performance of duties, and attached great importance to the communication with me, and maintained daily contact and work implementation through email, telephone and other channels in a timely manner. The Company regularly prepared materials such as Board Bulletins, Compliance and Risk Management Comprehensive Report, Compliance Mails and Anti-Money Laundering Quarterly Report, so that I can timely access to the Company's operation and management information and follow up the operation dynamics, and put forward constructive opinions and recommendations on relevant resolutions of the Board. Meanwhile, the Company also offered me to participate in the seminar on "Interpretation of New Regulations and Key Points of Compliance Performance of Duties by INEDs", and circulated the Cases and Regulations on Illegal Trading of Shares by Directors, Supervisors and Senior Management of Listed Securities Companies and Their Relatives to me, so as to enhance my ability to perform duties in all aspects.

**III. KEY MATTERS OF INDEPENDENT DIRECTORS IN PERFORMING THEIR DUTIES DURING THE YEAR****1. Discloseable related-party transactions**

During the Reporting Period, the “Proposal Regarding the Auditing of the Related Party Transactions of the Company in 2022”, the “Proposal regarding the Projected Routine Related Party Transactions of the Company in 2023” and the “Proposal regarding the Capital Increase in Chengtay Leasing and Related Party Transactions by Orient Securities Innovation” were considered and approved at the 23rd and 29th meetings of the fifth session of the Board, the first and fourth meetings of the Audit Committee of the Board in 2023 or the 2022 AGM of the Company, respectively. I made an independent judgment that the projected routine related-party transactions of the Company for 2023 and prior to the convening of the 2023 AGM were conducted in the ordinary course of business and for the business development of the Company, which did not impair the independence of the Company; Orient Securities Innovation, a wholly-owned subsidiary of the Company, proposed to acquire part of the equity interest in Chengtay Leasing and increase its capital with special dividend payment, which was a related-party transaction as Chengtay Leasing optimized its capital structure, complied with regulatory requirements and promoted its sustainable development; The pricing of the transaction is reasonable and fair without prejudice to the interests of non-related shareholders of the Company and the Company. The procedures complied with laws, regulations and the requirements of the Articles of Association.

**2. Disclosure of financial information and internal control evaluation reports in financial accounting reports and periodic reports**

During the Reporting Period, the Company prepared and disclosed the 2022 Annual Report, the First Quarterly Report for the year 2023, the 2023 Interim Report, the Third Quarterly Report for the year 2023 and the 2022 Internal Control Evaluation Report in accordance with the Company Law, the Securities Law, the Administrative Measures for the Disclosure of Information of Listed Companies and the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and other laws and regulations as well as the requirements of regulatory documents strictly, and disclosed the financial information and material matters for the corresponding reporting period in a timely manner, so as to fully disclose the Company’s operation to investors. The above reports were considered and approved by the meetings of the Audit Committee of the Board and the Board of the Company. The 2022 Annual Report was also considered and approved at the 2022 AGM of the Company. I signed written confirmation opinions on the truthfulness, accuracy and completeness of the periodic reports of the Company, and agreed with the conclusions made in the 2022 Internal Control Evaluation Report of the Company. I believed that the report gave a comprehensive, truthful and accurate view of the actual situation of the Company’s internal control without false records, misleading statements or major omissions.

### **3. Appointment of accounting firm for auditing services of the Company**

During the Reporting Period, as considered and approved at the 2023 first meeting of the audit committee of the fifth session of the Board, the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the Company agreed to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the domestic and overseas auditors of the Company for 2023, and to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditors of the Company for 2023. I agreed with the above-mentioned re-appointment matters and considered that the appointment of the accounting firm was based on scientific decision-making, legal and compliant procedures and complied with the provisions of the Articles of Association.

### **4. Nomination, appointment and removal of Directors**

The Company held the 2023 first extraordinary general meeting on August 18, 2023, which considered and approved the Resolution in relation to change of non-executive Director of the Company. As nominated by the Board, and considered and approved at the 2023 third meeting of the Remuneration and Nomination Committee of the fifth session of the Board and the 27th meeting of the fifth session of the Board, the removal of Mr. CHENG Feng from the position of non-executive Director of the fifth session of the Board of the Company and the election of Ms. LI Yun as a non-executive Director of the fifth session of the Board of the Company were approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of independent non-executive director of the Company was considered and approved. As nominated by the Board, and considered and approved at the fifth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 29th meeting of the fifth session of the Board, the election of Mr. ZHU Kai as an independent non-executive Director of the fifth session of the Board was approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of executive Director of the Company was considered and approved. As nominated by the Board, and considered and approved at the sixth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 30th meeting of the fifth session of the Board, the election of Mr. GONG Dexiong as an executive Director of the fifth session of the Board was approved at the general meeting.

After reviewing the personal biographies of the relevant Director candidates of the fifth session of the Board and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed Directors possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.

## **5. Appointment of senior management**

The Company held the 26th meeting of the fifth session of the Board on July 10, 2023, at which the Resolution in relation to the appointment of senior management of the Company was considered and approved. As nominated by the president and considered and approved at the 2023 second meeting of the Remuneration and Nomination Committee of the Board, the Board approved to appoint Mr. CHEN Gang as the chief research officer of the Company and Mr. WU Zezhi as the chief investment officer of the Company.

After reviewing the above-mentioned proposed senior management's educational background, personal biographies and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed senior management members possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company and were conducive to the operation and development of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.

## **6. Remuneration of Directors and senior management members**

At the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the 2022 Annual Report of the Company was considered and approved respectively. I approved the remuneration of the Directors and senior management disclosed in the annual report of the Company, and considered that the total remuneration of the Directors and senior management of the Company for 2022 was in compliance with the requirements of Articles of Association, the Terms of Reference of the Remuneration and Nomination Committee of the Company, the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company.

The fourth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 28th meeting of the fifth session of the Board considered and approved the Resolution in relation to Determination of the total performance bonus of senior management members of the Company in 2022, respectively. After consideration, I believed that the total amount of performance bonuses determined in accordance with the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company and based on the relevant data in the consolidated financial statements of the Company in 2022, and the annual performance evaluation conducted by the Remuneration and Nomination Committee of the Board was in line with the actual situation and system regulations of the Company, which could reflect the consistency of responsibilities, rights and interests, and was conducive to the sustainable development of the Company. The above consideration procedures and the resolutions passed were in compliance with the relevant provisions of laws and regulations and the Articles of Association.

Save for the above, during the Reporting Period, the Company did not have any other matters listed in Article 2.2.8, Article 2.2.13, Article 2.2.14 and Article 3.5.16 of the Standardized Operation, nor did the independent Directors exercise any special powers listed in the first paragraph of Article 3.5.17.

**IV. OVERALL EVALUATION AND RECOMMENDATIONS**

In 2023, I faithfully performed my duties as an independent Director, actively participated in key matters and exercised my duties as a Director, through diligent and dedicated engagement, I provided professional and objective recommendations on the operation and development of the listed company, made positive contributions for improving the corporate governance structure and safeguarding the interests of the Company as a whole as well as the legitimate rights and interests of the public shareholders.

In 2024, I will continuously abide by the regulatory requirements of listed securities companies, diligently and faithfully perform their duties in strict compliance with the relevant requirements under the laws, regulations and the Articles of Association; and effectively safeguard the legitimate rights and interests of all the Shareholders and in particular of the minority Shareholders, with a view to promoting the sustainable, healthy and stable development of the Company.

Independent Directors: LUO Xinyu  
March 2024



**2023 WORK REPORT OF INDEPENDENT DIRECTORS OF THE COMPANY****CHAN Hon**

As an independent director of DFZQ, I engaged in the decision-making of key matters of the Company independently and objectively, and performed my duties as an independent director faithfully and diligently pursuant to the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) issued by the CSRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 1 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation (hereinafter referred to as “**Standardized Operation**”), the Guidelines No. 6 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Periodic Reports and other regulations, and hereby report my work in 2023 as follows:

**I. GENERAL INFORMATION**

I have served as an independent Director of the Company since November 2022, and also served as a member of the Strategy and Development Committee of the fifth session of the Board of the Company. The details of my work experience, professional background and part-time jobs are available in the Company’s 2023 Annual Report published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on the same date of this report.

In addition to being an independent director of the Company, I have no direct or indirect interests in the Company and its substantial shareholders, or other relationships that may affect my independent and objective judgment, and there are no circumstances that may affect my independence.

**II. DESCRIPTION OF DUTY PERFORMANCE DURING THE YEAR****1. Number of Board meetings attended, manner and voting**

A total of 10 Board meetings were held throughout the year, including 2 meetings held on-site and 8 meetings held via correspondence. I attended all of such meetings in person and voted in favor of the resolutions submitted to the Board for consideration, and there was no objection or abstention. Details of the attendance are set out as follows:

<b>Name of Independent Director</b>	<b>Required attendance during the year</b>	<b>Attendance in person (times)</b>	<b>Attendance via correspondence (times)</b>	<b>Attendance by proxy (times)</b>	<b>Absence (times)</b>
CHAN Hon	10	10	8	0	0

**2. Number of general meetings attended**

A total of three general meetings were held throughout the year, and I attended all of such meetings in person.

**3. Attendance at the meetings of Board committees and special meetings of independent Directors**

The Company held one meeting of the Strategy and Development Committee of the Board since I was appointed from April 2023, I attended such meeting in person.

During the Reporting Period, the Company did not have any matters listed in items (1) to (3) of the first paragraph of Article 3.5.16 and Article 3.5.17 of the Standardized Operation, and did not hold any special meetings for independent Directors.

**4. Exercising the functions and powers of independent Directors**

During the Reporting Period, in addition to attending general meetings, meetings of the Board and its special committees as required and expressing clear opinions on the matters considered, I also performed my duties by regularly access to operation information on the Company, listening to reports of the management and on-site inspections, so as to promote the decision-making of the Board to be in line with the overall interests of the Company, protect the legitimate rights and interests of minority shareholders, and promote the improvement of the decision-making level of the Board.

**5. Basic information regarding key matters, methods and results of communication with the internal auditor and the accounting firm engaged in the auditing business of the Company in relation to the financial and business conditions of the Company**

During the Reporting Period, I proactively communicated with the Company's internal auditor and accounting firm by attending the Board meetings and the work exchange meetings of independent Directors, and conducted completely exchange and analysis in relation to the internal control, financial and business conditions of the Company, so as to promote the Company to establish effective internal control and provide true, accurate and complete financial reports.

**6. Basic information regarding communication with minority shareholders**

During the Reporting Period, I proactively listened to and understood the opinions and concerns of minority shareholders regarding strategic development, innovation and transition, compliance and risk management by attending 3 general meetings and the 2023 Interim Results seminar of the Company, and put forward professional opinions and recommendations relating to relevant decision-making and corporate governance, which effectively protected the interests of the Company and the legitimate rights and interests of minority shareholders.

**7. Time and content of on-site work in the Company**

According to the Administrative Measures for Independent Directors of Listed Companies, which came into effect in September 2023, independent directors shall work on-site for a listed company for no less than 15 days each year. During the Reporting Period, I earnestly performed my duties by attending the meetings of the Board and its special committees and the general meetings of the Company, participating in the research and survey of the Company's sales department and the guideline meetings of directors, attending the work training and exchange meetings of independent directors of the Company, etc., and prepared relevant work records as required, and all on-site working hours and contents were in compliance with relevant requirements.

**8. Other information on performance of duties and cooperation of the Company**

During the Reporting Period, I also expressed relevant independent opinions on matters involving in rights and interests of minority shareholders, such as the formulation of profit distribution plan, the deposit and actual use of proceeds, capital transactions and external guarantees, and the plan on shareholders' return in the next three years before the Measures for the Administration of Independent Directors of Listed Companies came into effect.

I also put forward relevant opinions and recommendations at the meetings of the Board, the Strategy and Development Committee and the board guideline meetings in relation to the Company's compliance and risk control, macro favorable development factors, layout of asset-light and asset-heavy businesses and derivative transactions. The Company provided proactive cooperation and support for my performance of duties, and attached great importance to the communication with me, and maintained daily contact and work implementation through email, telephone and other channels in a timely manner. The Company regularly prepared materials such as Board Bulletins, Compliance and Risk Management Comprehensive Report, Compliance Mails and Anti-Money Laundering Quarterly Report, so that I can timely access to the Company's operation and management information and follow up the operation dynamics, and put forward constructive opinions and recommendations on relevant resolutions of the Board. Meanwhile, the Company offered me to participate in the seminar on "Interpretation of New Regulations and Key Points of Compliance Performance of Duties by INEDs", and circulated the Cases and Regulations on Illegal Trading of Shares by Directors, Supervisors and Senior Management of Listed Securities Companies and Their Relatives to me, so as to enhance my ability to perform duties in all aspects.

**III. KEY MATTERS OF INDEPENDENT DIRECTORS IN PERFORMING THEIR DUTIES DURING THE YEAR****1. Discloseable related-party transactions**

During the Reporting Period, the “Proposal Regarding the Auditing of the Related Party Transactions of the Company in 2022”, the “Proposal regarding the Projected Routine Related Party Transactions of the Company in 2023” and the “Proposal regarding the Capital Increase in Chengtay Leasing and Related Party Transactions by Orient Securities Innovation” were considered and approved at the 23rd and 29th meetings of the fifth session of the Board, the first and fourth meetings of the Audit Committee of the Board in 2023 or the 2022 AGM of the Company, respectively. I made an independent judgment that the projected routine related-party transactions of the Company for 2023 and prior to the convening of the 2023 AGM were conducted in the ordinary course of business and for the business development of the Company, which did not impair the independence of the Company; Orient Securities Innovation, a wholly-owned subsidiary of the Company, proposed to acquire part of the equity interest in Chengtay Leasing and increase its capital with special dividend payment, which was a related-party transaction as Chengtay Leasing optimized its capital structure, complied with regulatory requirements and promoted its sustainable development; The pricing of the transaction is reasonable and fair without prejudice to the interests of non-related shareholders of the Company and the Company. The procedures complied with laws, regulations and the requirements of the Articles of Association.

**2. Disclosure of financial information and internal control evaluation reports in financial accounting reports and periodic reports**

During the Reporting Period, the Company prepared and disclosed the 2022 Annual Report, the First Quarterly Report for the year 2023, the 2023 Interim Report, the Third Quarterly Report for the year 2023 and the 2022 Internal Control Evaluation Report in accordance with the Company Law, the Securities Law, the Administrative Measures for the Disclosure of Information of Listed Companies and the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and other laws and regulations as well as the requirements of regulatory documents strictly, and disclosed the financial information and material matters for the corresponding reporting period in a timely manner, so as to fully disclose the Company’s operation to investors. The above reports were considered and approved by the meetings of the Audit Committee of the Board and the Board of the Company. The 2022 Annual Report was also considered and approved at the 2022 AGM of the Company. I signed written confirmation opinions on the truthfulness, accuracy and completeness of the periodic reports of the Company, and agreed with the conclusions made in the 2022 Internal Control Evaluation Report of the Company. I believed that the report gave a comprehensive, truthful and accurate view of the actual situation of the Company’s internal control without false records, misleading statements or major omissions.

### **3. Appointment of accounting firm for auditing services of the Company**

During the Reporting Period, as considered and approved at the 2023 first meeting of the audit committee of the fifth session of the Board, the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the Company agreed to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the domestic and overseas auditors of the Company for 2023, and to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditors of the Company for 2023. I agreed with the above-mentioned re-appointment matters and considered that the appointment of the accounting firm was based on scientific decision-making, legal and compliant procedures and complied with the provisions of the Articles of Association.

### **4. Nomination, appointment and removal of Directors**

The Company held the 2023 first extraordinary general meeting on August 18, 2023, which considered and approved the Resolution in relation to change of non-executive Director of the Company. As nominated by the Board, and considered and approved at the 2023 third meeting of the Remuneration and Nomination Committee of the fifth session of the Board and the 27th meeting of the fifth session of the Board, the removal of Mr. CHENG Feng from the position of non-executive Director of the fifth session of the Board of the Company and the election of Ms. LI Yun as a non-executive Director of the fifth session of the Board of the Company were approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of independent non-executive director of the Company was considered and approved. As nominated by the Board, and considered and approved at the fifth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 29th meeting of the fifth session of the Board, the election of Mr. ZHU Kai as an independent non-executive Director of the fifth session of the Board was approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of executive Director of the Company was considered and approved. As nominated by the Board, and considered and approved at the sixth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 30th meeting of the fifth session of the Board, the election of Mr. GONG Dexiong as an executive Director of the fifth session of the Board was approved at the general meeting.

After reviewing the personal biographies of the relevant Director candidates of the fifth session of the Board and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed Directors possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.

## **5. Appointment of senior management**

The Company held the 26th meeting of the fifth session of the Board on July 10, 2023, at which the Resolution in relation to the appointment of senior management of the Company was considered and approved. As nominated by the president and considered and approved at the 2023 second meeting of the Remuneration and Nomination Committee of the Board, the Board approved to appoint Mr. CHEN Gang as the chief research officer of the Company and Mr. WU Zezhi as the chief investment officer of the Company.

After reviewing the above-mentioned proposed senior management's educational background, personal biographies and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed senior management members possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company and were conducive to the operation and development of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.

## **6. Remuneration of Directors and senior management members**

At the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the 2022 Annual Report of the Company was considered and approved respectively. I approved the remuneration of the Directors and senior management disclosed in the annual report of the Company, and considered that the total remuneration of the Directors and senior management of the Company for 2022 was in compliance with the requirements of Articles of Association, the Terms of Reference of the Remuneration and Nomination Committee of the Company, the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company.

The fourth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 28th meeting of the fifth session of the Board considered and approved the Resolution in relation to Determination of the total performance bonus of senior management members of the Company in 2022, respectively. After consideration, I believed that the total amount of performance bonuses determined in accordance with the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company and based on the relevant data in the consolidated financial statements of the Company in 2022, and the annual performance evaluation conducted by the Remuneration and Nomination Committee of the Board was in line with the actual situation and system regulations of the Company, which could reflect the consistency of responsibilities, rights and interests, and was conducive to the sustainable development of the Company. The above consideration procedures and the resolutions passed were in compliance with the relevant provisions of laws and regulations and the Articles of Association.

Save for the above, during the Reporting Period, the Company did not have any other matters listed in Article 2.2.8, Article 2.2.13, Article 2.2.14 and Article 3.5.16 of the Standardized Operation, nor did the independent Directors exercise any special powers listed in the first paragraph of Article 3.5.17.

**IV. OVERALL EVALUATION AND RECOMMENDATIONS**

In 2023, I faithfully performed my duties as an independent Director, actively participated in key matters and exercised my duties as a Director, through diligent and dedicated engagement, I provided professional and objective recommendations on the operation and development of the listed company, made positive contributions for improving the corporate governance structure and safeguarding the interests of the Company as a whole as well as the legitimate rights and interests of the public shareholders.

In 2024, I will continuously abide by the regulatory requirements of listed securities companies, diligently and faithfully perform their duties in strict compliance with the relevant requirements under the laws, regulations and the Articles of Association; and effectively safeguard the legitimate rights and interests of all the Shareholders and in particular of the minority Shareholders, with a view to promoting the sustainable, healthy and stable development of the Company.

Independent Director: CHAN Hon  
March 2024

**2023 WORK REPORT OF INDEPENDENT DIRECTORS OF THE COMPANY****ZHU Kai**

As an independent director of DFZQ, I engaged in the decision-making of key matters of the Company independently and objectively, and performed my duties as an independent director faithfully and diligently pursuant to the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) issued by the CSRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 1 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation (hereinafter referred to as “**Standardized Operation**”), the Guidelines No. 6 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Periodic Reports and other regulations, and hereby report my work in 2023 as follows:

**I. GENERAL INFORMATION**

I have served as an independent Director of the Company since October 2023, and also served as the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the fifth session of the Board of the Company. The details of my work experience, professional background and part-time jobs are available in the Company’s 2023 Annual Report published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on the same date of this report.

In addition to being an independent director of the Company, I have no direct or indirect interests in the Company and its substantial shareholders, or other relationships that may affect my independent and objective judgment, and there are no circumstances that may affect my independence.

**II. DESCRIPTION OF DUTY PERFORMANCE DURING THE YEAR****1. Number of Board meetings attended, manner and voting**

A total of one Board meeting was held from October to December 2023. I attended such meeting in person and voted in favor of the resolutions submitted to the Board for consideration. Details of the attendance are set out as follows:

<b>Name of Independent Director</b>	<b>Required attendance during the year</b>	<b>Attendance in person (times)</b>	<b>Attendance via correspondence (times)</b>	<b>Attendance by proxy (times)</b>	<b>Absence (times)</b>
ZHU Kai	1	1	1	0	0



**2. Number of general meetings attended**

The 2023 second extraordinary general meeting of the Company was held on October 30, I attended the meeting in person as a proposed independent Director, and gave an explanation of the capacities in relation to performance of duties, expertise, working experience and whether there was any conflict of interest with the Company.

**3. Attendance at the meetings of Board committees and special meetings of independent Directors**

The Company held two meetings of the Audit Committee of the Board from October to December 2023, and I attended one meeting in person, and entrusted other independent director to attend one meeting on my behalf in writing. No meeting of the Remuneration and Nomination Committee was held.

During the Reporting Period, the Company did not have any matters listed in items (1) to (3) of the first paragraph of Article 3.5.16 and Article 3.5.17 of the Standardized Operation, and did not hold any special meetings for independent Directors.

**4. Exercising the functions and powers of independent Directors**

During the Reporting Period, in addition to attending general meetings, meetings of the Board and its special committees as required and expressing clear opinions on the matters considered, I also performed my duties by regularly access to operation information on the Company, listening to reports of the management, communicating with intermediaries such as the person in charge of the internal auditing department and the accounting firm engaged in the Company's auditing business, on-site inspections and communicating with minority shareholders, so as to promote the decision-making of the Board to be in line with the overall interests of the Company, protect the legitimate rights and interests of minority shareholders, and promote the improvement of the decision-making level of the Board.

**5. Basic information regarding key matters, methods and results of communication with the internal auditor and the accounting firm engaged in the auditing business of the Company in relation to the financial and business conditions of the Company**

During the Reporting Period, I proactively communicated with the Company's internal auditor and accounting firm by attending the Board meetings and the meetings of the Audit Committee of the Board, effectively supervised and evaluated internal and external auditing work of the Company, so as to promote the Company to establish effective internal control and provide true, accurate and complete financial reports.

**6. Basic information regarding communication with minority shareholders**

During the Reporting Period, I proactively listened to and understood the opinions and concerns of minority shareholders regarding strategic development, innovation and transition, compliance and risk management by attending one general meeting and other seminars of the Company, and put forward professional opinions and recommendations relating to relevant decision-making and corporate governance, which effectively protected the interests of the Company and the legitimate rights and interests of minority shareholders.

**7. Time and content of on-site work in the Company**

According to the Administrative Measures for Independent Directors of Listed Companies, which came into effect in September 2023, independent directors shall work on-site for a listed company for no less than 15 days each year. During the Reporting Period, I earnestly performed my duties by attending the meetings of the Board and its special committees and the general meetings of the Company, attending the work training and exchange meetings of independent directors of the Company, etc., and prepared relevant work records as required, and all on-site working hours and contents were in compliance with relevant requirements.

**8. Other information on performance of duties and cooperation of the Company**

During the Reporting Period, I attended the 2024 bidding meeting of external auditor of the Company in person as the chairman of the Audit Committee of the Board, and carefully reviewed the bidding proposals and on-site statements of several accounting firms in accordance with the principles of fairness, justice and merit-based selection, and scored relevant accounting firms in accordance with the bid evaluation standards.

The Company provided proactive cooperation and support for my performance of duties, and attached great importance to the communication with me, and maintained daily contact and work implementation through email, telephone and other channels in a timely manner. The Company regularly prepared materials such as Board Bulletins, Compliance and Risk Management Comprehensive Report, Compliance Mails and Anti-Money Laundering Quarterly Report, so that I can timely access to the Company's operation and management information and follow up the operation dynamics, and put forward constructive opinions and recommendations on relevant resolutions of the Board.

**III. KEY MATTERS OF INDEPENDENT DIRECTORS IN PERFORMING THEIR DUTIES DURING THE YEAR****1. Discloseable related-party transactions**

From October to December 2023, I continuously attached great importance to the discloseable related party transactions by the Company as the chairman of the Audit Committee of the Board.

**2. Disclosure of financial information and internal control evaluation reports in financial accounting reports and periodic reports**

From October to December 2023, the Company prepared and disclosed the Third Quarterly Report for the year 2023 in accordance with the Company Law, the Securities Law, the Administrative Measures for the Disclosure of Information of Listed Companies and the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and other laws and regulations as well as the requirements of regulatory documents strictly, and disclosed the financial information and material matters for the corresponding reporting period in a timely manner, so as to fully disclose the Company's operation to investors. The above report was considered and approved by the meetings of the Audit Committee of the Board and the Board of the Company. I signed written confirmation opinions on the truthfulness, accuracy and completeness of the Third Quarterly Report for the year 2023 of the Company.

**3. Other matters**

From October to December 2023, the Board and its special committees did not consider or discuss the resolutions in relation to the appointment of accounting firm for auditing services of the Company, nomination, appointment and removal of Directors, appointment of senior management, and remuneration of directors and senior management members.

Save for the above, during the Reporting Period, the Company did not have any other matters listed in Article 2.2.8, Article 2.2.13, Article 2.2.14 and Article 3.5.16 of the Standardized Operation, nor did the independent Directors exercise any special powers listed in the first paragraph of Article 3.5.17.

**IV. OVERALL EVALUATION AND RECOMMENDATIONS**

From October to December 2023, I faithfully performed my duties as an independent Director, actively participated in key matters and exercised my duties as a Director, through diligent and dedicated engagement, I provided professional and objective recommendations on the operation and development of the listed company, made positive contributions for improving the corporate governance structure and safeguarding the interests of the Company as a whole as well as the legitimate rights and interests of the public shareholders.

In 2024, I will continuously abide by the regulatory requirements of listed securities companies, diligently and faithfully perform their duties in strict compliance with the relevant requirements under the laws, regulations and the Articles of Association; and effectively safeguard the legitimate rights and interests of all the Shareholders and in particular of the minority Shareholders, with a view to promoting the sustainable, healthy and stable development of the Company.

Independent Director: ZHU Kai  
March 2024

**2023 WORK REPORT OF INDEPENDENT DIRECTORS OF THE COMPANY****JIN Qinglu**

As an independent director of DFZQ from January to October 2023, I engaged in the decision-making of key matters of the Company independently and objectively, and performed my duties as an independent director faithfully and diligently pursuant to the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) issued by the CSRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 1 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation (hereinafter referred to as “**Standardized Operation**”), the Guidelines No. 6 for the Self regulation of Listed Companies on the Shanghai Stock Exchange – Periodic Reports and other regulations, and hereby report my work in 2023 as follows:

**I. GENERAL INFORMATION**

I have served as an independent Director of the Company from October 2017 to October 2023, and also served as the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Board of the Company.

During my term of office, in addition to being an independent director of the Company, I have no direct or indirect interests in the Company and its substantial shareholders, or other relationships that may affect my independent and objective judgment, and there are no circumstances that may affect my independence.

**II. DESCRIPTION OF DUTY PERFORMANCE DURING THE YEAR****1. Number of Board meetings attended, manner and voting**

A total of 9 Board meetings were held from January to October 2023, including 2 meetings held on-site and 7 meetings held via correspondence. I attended all of such meetings in person and voted in favor of the resolutions submitted to the Board for consideration, and there was no objection or abstention. Details of the attendance are set out as follows:

<b>Name of Independent Director</b>	<b>Required attendance during the year</b>	<b>Attendance in person (times)</b>	<b>Attendance via correspondence (times)</b>	<b>Attendance by proxy (times)</b>	<b>Absence (times)</b>
JIN Qinglu	9	9	7	0	0

**2. Number of general meetings attended**

A total of three general meetings were held throughout the year, and I attended 2 meetings in person. I was absent from the Company's 2023 second extraordinary general meeting held on October 30, 2023 due to official duties and submitted my leave application and filing to the Board of the Company in advance.

**3. Attendance at the meetings of Board committees and special meetings of independent Directors**

From January to October 2023, the Company held 4 meetings of the Audit Committee of the Board and held 6 meetings of the Remuneration and Nomination Committee of the Board, I attended all of such meetings in person.

During the Reporting Period, the Company did not have any matters listed in items (1) to (3) of the first paragraph of Article 3.5.16 and Article 3.5.17 of the Standardized Operation, and did not hold any special meetings for independent Directors.

**4. Exercising the functions and powers of independent Directors**

During the Reporting Period, in addition to attending general meetings, meetings of the Board and its special committees as required and expressing clear opinions on the matters considered, I also performed my duties by regularly access to operation information on the Company, listening to reports of the management, communicating with intermediaries such as the person in charge of the internal auditing department and the accounting firm engaged in the Company's auditing business, on-site inspections and communicating with minority shareholders, so as to promote the decision-making of the Board to be in line with the overall interests of the Company, protect the legitimate rights and interests of minority shareholders, and promote the improvement of the decision-making level of the Board.

**5. Basic information regarding key matters, methods and results of communication with the internal auditor and the accounting firm engaged in the auditing business of the Company in relation to the financial and business conditions of the Company**

During the Reporting Period, I proactively communicated with the Company's internal auditor and accounting firm by attending the Board meetings, the meetings of the Audit Committee of the Board and the work exchange meetings of independent Directors, and conducted completely exchange and analysis in relation to the internal control, financial and business conditions and key audit matters of the Company, and put forward detailed requirements for annual auditing work of the Company, effectively supervised and evaluated internal and external auditing work of the Company, so as to promote the Company to establish effective internal control and provide true, accurate and complete financial reports.

**6. Basic information regarding communication with minority shareholders**

During the Reporting Period, I proactively listened to and understood the opinions and concerns of minority shareholders regarding strategic development, innovation and transition, compliance and risk management by attending 2 general meetings and other seminars of the Company, and put forward professional opinions and recommendations relating to relevant decision-making and corporate governance, which effectively protected the interests of the Company and the legitimate rights and interests of minority shareholders.

**7. Time and content of on-site work in the Company**

According to the Administrative Measures for Independent Directors of Listed Companies, which came into effect in September 2023, independent directors shall work on-site for a listed company for no less than 15 days each year. During the Reporting Period, I earnestly performed my duties by attending the meetings of the Board and its special committees and the general meetings of the Company, attending the work training and exchange meetings of independent directors of the Company, etc., and prepared relevant work records as required, and all on-site working hours and contents were in compliance with relevant requirements.

**8. Other information on performance of duties and cooperation of the Company**

During the Reporting Period, I also expressed relevant independent opinions on matters involving in rights and interests of minority shareholders, such as the formulation of profit distribution plan, the deposit and actual use of proceeds, capital transactions and external guarantees, and the plan on shareholders' return in the next three years before the Measures for the Administration of Independent Directors of Listed Companies came into effect.

I also put forward relevant opinions and recommendations at the meetings of the Board, the Audit Committee and the board guideline meetings in relation to the Company's ESG-related sustainable development, balance between globalization and localization, digital transformation and strategy implementation. The Company provided proactive cooperation and support for my performance of duties, and attached great importance to the communication with me, and maintained daily contact and work implementation through email, telephone and other channels in a timely manner. The Company regularly prepared materials such as Board Bulletins, Compliance and Risk Management Comprehensive Report, Compliance Mails and Anti-Money Laundering Quarterly Report, so that I can timely access to the Company's operation and management information and follow up the operation dynamics, and put forward constructive opinions and recommendations on relevant resolutions of the Board. Meanwhile, the Company also circulated the Cases and Regulations on Illegal Trading of Shares by Directors, Supervisors and Senior Management of Listed Securities Companies and Their Relatives to me, so as to enhance my ability to perform duties in all aspects.

**III. KEY MATTERS OF INDEPENDENT DIRECTORS IN PERFORMING THEIR DUTIES DURING THE YEAR****1. Discloseable related-party transactions**

During the Reporting Period, the “Proposal Regarding the Auditing of the Related Party Transactions of the Company in 2022”, the “Proposal regarding the Projected Routine Related Party Transactions of the Company in 2023” and the “Proposal regarding the Capital Increase in Chengtay Leasing and Related Party Transactions by Orient Securities Innovation” were considered and approved at the 23rd and 29th meetings of the fifth session of the Board, the first and fourth meetings of the Audit Committee of the Board in 2023 or the 2022 AGM of the Company, respectively. I made an independent judgment that the projected routine related-party transactions of the Company for 2023 and prior to the convening of the 2023 AGM were conducted in the ordinary course of business and for the business development of the Company, which did not impair the independence of the Company; Orient Securities Innovation, a wholly-owned subsidiary of the Company, proposed to acquire part of the equity interest in Chengtay Leasing and increase its capital with special dividend payment, which was a related-party transaction as Chengtay Leasing optimized its capital structure, complied with regulatory requirements and promoted its sustainable development; The pricing of the transaction is reasonable and fair without prejudice to the interests of non-related shareholders of the Company and the Company. The procedures complied with laws, regulations and the requirements of the Articles of Association.

**2. Disclosure of financial information and internal control evaluation reports in financial accounting reports and periodic reports**

During the Reporting Period, the Company prepared and disclosed the 2022 Annual Report, the First Quarterly Report for the year 2023, the 2023 Interim Report and the 2022 Internal Control Evaluation Report in accordance with the Company Law, the Securities Law, the Administrative Measures for the Disclosure of Information of Listed Companies and the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and other laws and regulations as well as the requirements of regulatory documents strictly, and disclosed the financial information and material matters for the corresponding reporting period in a timely manner, so as to fully disclose the Company’s operation to investors. The above reports were considered and approved by the meetings of the Audit Committee of the Board and the Board of the Company. The 2022 Annual Report was also considered and approved at the 2022 AGM of the Company. I signed written confirmation opinions on the truthfulness, accuracy and completeness of the periodic reports of the Company, and agreed with the conclusions made in the 2022 Internal Control Evaluation Report of the Company. I believed that the report gave a comprehensive, truthful and accurate view of the actual situation of the Company’s internal control without false records, misleading statements or major omissions.



### **3. Appointment of accounting firm for auditing services of the Company**

During the Reporting Period, as considered and approved at the 2023 first meeting of the audit committee of the fifth session of the Board, the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the Company agreed to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the domestic and overseas auditors of the Company for 2023, and to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditors of the Company for 2023. I agreed with the above-mentioned re-appointment matters and considered that the appointment of the accounting firm was based on scientific decision-making, legal and compliant procedures and complied with the provisions of the Articles of Association.

### **4. Nomination, appointment and removal of Directors**

The Company held the 2023 first extraordinary general meeting on August 18, 2023, which considered and approved the Resolution in relation to change of non-executive Director of the Company. As nominated by the Board, and considered and approved at the 2023 third meeting of the Remuneration and Nomination Committee of the fifth session of the Board and the 27th meeting of the fifth session of the Board, the removal of Mr. CHENG Feng from the position of non-executive Director of the fifth session of the Board of the Company and the election of Ms. LI Yun as a non-executive Director of the fifth session of the Board of the Company were approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of independent non-executive director of the Company was considered and approved. As nominated by the Board, and considered and approved at the fifth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 29th meeting of the fifth session of the Board, the election of Mr. ZHU Kai as an independent non-executive Director of the fifth session of the Board was approved at the general meeting.

The Company held the 2023 second extraordinary general meeting on October 30, 2023, at which the Resolution in relation to the election of executive Director of the Company was considered and approved. As nominated by the Board, and considered and approved at the sixth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 30th meeting of the fifth session of the Board, the election of Mr. GONG Dexiong as an executive Director of the fifth session of the Board was approved at the general meeting.

After reviewing the personal biographies of the relevant Director candidates of the fifth session of the Board and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed Directors possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.

## **5. Appointment of senior management**

The Company held the 26th meeting of the fifth session of the Board on July 10, 2023, at which the Resolution in relation to the appointment of senior management of the Company was considered and approved. As nominated by the president and considered and approved at the 2023 second meeting of the Remuneration and Nomination Committee of the Board, the Board approved to appoint Mr. CHEN Gang as the chief research officer of the Company and Mr. WU Zezhi as the chief investment officer of the Company.

After reviewing the above-mentioned proposed senior management's educational background, personal biographies and other relevant information that helpful to make judgments, I made an independent judgment that the newly appointed senior management members possessed the relevant expertise and decision-making, supervision and coordination capacity, met the requirements for performance of duties of the relevant positions of the Company and were conducive to the operation and development of the Company, and their qualifications satisfied the relevant requirements in the Company Law, the Securities Law, the Measures for the Supervision and Management of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions and other laws and regulations and the relevant provisions of the Articles of Association, and the above appointment procedures were in compliance with laws and regulations and the Articles of Association.

## **6. Remuneration of Directors and senior management members**

At the 23rd meeting of the fifth session of the Board and the 2022 AGM of the Company, the 2022 Annual Report of the Company was considered and approved respectively. I approved the remuneration of the Directors and senior management disclosed in the annual report of the Company, and considered that the total remuneration of the Directors and senior management of the Company for 2022 was in compliance with the requirements of Articles of Association, the Terms of Reference of the Remuneration and Nomination Committee of the Company, the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company.

The fourth meeting of the Remuneration and Nomination Committee of the fifth session of the Board in 2023 and the 28th meeting of the fifth session of the Board considered and approved the Resolution in relation to Determination of the total performance bonus of senior management members of the Company in 2022, respectively. After consideration, I believed that the total amount of performance bonuses determined in accordance with the Assessment, Incentive and Restraint Mechanism Plan for Senior Management of the Company and based on the relevant data in the consolidated financial statements of the Company in 2022, and the annual performance evaluation conducted by the Remuneration and Nomination Committee of the Board was in line with the actual situation and system regulations of the Company, which could reflect the consistency of responsibilities, rights and interests, and was conducive to the sustainable development of the Company. The above consideration procedures and the resolutions passed were in compliance with the relevant provisions of laws and regulations and the Articles of Association.

Save for the above, during the Reporting Period, the Company did not have any other matters listed in Article 2.2.8, Article 2.2.13, Article 2.2.14 and Article 3.5.16 of the Standardized Operation, nor did the independent Directors exercise any special powers listed in the first paragraph of Article 3.5.17.

**IV. OVERALL EVALUATION AND RECOMMENDATIONS**

From January to October 2023, I faithfully performed my duties as an independent Director, actively participated in key matters and exercised my duties as a Director, through diligent and dedicated engagement, I provided professional and objective recommendations on the operation and development of the listed company, made positive contributions for improving the corporate governance structure and safeguarding the interests of the Company as a whole as well as the legitimate rights and interests of the public shareholders during my term of office.

Independent Director: JIN Qinglu  
March 2024

## 2023 FINAL ACCOUNTS REPORT OF THE COMPANY

Dear Shareholders,

The preparation of 2023 final accounts report of the Company has been completed. The 2023 financial statements of the Company were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, who issued a standard unqualified audit report thereon.

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

## 2023 KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB100 million

Items	A Share			H Share		
	As at the end of 2023	As at the end of 2022	Change	As at the end of 2023	As at the end of 2022	Change
Total assets	<b>3,836.90</b>	3,680.67	+4%	<b>3,836.90</b>	3,680.67	+4%
Total liabilities	<b>3,049.30</b>	2,906.69	+5%	<b>3,049.30</b>	2,906.69	+5%
Net assets	<b>787.46</b>	773.86	+2%	<b>787.46</b>	773.86	+2%
Net capital (parent company)	<b>505.92</b>	473.77	+7%	<b>505.92</b>	473.77	+7%
Items	<b>2023</b>	2022	Change	<b>2023</b>	2022	Change
Operating income/revenue and other income	<b>170.90</b>	187.29	-9%	<b>242.77</b>	231.07	+5%
Operating expenses/total expenses	<b>143.44</b>	155.50	-8%	<b>219.42</b>	203.95	+8%
Total profit	<b>29.19</b>	33.78	-14%	<b>29.19</b>	33.78	-14%
Net profit	<b>27.54</b>	30.11	-9%	<b>27.54</b>	30.11	-9%
Total comprehensive income	<b>31.71</b>	29.41	+8%	<b>31.71</b>	29.41	+8%
Earnings per Share (RMB/Share)	<b>0.30</b>	0.35	-14%	<b>0.30</b>	0.35	-14%
			↓ 0.71			↓ 0.71
Weighted average return on net assets	<b>3.45%</b>	4.16%	percentage point	<b>3.45%</b>	4.16%	percentage point

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

**I. FINANCIAL POSITION IN 2023****(i) Assets**

As at the end of 2023, total assets of the Company amounted to RMB383.690 billion, representing an increase of RMB15.624 billion or 4% as compared with those of the end of the previous year. The major changes were as follows: various kinds of financial investment and derivative financial assets recorded an increase of RMB29.116 billion in aggregate from the end of the previous year; clearing settlement funds recorded an increase of RMB6.208 billion over the end of the previous year; lending amount recorded an increase of RMB1.573 billion over the end of the previous year; with the decrease in customer funds, monetary funds recorded a decrease of RMB17.769 billion over the end of the previous year; and the financial assets held under resale agreements recorded a decrease of RMB3.173 billion over the end of the previous year.

**(ii) Liabilities**

As at the end of 2023, total liabilities of the Company amounted to RMB304.930 billion, representing an increase of RMB14.262 billion or 5% as compared with those of the end of the previous year. The major changes were as follows: amount due to banks and other financial institutions recorded an increase of RMB17.318 billion over the end of the previous year; financial assets sold under repurchase agreements increased by RMB11.417 billion over the end of the previous year; short-term financing bills payable recorded a decrease of RMB5.503 billion over the end of the previous year; bonds payable increased by RMB4.355 billion over the end of the previous year; amount from securities brokerage business decreased by RMB11.470 billion over the end of the previous year and financial liabilities held for trading decreased by RMB3.237 billion over the end of the previous year.

After deducting amount from securities brokerage business and funds payable to securities issuers, as at the end of 2023, the gearing ratio of the Company was 71.05%, representing an increase of 2.64 percentage points as compared with that of the end of the previous year.

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

As at the end of 2023, net assets of the Company amounted to RMB78.746 billion, representing an increase of RMB1.359 billion or 2% as compared with that of the end of the previous year. The major changes were as follows: net profit of RMB2.754 billion in 2023, other comprehensive income (net of tax) of RMB417 million, cash dividend distributed for 2022 of RMB1.275 billion, the payment for interest of perpetual bonds of RMB238 million and the expense for repurchase of shares of RMB300 million.

At the end of 2023, net asset per Share attributable to owners of the parent company was RMB9.30/Share, representing an increase of RMB0.19/Share or 2% over the end of the previous year.

As of the end of 2023, net capital of the parent company amounted to RMB50.592 billion, representing an increase of RMB3.215 billion over the end of the previous year. During the year, major risk control indicators such as net capital continued to meet regulatory requirements.

**II. OPERATION RESULTS IN 2023****(i) Operating Income**

In 2023, the Company realized operating income of RMB17.090 billion, representing a year-on-year decrease of RMB1.639 billion or 9%, among which:

1. net fee income and commission amounted to RMB6.935 billion, down by RMB1.099 billion year on year, which was mainly attributable to the decrease of RMB617 million in net fee income from asset management business as compared with the same period last year; the decrease of RMB304 million in net fee income from brokerage business as compared with the same period last year and the decrease of RMB223 million in net fee income from investment banking business as compared with the same period last year.
2. the investment income and gains from fair value changes amounted to RMB2.972 billion, representing a year-on-year increase of RMB405 million, which was mainly attributable to the increase in investment income and gains from fair value changes of equity securities of the Company during the period.
3. net interest income amounted to RMB1.764 billion, representing a year-on-year increase of RMB124 million, which was mainly attributable to the increase of RMB328 million in interest income from equity pledge repurchase, the increase of RMB141 million in interest expense on reverse repurchase and the decrease of RMB70 million in interest expenses on bonds payable.
4. income from other businesses amounted to RMB5.459 billion, representing a year-on-year decrease of RMB1.173 billion, which was mainly attributable to the decrease in income of sales of bulk commodities by subsidiaries during the period.

**(ii) Operating Expenditure**

In 2023, the Company incurred operating expenditure of RMB14.344 billion, representing a year-on-year decrease of RMB1.206 billion or 8%, which was mainly attributable to a year-on-year decrease of RMB1.263 billion in other business cost, which mainly due to the decrease in cost of sales of bulk commodities by subsidiaries during the period; a year-on-year decrease of RMB146 million in business and administrative expenses, which mainly due to the year-on-year decrease of RMB73 million in staff costs; a year-on-year increase of RMB197 million in credit impairment loss during the period due to the increase in impairment provided for the share pledge business.

**(iii) Profit and Comprehensive Income**

In 2023, the Company realized net profit of RMB2.754 billion, a decrease of RMB257 million or 9% compared with the same period of last year. The Company realized total comprehensive income of RMB3.171 billion, an increase of RMB230 million or 8% compared with the same period of last year.

In 2023, earnings per Share attributable to ordinary shareholders of the parent company amounted to RMB0.30 per Share, a decrease of RMB0.05 per Share or 14% compared with the same period of last year.

In conclusion, the Company adhered to the general principle of high-quality development in 2023, maintained its strategic focus, and demonstrated development resilience in a certain extent. Due to the year-on-year decrease in net fee income and other reasons, the overall performance of the Company declined slightly, but the operating performance remained relatively stable as a whole.

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

PROPOSAL REGARDING THE PROJECTED ROUTINE RELATED-PARTY  
TRANSACTIONS OF THE COMPANY IN 2024

Dear Shareholders,

In accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Guidelines No. 5 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange, and the Administrative Measures for the Related Party Transactions of the Company, taking into consideration of the Company's daily operation and business development needs, the Company has made estimation on the routine related party transactions that may occur in 2024 and up to 2024 annual general meeting, details of which are as follows:

**I. DESCRIPTION OF RELATED PARTIES AND RELATED RELATIONSHIP****1. Shenergy (Group) Company Limited (“Shenergy Group”) and its related companies**

Shenergy Group was established by Shanghai State-owned Assets Supervision and Administration Commission on November 18, 1996 with a registered capital of RMB28 billion. Its legal representative is HUANG Dinan. Shenergy Group holds 26.63% shares of the Company and is the largest shareholder of the Company. The related companies of Shenergy Group include parties acting in concert with Shenergy Group, associates of Shenergy Group<sup>1</sup> and major upstream and downstream companies of Shenergy Group and the above entities.

**2. Other related parties**

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

**(1) Related natural persons**

Related natural persons refer to natural persons who directly or indirectly hold more than 5% of the Shares of the Company; Directors, Supervisors and senior management of the Company; close family members of the aforementioned persons; natural persons that met or will meet any of the conditions enumerated above in the past 12 months or within 12 months after relevant agreements or arrangements take effect; and other natural persons, recognized based on the principle of substance over form by the CSRC, the Shanghai Stock Exchange, or by the Company, who have a special relationship with the Company and may cause the Company to lean against its interest.

<sup>1</sup> According to Rule 14A.13 of the Hong Kong Listing Rules, associates of Shenergy Group mainly include subsidiaries (50% controlled companies) of Shenergy Group, 30% controlled companies held by Shenergy Group and its subsidiaries and any subsidiaries under such 30% controlled companies.



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

Related legal persons refer to legal persons or other organizations which hold more than 5% of the Shares of the Company and parties acting in concert with them other than Shenergy Group; legal persons or other organizations directly or indirectly controlled by the related natural persons of the Company, or where the related natural persons of the Company serve as Directors (excluding being an independent Director of both parties) and senior management, other than the Company and its holding subsidiaries; legal persons or other organizations that met or will meet any of the conditions enumerated above in the past 12 months or within 12 months after relevant agreements or arrangements take effect; and legal persons or other organizations, recognized based on the principle of substance over form by the CSRC, the Shanghai Stock Exchange, or by the Company, who have a special relationship with the Company and may cause the Company to lean against its interest.

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

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

<b>Category of Transactions</b>	<b>Description</b>	<b>Projected Amount</b>
Securities and Financial Services	The services cover, including but not limited to: securities and futures brokerage; sales of securities financial products; underwriting and sponsoring; financial consultancy; entrusted assets management; settlement and sale of foreign exchange; securities financial business; asset custody; securities and financial advisory and consultancy; insurance, etc.	The related-party transactions with Shenergy Group and its associates are conducted in accordance with the framework agreements on related-party transactions entered into between the Company and Shenergy Group, and the amount of the transactions shall not exceed the maximum amount agreed in the said agreements.

Trading in Securities and Financial Products	The trading covers, including but not limited to:	For related-party transaction with other related companies of Shenergy Group, due to uncertainties of the occurrence and volume of such business, the projected cap will be calculated based on the actual amount.
	<ol style="list-style-type: none"> <li>1. transactions relating to equity products, non-equity products and their derivatives: including but not limited to stocks, bonds, funds, trusts, wealth management products, asset management schemes, asset securitization products, swaps, futures, options, forwards and other financial products;</li>   <li>2. financing-related transactions: financial intermediation activities among financial institutions, including but not limited to interbank lending; repurchases; mutual holding of debt instruments such as income certificates, short-term financing bills, subordinated bonds and corporate bonds; and</li>   <li>3. other securities and financial products transactions as permitted by the regulatory authorities.</li> </ol>	
Purchasing goods and receiving labor	Including services received within the business scope of Shenergy Group and its associates, which cover, including but not limited to:	
	<p>acceptance of goods and labor such as electricity, gas, natural gas, gas stoves, gas equipment, gas kitchen equipment, and acceptance of services such as property management, gas transmission and distribution, gas project planning, design and construction, labor services, research and consulting, training and rental business.</p>	

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

<b>Category of Transactions</b>	<b>Description</b>	<b>Projected Amount</b>
Securities and Financial Services	<p>The services provided or received cover, including but not limited to:</p> <p>securities and futures brokerage; leasing of trading seats; sale of securities and financial products; underwriting and sponsoring; financial consultancy; entrusted assets management; settlement and sale of foreign exchange; securities and financial business; entrusted assets management; securities and financial advisory and consultancy; insurance, etc.</p>	<p>Due to uncertainties of the occurrence and volume of such business, the projected cap will be calculated based on the actual amount.</p>
Trading in Securities and Financial Products	<p>The trading covers, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. transactions relating to equity products, non-equity products and their derivatives: including but not limited to stocks, bonds, funds, trusts, wealth management products, asset management schemes, asset securitization products, swaps, futures, options, forwards and other financial products;</li> <li>2. financing-related transactions: financial intermediation activities among financial institutions, including but not limited to interbank lending; repurchases; mutual holding of debt instruments such as income certificates, short-term financing bills, subordinated bonds and corporate bonds; and</li> <li>3. other securities and financial products transactions as permitted by the regulatory authorities.</li> </ol>	

Other services      Including but not limited to the following services:

acceptance of labor service, research and consultancy, training, media publicity, property management, property leasing and other services.

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

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

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

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

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

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

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

**PROPOSAL REGARDING THE ENGAGEMENT OF ACCOUNTING FIRM IN 2024**

According to the domestic and international supervisory regulations, the Company appointed accounting firms as the domestic and overseas auditors of the Company which were responsible for provision of relevant audit services in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards. Pursuant to the resolution approved at the 2022 annual general meeting of the Company, the Company engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP as the domestic auditor of the Company for the year of 2023 and Deloitte Touche Tohmatsu as the overseas auditor of the Company for the year of 2023. After the completion of the audit for the year 2023, Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP have served as the overseas auditor for 8 consecutive years (2016-2023) and the domestic auditor for 7 consecutive years (2017-2023), respectively, reaching the maximum term of consecutive engagement of accounting firms as stipulated in the Administrative Measures for the Selection and Appointment of Accounting Firms by State-owned Financial Enterprises promulgated by the Ministry of Finance of the PRC.

In August 2023, the Company organised the selection and engagement of external auditors for 2024. In November 2023, the Company held a tender selection meeting for the selection and engagement of external auditors for 2024. In accordance with the Company Law, the Bidding Law of the People's Republic of China, the Administrative Measures on the Selection and Engagement of Accounting Firms by Financial Enterprises, the Administrative Measures on the Selection and Engagement of Accounting Firms by State-owned Enterprises and Listed Companies and other relevant regulations, the bid evaluation committee carefully reviewed the bidding plan and on-site statements of the bidding accounting firms in accordance with the principles of fairness, justice and merit, and recommended KPMG Huazhen LLP and its overseas institution, KPMG, to the Company based on the score ranking, as the candidates for the external auditors of A + H Shares in 2024.

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

1. To approve the engagement of KPMG Huazhen LLP as the domestic auditor of the Company for the year 2024 and the internal control auditor of the Company for the year 2024, to be responsible for providing relevant audit services in accordance with the China Accounting Standards for Business Enterprises, for a term of one year.
2. To approve the engagement of KPMG as the overseas auditor of the Company for the year 2024, to be responsible for providing relevant audit and review services in accordance with the International Financial Reporting Standards, for a term of one year.
3. To approve that the total domestic and overseas audit, review and other services fees of the Company for the year 2024 shall not exceed RMB3,050,000 (excluding the audit fees for subsidiaries; of which the audit fees for internal control shall be RMB450,000). The audit service fees for the year 2024 shall be determined through invited bidding in accordance with the audit volume and principles of fairness and reasonableness.
4. If the audit fees increase due to the change in the scope of the audit, the general meeting shall authorise the management of the Company to determine the audit fees in accordance with market principles and enter into relevant contracts.

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

## THE INDEPENDENT DIRECTOR POLICY OF THE COMPANY

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to regulate the conducts of 東方證券股份有限公司 (hereinafter referred to as the “**Company**”), give full play to the role of independent directors in corporate governance and facilitate the independent directors of the Company to perform their duties diligently, the System is formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “**Securities Law**”), the Regulations on Supervision and Administration of Securities Firms, the Rules for Governance of Listed Companies, the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations, the Measures for Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Management Institutions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and other relevant laws, regulations, rules and normative documents and the relevant provisions of the Articles of Association of 東方證券股份有限公司 (hereinafter referred to as the “**Articles of Association**”) and based on the actual situation of the Company.

**Article 2** An independent director refers to a director who does not hold any position in the Company other than as a director, and has no direct or indirect interest in the Company and its substantial shareholders (substantial shareholders refer to shareholders who hold more than five percent of the shares of the listed company, or who hold less than five percent of the shares but have significant influence on the company) or de facto controllers, or other relationships that may affect his/her independent and objective judgment.

**Article 3** The proportion of independent directors of the Company shall not be less than one-third of the members of the Board of Directors, and at least one of them shall be an accounting professional, which complies with the requirements of Rule 3.10(2) of the Hong Kong Listing Rules.

Independent directors shall faithfully and diligently fulfill their obligations to the Company and all shareholders, and shall earnestly perform their duties in accordance with relevant laws and regulations, the provisions of the China Securities Regulatory Commission (hereinafter referred to as the “**CSRC**”), the business rules of the stock exchange and the requirements of the Articles of Association, play the role of participating in decision-making, supervision and checks and balances, and professional consultation in the Board of Directors, safeguard the overall interests of the Company and protect the legitimate rights and interests of minority shareholders.

Independent directors shall perform their duties independently and shall not be affected by the Company and its substantial shareholders, actual controllers and other entities and individuals.

**Article 4** Independent directors shall attend the Board meetings on time, understand the production and operation of the Company, take the initiative to investigate and obtain necessary facts and information for making decisions.

**CHAPTER II QUALIFICATIONS, APPOINTMENT AND  
REMOVAL OF INDEPENDENT DIRECTORS**

**Article 5** Independent directors shall be qualified for the exercise of their powers. Persons serving as independent directors shall meet the following basic conditions:

- (1) more than 5 years of experience in securities, finance, law, accounting or other work necessary for performing the duties of an independent director;
- (2) the education background of college graduate or above and a bachelor's degree or above;
- (3) have the time and energy necessary to perform the duties;
- (4) having the qualifications to serve as a director and independent director of securities companies and listed companies in accordance with the laws, administrative regulations and other relevant provisions;
- (5) he/she has the independence required by the normative documents on the independent director system issued by the CSRC and the Hong Kong Listing Rules;
- (6) having the basic knowledge of the operation of listed companies and being familiar with relevant laws, administrative regulations, rules and regulations;
- (7) having good personal morality and no bad records such as major dishonesty;
- (8) other conditions required by laws, administrative regulations, provisions of the CSRC, the listing rules or business rules of the place where the shares of the Company are listed and the Articles of Association.

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

- (1) persons who hold positions in the Company or its subsidiaries (subsidiaries refer to enterprises directly or indirectly controlled by relevant entities) and their immediate family members and key social contacts (immediate family members refer to spouses, parents, children, etc.; key social contacts refer to brothers and sisters, spouses of brothers and sisters, parents of spouses, brothers and sisters of spouses, spouses of children, parents of spouses of children, etc., the same below);
- (2) persons who work in corporate shareholders that directly or indirectly hold over 5% of the equity of the Company or in the top 5 corporate shareholders of the Company and their immediate family members;

- (3) persons directly or indirectly holding over 1% of the equity of the Company or being natural persons among the top 10 shareholders of the Company and their immediate family members;
- (4) persons who hold positions in the subsidiaries of the controlling shareholder or actual controller of the Company and their immediate family members;
- (5) persons who provide financial, legal, consulting, sponsorship and other services to the Company and its controlling shareholders, de facto controllers or their respective subsidiaries, including but not limited to all members of the project team, reviewers at all levels, persons who sign on reports, partners, directors, senior management and key persons in charge of intermediaries that provide services;
- (6) persons who have significant business dealings with the Company and its controlling shareholders, actual controllers or their respective subsidiaries, or persons who hold positions in entities with significant business dealings and their controlling shareholders or actual controllers;
- (7) any person who falls under any of the above six circumstances in the latest 12 months;
- (8) persons who do not meet the circumstances specified in Article 9 of the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Business Institutions;
- (9) other persons who are prohibited from acting as independent directors under the Articles of Association;
- (10) other persons who are deemed not to be independent directors of the Company by the CSRC, the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

The subsidiaries of the controlling shareholder and actual controller of the Company in items 4 to 6 of the preceding paragraph do not include the enterprises controlled by the same state-owned assets management institution with the Company and do not constitute related relationships with the Company in accordance with relevant regulations.

Independent directors shall conduct self-inspection on their independence every year and submit the self-inspection to the Board of Directors. The Board of Directors shall evaluate the independence of incumbent independent directors every year and issue special opinions, which shall be disclosed together with the annual report.



**Article 7** Nomination, election and change of independent directors shall follow the procedures set out below:

- (1) the Board of Directors, the Supervisory Committee, and shareholders individually or jointly holding more than 1% of the issued shares of the Company may propose candidates for independent directors, and such candidates shall be elected at the general meeting. Investors protection institutions established in accordance with the law may publicly request shareholders to entrust them to exercise their rights to nominate independent directors on their behalf. The aforesaid nominators shall not nominate persons with interests or other close relationships that may affect the performance of duties as candidates for independent directors.
- (2) the nominator of an independent director shall obtain the consent of the nominee prior to the nomination. The nominator shall fully understand the occupation, education, title, detailed work experience, all part-time jobs, and have no bad records such as major dishonesty of the nominee, and carefully verify whether it complies with laws and regulations and the requirements of the CSRC and the stock exchanges on the qualifications, qualifications and independence of independent directors, and make statements and commitments on the verification results; the nominee shall make a declaration and undertaking as to his/her compliance with the independence and other conditions, qualifications and ability to perform his/her duties as an independent director, and whether there are any circumstances affecting his/her independence. The remuneration and nomination committee of the Board of Directors shall review the qualifications of the nominees and form a clear review opinion. Before the convening of the general meeting for the election of independent directors, the Company shall disclose the above-mentioned relevant information in accordance with the regulations and submit the relevant materials of all nominees to the Shanghai Stock Exchange. Where the Board of Directors of the Company disagrees with the relevant information of the candidates for independent directors, a written opinion shall be submitted to the Board of Directors at the same time.

When convening a general meeting to elect independent directors, the Board of Directors of the Company shall explain whether the candidates for independent directors have been objected by the Shanghai Stock Exchange. The Company shall not submit any objections to the candidates for independent directors to the general meeting for voting. If such proposal has been submitted to the general meeting for consideration, such proposal shall be canceled.

- (3) the cumulative voting system shall be adopted for the election of more than two independent directors at the general meeting of the Company. The voting of minority shareholders shall be counted separately and disclosed.

- (4) the term of office of an independent director shall be the same as that of other directors. Upon expiration of the term, the independent director may be re-elected and re-appointed, but the consecutive term of office shall not exceed six years.
- (5) Before the expiration of the term of office of an independent director, the Company may remove him/her from office through legal procedures. In case of early dismissal, the Company shall disclose the specific reasons and basis in a timely manner. If an independent director disagrees, the Company shall make disclosure in a timely manner. If an independent director fails to meet the independence requirements or does not meet the qualification requirements for serving as a director of a listed company in accordance with laws, administrative regulations and other relevant provisions, he/she shall immediately cease to perform his/her duties and resign from his/her position. Where he/she fails to resign, the Board of Directors shall discharge his/her duties as required immediately upon becoming aware of or being aware of the fact. If an independent director resigns or is removed from office due to the circumstances mentioned above, the proportion of independent directors in the Board of Directors or its special committees does not comply with the provisions of this System or the Articles of Association, or the independent director lacks accounting professionals, the Company shall complete the by-election within 60 days from the date of the occurrence of the foregoing facts.
- (6) An independent director may resign before his/her term of office expires. An independent director who resigns shall submit a written resignation report to the Board of Directors, stating any circumstances related to his/her resignation or which he/she considers necessary to draw the attention of the shareholders and creditors of the Company. The Company shall disclose the reasons and concerns for the resignation of independent directors.

If the proportion of independent directors in the Board of Directors or its special committees does not comply with the provisions of this System or the Articles of Association due to the resignation of independent directors, or if there is a lack of accounting professionals in the independent directors, the independent directors who intend to resign shall continue to perform their duties until the date on which a new independent director is appointed. The Company shall complete the by-election within 60 days from the date of resignation by the independent director.

**CHAPTER III DUTIES AND PERFORMANCE METHODS OF INDEPENDENT DIRECTORS**

**Article 8** Independent directors shall perform the following duties:

- (1) to participate in the decision-making of the Board of Directors and express clear opinions on the matters discussed;
- (2) to supervise the potential material conflict of interests between the Company and its controlling shareholders, actual controllers, directors and senior management as set out in Articles 14, 17, 18 and 19 of this System, so as to promote the decision-making of the Board of Directors to be in the interests of the Company as a whole and to protect the legitimate rights and interests of minority shareholders;
- (3) to provide professional and objective advice on the operation and development of the Company and promote the improvement of the decision-making level of the Board of Directors;
- (4) other duties stipulated by laws, administrative regulations, provisions of the CSRC and the Articles of Association.

**Article 9** Independent directors shall exercise the following special powers:

- (1) to independently engage intermediaries to audit, consult or verify specific matters of the Company;
- (2) to propose to the Board of Directors to convene an extraordinary general meeting;
- (3) to propose the convening of Board meetings;
- (4) to publicly solicit shareholders' rights from shareholders in accordance with the law;
- (5) to express independent opinions on matters that may damage the interests of the Company or minority shareholders;
- (6) other functions and powers stipulated by laws, administrative regulations, provisions of the CSRC and the Articles of Association.

Where an independent director exercises the functions and powers listed in the items 1 to 3 of the preceding paragraph, such exercise shall be subject to the consent of more than half of all the independent directors.

If an independent director exercises the functions and powers listed in the first paragraph, the Company shall disclose them in a timely manner. Where the above powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

**Article 10** Before convening a Board meeting, independent directors may communicate with the secretary to the Board of Directors, make inquiries about the matters to be considered, require supplementary materials, and put forward opinions and suggestions. The Board of Directors and relevant personnel shall carefully study the problems, requirements and opinions raised by independent directors, and timely report to independent directors on the implementation of the amendments to the resolutions.

**Article 11** Independent directors shall attend Board meetings in person. If they are unable to attend the meeting in person for any reason, the independent directors shall review the meeting materials in advance to form a clear opinion and entrust other independent directors in writing to attend the meeting on their behalf.

If an independent director fails to attend the Board meeting in person for two consecutive times, or does not appoint another independent director to attend on his/her behalf, the Board of Directors shall propose to convene a general meeting to remove such independent director within 30 days from the date of the occurrence of such fact.

**Article 12** If an independent director votes against or abstains from voting on a resolution of the Board of Directors, he/she shall explain the specific reasons and basis, the legal compliance of the matters involved in the resolution, the possible risks and the impact on the rights and interests of the Company and minority shareholders. When disclosing the resolutions of the Board of Directors, the Company shall also disclose the objections of the independent directors and state them in the resolutions and minutes of the Board of Directors.

**Article 13** Independent directors shall continue to pay attention to the implementation of the resolutions of the Board of Directors in relation to the matters set out in Articles 14, 17, 18 and 19 hereof, and shall report to the Board of Directors in a timely manner if they find that there are any violations of laws, administrative regulations, provisions of the CSRC, business rules of the stock exchange and the Articles of Association, or violations of the resolutions of the general meeting and the Board of Directors, and may require the Company to make written explanations. Where the disclosure is involved, the Company shall disclose it in a timely manner.

If the Company fails to make a statement or make a timely disclosure in accordance with the preceding paragraph, the independent directors may report to the CSRC and the stock exchange.

**Article 14** The following matters shall be submitted to the Board of Directors for consideration with the consent of more than half of all independent directors of the Company:

- (1) related party transactions to be disclosed;
- (2) the plan for change or waiver of undertakings by the Company and relevant parties;
- (3) the decisions made and measures taken by the Board of Directors of the acquired company in respect of the acquisition;
- (4) other matters stipulated by laws, administrative regulations, provisions of the CSRC and the Articles of Association.

**Article 15** The Company shall hold all meetings attended by independent directors (hereinafter referred to as the “**Special Meetings of Independent Directors**”) on a regular or irregular basis. The matters listed in items 1 to 3 of the first paragraph of Article 9 and Article 14 hereof shall be considered at a Special Meeting of Independent Directors.

Special Meetings of Independent Directors may consider and discuss other matters of the Company as needed.

Special Meetings of Independent Directors shall be convened and presided over by an independent director jointly elected by more than half of the independent directors; in the event that the convener fails or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to chair the meeting on his/her own.

The Company shall facilitate and support the convening of Special Meetings of Independent Directors.

**Article 16** Independent directors shall perform their duties in the special committees of the Board of Directors of the Company in accordance with the laws, administrative regulations, the provisions of the CSRC, the business rules of the stock exchange and the Articles of Association. Independent directors shall attend the meetings of the special committees in person. If they are unable to attend the meetings in person for any reason, they shall review the meeting materials in advance, form clear opinions, and entrust other independent directors in writing to attend the meetings on their behalf. Independent directors who pay attention to material matters of the Company within the scope of duties of the special committees in the performance of their duties may promptly submit to the special committees for discussion and consideration in accordance with the procedures.

**Article 17** The audit committee of the Board of the Company shall be responsible for reviewing the financial information of the Company and its disclosure, supervising and evaluating the internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration with the consent of more than half of all members of the audit committee:

- (1) to disclose financial information and internal control evaluation reports in financial accounting reports and regular reports;
- (2) to engage or dismiss an accounting firm undertaking the audit of the Company;
- (3) to appoint or dismiss the financial officers of the Company;
- (4) changes in accounting policies and accounting estimates or corrections of material accounting errors due to reasons other than changes in accounting standards;
- (5) other matters stipulated by laws, administrative regulations, provisions of the CSRC and the Articles of Association.

The audit committee shall meet at least once a quarter, and two or more members may propose, or the convener deems necessary, to convene an extraordinary meeting. A meeting of the audit committee shall be attended by more than two-thirds of its members for convening.

**Article 18** The remuneration and nomination committee of the Board of the Company is responsible for formulating the selection criteria and procedures for directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications, and making recommendations to the Board of Directors on the following matters:

- (1) the nomination, appointment and removal of directors;
- (2) to appoint or dismiss senior management personnel;
- (3) other matters stipulated by laws, administrative regulations, provisions of the CSRC and the Articles of Association.

If remuneration and nomination committee's recommendations to the Board are not adopted or are not fully adopted, it shall record the opinions of the remuneration and nomination committee and the specific reasons for its non-adoption in the resolution of the Board of Directors and make disclosure.

**Article 19** The remuneration and nomination committee of the Board of the Company is responsible for formulating the assessment standards for and conducting assessment on directors and senior management, formulating and reviewing the remuneration policies and plans for directors and senior management, and making recommendations to the Board of Directors on the following matters:

- (1) remuneration of directors and senior management;
- (2) to formulate or modify the equity incentive plan and the employee stock ownership plan, and the participants are granted the rights and interests and the conditions for exercising the rights and interests are fulfilled;
- (3) arrangement of stock ownership plan by directors and senior management in the proposed spin-off subsidiary;
- (4) other matters stipulated by laws, administrative regulations, provisions of the CSRC and the Articles of Association.

If remuneration and nomination committee's recommendations to the Board are not adopted or are not fully adopted, it shall record the opinions of the remuneration and nomination committee and the specific reasons for its non-adoption in the resolution of the Board of Directors and make disclosure.

**Article 20** Independent opinions issued by the independent directors on material matters shall at least include the following:

- (1) basic information of material matters;
- (2) the basis of opinions, including the procedures performed, the documents reviewed and the contents of on-site inspection;
- (3) the legality and compliance of material matters;
- (4) the impact on the interests of the Company and minority shareholders, the potential risks and the effectiveness of the measures adopted by the Company;
- (5) conclusive opinions expressed. If a qualified opinion or dissenting opinion is raised on a material matter or no opinion can be given, relevant independent directors shall clearly explain the reasons and obstacles for inability to express opinion.

The independent directors shall sign and confirm their independent opinions issued, and report the said opinions to the Board of Directors in a timely manner and disclose the same together with relevant announcements of the Company.

**Article 21** The on-site working hours of independent directors in the Company shall be no less than 15 days per year.

In addition to attending general meetings, meetings of the Board of Directors and its special committees, and Special Meetings of Independent Directors as required, independent directors may perform their duties by regularly obtaining information on the Company's operations, listening to reports of the management, communicating with the person in charge of the internal audit department and intermediaries such as the accounting firm undertaking the Company's audit business, conducting on-site inspections, and communicating with minority shareholders.

**Article 22** Minutes shall be prepared for the meetings of the Board of Directors and its special committees and Special Meetings of Independent Directors as required, and the opinions of independent directors shall be set out in the minutes. Independent directors shall sign and confirm the minutes.

Independent directors shall prepare work records and keep detailed records of their performance of duties. Information obtained by independent directors in the course of performing their duties, relevant meeting minutes, communication records with the staff of the Company and intermediaries, etc. constitute an integral part of the work records. For important contents in the work records, independent directors may require the secretary to the Board of Directors and other relevant personnel to sign for confirmation, and the Company and relevant personnel shall cooperate.

The working records of independent directors and the information provided by the Company to independent directors shall be kept for at least ten years.

**Article 23** The Company shall improve the communication mechanism between independent directors and minority shareholders, and independent directors may timely verify the questions raised by investors.



**Article 24** The independent directors shall submit the annual work report to the annual general meeting of the Company and explain the performance of their duties. The annual work report shall include the following:

- (1) the number of Board meetings attended, the method and voting results, and the number of general meetings attended;
- (2) participation in special meetings of the Board committees and Special Meetings of Independent Directors;
- (3) to consider the matters set out in Articles 14, 17, 18 and 19 hereof and to exercise the special functions and powers of independent directors listed in the first paragraph of Article 9 hereof;
- (4) major matters, methods and results of communication with the internal audit institution and the accounting firm undertaking the audit business of the Company in relation to the financial and business conditions of the Company;
- (5) communication with minority shareholders;
- (6) the time and content of on-site work in the Company;
- (7) to perform other duties.

The annual work report of independent directors shall be disclosed at the latest when the Company issues the notice of the annual general meeting.

**Article 25** Independent directors shall continue to strengthen the learning of securities laws, regulations and rules and continuously improve their ability to perform their duties.

## CHAPTER IV DUTY PERFORMANCE GUARANTEE

**Article 26** The Company shall provide necessary working conditions and personnel support for independent directors to perform their duties, and designate special departments and special personnel such as the office of the Board of Directors and the secretary to the Board of Directors to assist independent directors in performing their duties.

The secretary to the Board of Directors shall ensure the smooth flow of information between the independent directors and other directors, senior management and other relevant personnel, and ensure that the independent directors can obtain sufficient resources and necessary professional opinions when performing their duties.

**Article 27** The Company shall ensure that independent directors have the same right to information as other directors. In order to ensure that the independent directors can effectively exercise their functions and powers, the Company shall regularly inform the independent directors of the Company's operations, provide information, and organize or cooperate with the independent directors to carry out on-site inspections.

Before the Board of Directors considers major and complex matters, the Company may organize independent directors to participate in research and demonstration and other links, fully listen to the opinions of independent directors, and timely feedback the adoption of opinions to independent directors.

**Article 28** The Company shall issue a notice of Board meeting to independent directors in a timely manner, provide relevant meeting materials no later than the notice period of Board meeting stipulated by laws, administrative regulations, provisions of the CSRC or the Articles of Association, and provide effective communication channels for independent directors; where a special committee of the Board convenes a meeting, the Company shall, in principle, provide relevant materials and information no later than three days prior to the meeting of the special committee. The Company shall keep the above meeting materials for at least ten years.

If two or more independent directors consider that the meeting materials are incomplete, the argumentation is insufficient or the provision is not timely, they may propose in writing to the Board of Directors to postpone the convening of the meeting or postpone the consideration of the matter, and the Board of Directors shall adopt such proposal.

Meetings of the Board of Directors and special committees shall be held on-site. On the premise of ensuring that all participating directors can fully communicate and express their opinions, the meeting may be held by video, telephone or other means in accordance with the procedures when necessary.

**Article 29** When the independent directors exercise their functions and powers, the directors, senior management and other relevant personnel of the Company shall actively cooperate, and shall not refuse, hinder or conceal relevant information, and shall not interfere with their independent exercise of functions and powers.

If an independent director encounters obstacles in exercising his/her functions and powers in accordance with the law, he/she may explain the situation to the Board of Directors, require the cooperation of directors, senior management and other relevant personnel, and record the specific situation and resolution of the obstruction in the working record; if the obstruction cannot be eliminated, he/she may report to the CSRC and the stock exchange.

Where the performance of duties by independent directors involves information to be disclosed, the Company shall handle the disclosure matters in a timely manner; if the Company does not disclose, the independent directors may directly apply for disclosure or report to the CSRC and the stock exchange.

**Article 30** The expenses required for independent directors to engage professional institutions and exercise other functions and powers shall be borne by the Company.

**Article 31** The Company shall provide allowances for independent directors commensurate with their duties. The standard of the allowance shall be formulated by the Board of Directors, considered and approved at the general meeting and disclosed in the annual report of the Company. In addition to the above allowances, independent directors shall not obtain other benefits from the Company and its substantial shareholders, actual controllers or interested units and personnel.

**Article 32** The Company may establish a liability insurance system for independent directors to reduce the risks that may arise from the normal performance of duties by independent directors.

#### CHAPTER V SUPPLEMENTARY PROVISIONS

**Article 33** These Rules shall be formulated and interpreted by the Board of Directors.

**Article 34** These Rules shall be formulated by the Board of Directors and shall take effect from the date of approval by the general meeting. From the effective date of these Rules, the former Independent Director System of 東方證券股份有限公司 shall lapse automatically.

**TABLE OF COMPARISON FOR THE AMENDMENTS TO THE MANAGEMENT MEASURES OF PROCEEDS FROM FUND-RAISING ACTIVITIES OF THE COMPANY**

Before amendments	After amendments	Basis of amendments
<p><b>Article 12</b> The use of the proceeds by the Company for the following purposes shall be subject to consideration and approval by the Board, with express consents given by <u>independent Directors</u>, the Supervisory Committee and the sponsor or the independent financial advisor:</p> <p>(1) Replacement of the self-raised funds previously injected in the investment projects with the proceeds;</p> <p>(2) Use of temporarily idle proceeds for cash management;</p> <p>(3) Use of temporarily idle proceeds for temporary replenishment of working capital;</p> <p>(4) Change of the use of the proceeds;</p> <p>(5) Use of Excess Proceeds for projects under construction and new projects.</p> <p>Changes in the use of proceeds by the Company shall also be considered and approved at the general meeting.</p> <p>Where any related-party transaction, asset acquisition or external investment is involved, the consideration procedures and disclosure obligations shall be performed in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant rules.</p>	<p><b>Article 12</b> The use of the proceeds by the Company for the following purposes shall be subject to consideration and approval by the Board, with express consents given by the Supervisory Committee and the sponsor or the independent financial advisor:</p> <p>(1) Replacement of the self-raised funds previously injected in the investment projects with the proceeds;</p> <p>(2) Use of temporarily idle proceeds for cash management;</p> <p>(3) Use of temporarily idle proceeds for temporary replenishment of working capital;</p> <p>(4) Change of the use of the proceeds;</p> <p>(5) Use of Excess Proceeds for projects under construction and new projects.</p> <p>Changes in the use of proceeds by the Company shall also be considered and approved at the general meeting.</p> <p>Where any related-party transaction, asset acquisition or external investment is involved, the consideration procedures and disclosure obligations shall be performed in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant rules.</p>	<p>Amendment based on Article 6.3.10 of the Guidelines for Self – regulation of Listed Companies on the Shanghai Stock Exchange No.1 – Regulation of Operations</p>

Before amendments	After amendments	Basis of amendments
<p><b>Article 15</b> Where the idle proceeds are used to invest in products, the following information shall be announced in a timely manner after consideration by the Board of Directors of the Company:</p> <p>(1) the basic information of the proceeds, including the time, amount, net amount and investment plan of the proceeds;</p> <p>(2) use of proceeds;</p> <p>(3) the amount and duration of the idle proceeds invested in the products, whether there is any disguised change in the use of proceeds and measures to ensure that the normal operation of the proceeds-funded projects is not affected;</p> <p>(4) the income distribution method, investment scope and safety of the investment products;</p> <p>(5) the opinions issued by the <u>independent Directors</u>, the board of supervisors, the sponsor or the independent financial advisor.</p>	<p><b>Article 15</b> Where the idle proceeds are used to invest in products, the following information shall be announced in a timely manner after consideration by the Board of Directors of the Company:</p> <p>(1) the basic information of the proceeds, including the time, amount, net amount and investment plan of the proceeds;</p> <p>(2) use of proceeds;</p> <p>(3) the amount and duration of the idle proceeds invested in the products, whether there is any disguised change in the use of proceeds and measures to ensure that the normal operation of the proceeds-funded projects is not affected;</p> <p>(4) the income distribution method, investment scope and safety of the investment products;</p> <p>(5) the opinions issued by the board of supervisors, the sponsor or the independent financial advisor.</p>	<p>Amendment based on Article 6.3.13 of the Guidelines for Self – regulation of Listed Companies on the Shanghai Stock Exchange No.1 – Regulation of Operations</p>

Before amendments	After amendments	Basis of amendments
<p><b>Article 18</b> Permanent replenishment of working capital or repayment of bank loans with the Excess Proceeds shall be considered and approved by the Board of Directors and general meeting of the Company and online voting shall be made available to domestic shareholders with express consents from <u>the independent Directors</u>, the Supervisory Committee and the sponsor or independent financial advisor and disclosure thereof. The Company shall make the following announcement in a timely manner after the Board meeting:</p> <p>(1) the basic information of the proceeds, including the time of raising, the amount of the proceeds, the net amount of the proceeds, the excess amount and the investment plan;</p> <p>(2) use of proceeds;</p> <p>(3) the necessity and detailed plan for the permanent replenishment of working capital or repayment of bank loans with the surplus proceeds;</p> <p>(4) undertaking not to make high-risk investments and provide financial assistance to others within 12 months after replenishing working capital;</p> <p>(5) the impact of using the surplus proceeds to permanently replenish working capital or repay bank loans on the Company;</p> <p>(6) opinions issued by <u>the independent Directors</u>, the Supervisory Committee and the sponsor or independent financial advisor.</p>	<p><b>Article 18</b> Permanent replenishment of working capital or repayment of bank loans with the Excess Proceeds shall be considered and approved by the Board of Directors and general meeting of the Company and online voting shall be made available to domestic shareholders with express consents from the Supervisory Committee and the sponsor or independent financial advisor. The Company shall make the following announcement in a timely manner after the Board meeting:</p> <p>(1) the basic information of the proceeds, including the time of raising, the amount of the proceeds, the net amount of the proceeds, the excess amount and the investment plan;</p> <p>(2) use of proceeds;</p> <p>(3) the necessity and detailed plan for the permanent replenishment of working capital or repayment of bank loans with the surplus proceeds;</p> <p>(4) undertaking not to make high-risk investments and provide financial assistance to others within 12 months after replenishing working capital;</p> <p>(5) the impact of using the surplus proceeds to permanently replenish working capital or repay bank loans on the Company;</p> <p>(6) opinions issued by the Supervisory Committee and the sponsor.</p>	<p>Amendment based on Article 6.3.23 of the Guidelines for Self – regulation of Listed Companies on the Shanghai Stock Exchange No.1 – Regulation of Operations</p>

Before amendments	After amendments	Basis of amendments
<p><b>Article 20</b> After completion of individual investment projects funded by the proceeds, if the Company intends to use the remaining proceeds (including interest income) for other investment projects, such use of proceeds shall be considered and approved by the Board with express consents from <u>the independent Directors</u>, the sponsor and the Supervisory Committee. The Company shall make a timely announcement after consideration by the Board of Directors.</p>	<p><b>Article 20</b> After completion of individual investment projects funded by the proceeds, if the Company intends to use the remaining proceeds (including interest income) for other investment projects, such use of proceeds shall be considered and approved by the Board with express consents from the sponsor and the Supervisory Committee. The Company shall make a timely announcement after consideration by the Board of Directors.</p>	<p>Amendment based on Article 6.3.20 of the Guidelines for Self – regulation of Listed Companies on the Shanghai Stock Exchange No.1 – Regulation of Operations</p>
<p><b>Article 21</b> After the completion of all investment projects funded by the proceeds, the remaining proceeds (including interest income) may be used after being considered and approved by the Board with express consents from <u>the independent Directors</u>, the sponsor and the Supervisory Committee. The Company shall make a timely announcement after consideration by the Board of Directors. If the remaining proceeds (including interest income) represent more than 10% of the net proceeds, the use of such proceeds shall also be considered and approved at the general meeting.</p>	<p><b>Article 21</b> After the completion of all investment projects funded by the proceeds, the remaining proceeds (including interest income) may be used after being considered and approved by the Board with express consents from the sponsor and the Supervisory Committee. The Company shall make a timely announcement after consideration by the Board of Directors. If the remaining proceeds (including interest income) represent more than 10% of the net proceeds, the use of such proceeds shall also be considered and approved at the general meeting.</p>	<p>Amendment based on Article 6.3.21 of the Guidelines for Self – regulation of Listed Companies on the Shanghai Stock Exchange No.1 – Regulation of Operations</p>

Before amendments	After amendments	Basis of amendments
<p><b>Article 23</b> Proposed change in the use of proceeds shall be announced timely with the following contents after being considered by the Board:</p> <p>(1) basic information of the original investment projects funded by the projects and specific reasons for the change;</p> <p>(2) basic information, feasibility analysis and risk warning of the new investment projects funded by the proceeds;</p> <p>(3) investment plan of the new investment projects funded by the proceeds;</p> <p>(4) explanation on the approval from relevant authority which have been obtained or to be obtained for the new investment projects funded by the proceeds (if applicable);</p> <p>(5) opinions of <u>independent Directors</u>, the Supervisory Committee, the sponsor or independent financial advisor on the change in projects funded by the proceeds;</p> <p>(6) statement that the change in projects funded by the proceeds shall be subject to consideration at the general meeting;</p> <p>(7) other information as required by the stock exchange.</p> <p>New investment projects funded by the proceeds involving related-party transactions, acquisition of assets and external investments shall also be disclosed in accordance with the requirements of relevant rules.</p>	<p><b>Article 23</b> Proposed change in the use of proceeds shall be announced timely with the following contents after being considered by the Board:</p> <p>(1) basic information of the original investment projects funded by the projects and specific reasons for the change;</p> <p>(2) basic information, feasibility analysis and risk warning of the new investment projects funded by the proceeds;</p> <p>(3) investment plan of the new investment projects funded by the proceeds;</p> <p>(4) explanation on the approval from relevant authority which have been obtained or to be obtained for the new investment projects funded by the proceeds (if applicable);</p> <p>(5) opinions of the Supervisory Committee, the sponsor or independent financial advisor on the change in projects funded by the proceeds;</p> <p>(6) statement that the change in projects funded by the proceeds shall be subject to consideration at the general meeting;</p> <p>(7) other information as required by the stock exchange.</p> <p>New investment projects funded by the proceeds involving related-party transactions, acquisition of assets and external investments shall also be disclosed in accordance with the requirements of relevant rules.</p>	<p>Amendment based on Article 6.3.16 of the Guidelines for Self – regulation of Listed Companies on the Shanghai Stock Exchange No.1 – Regulation of Operations</p>



Before amendments	After amendments	Basis of amendments
<p><b>Article 26</b> In respect of any proposed external transferor swap of the investment projects funded by the proceeds (save for the complete external transfer or swap during the substantial asset restructuring of the Company), the Company shall announce the following contents in a timely manner after being considered by the Board of Directors:</p> <p>(1) specific reasons for the external transfer or swap of the investment projects funded by the proceeds;</p> <p>(2) amount of proceeds invested in such projects;</p> <p>(3) progress of and benefits realised from the project;</p> <p>(4) basic information, feasibility analysis and risk warning of the swapped-in project (if applicable);</p> <p>(5) pricing basis and relevant benefits of the transfer or swap;</p> <p>(6) opinions of <u>the independent Directors</u>, the Supervisory Committee and the sponsor or independent financial advisor on the transfer or swap of the investment projects funded by the proceeds;</p> <p>(7) statement that the transfer or swap of the investment projects funded by the proceeds shall be subject to consideration at the general meeting.</p>	<p><b>Article 26</b> In respect of any proposed external transferor swap of the investment projects funded by the proceeds (save for the complete external transfer or swap during the substantial asset restructuring of the Company), the Company shall announce the following contents in a timely manner after being considered by the Board of Directors:</p> <p>(1) specific reasons for the external transfer or swap of the investment projects funded by the proceeds;</p> <p>(2) amount of proceeds invested in such projects;</p> <p>(3) progress of and benefits realised from the project;</p> <p>(4) basic information, feasibility analysis and risk warning of the swapped-in project (if applicable);</p> <p>(5) pricing basis and relevant benefits of the transfer or swap;</p> <p>(6) opinions of the Supervisory Committee and the sponsor or independent financial advisor on the transfer or swap of the investment projects funded by the proceeds;</p> <p>(7) statement that the transfer or swap of the investment projects funded by the proceeds shall be subject to consideration at the general meeting.</p>	<p>Amendment based on Article 6.3.19 of the Guidelines for Self – regulation of Listed Companies on the Shanghai Stock Exchange No.1 – Regulation of Operations</p>

Before amendments	After amendments	Basis of amendments
<p><b>Article 31</b> The independent directors, the audit committee of the Board and the supervisory committee shall continue to pay attention to the actual management and use of proceeds. More than half of the independent directors, the audit committee of the board of directors or the supervisory committee may engage an accounting firm to issue an assurance report on the deposit and use of proceeds. The Company shall actively cooperate and bear the necessary expenses.</p> <p>The Board of Directors shall make a timely announcement upon receipt of the verification report from the accounting firm. If the verification report of the accounting firm believes that there are violations in the management and use of the Company's proceeds, the Board of Directors shall also announce the violations in the deposit and use of the proceeds, the consequences that have been or may be caused and the measures that have been or are proposed to be taken.</p>	Deletion	Deleted based on Article 6.3.27 of the Guidelines for Self – regulation of Listed Companies on the Shanghai Stock Exchange No.1 – Regulation of Operations
Addition	<p><b>Article 31</b> <u>The sponsor or the independent financial advisor shall conduct an on-site investigation on the deposit and use of the proceeds of the listed company at least once every six months.</u></p> <p><u>After the end of each fiscal year, the sponsor or independent financial advisor shall issue a special verification report on the deposit and use of the proceeds of the listed company for the year, and submit the same to the Shanghai Stock Exchange when the listed company discloses its annual report, and disclose the same on the website of the Shanghai Stock Exchange. The verification report shall include the following:</u></p> <p><u>(1) The deposit, use and special account balance of the proceeds;</u></p> <p><u>(2) the progress of the projects funded by the proceeds, including the differences with the progress of the projects funded by the proceeds;</u></p> <p><u>(3) replacement of self-raised funds previously invested in the investment projects with the proceeds (if applicable);</u></p>	Amendment based on Article 6.3.26 of the Guidelines for Self – regulation of Listed Companies on the Shanghai Stock Exchange No.1 – Regulation of Operations

Before amendments	After amendments	Basis of amendments
	<p><u>(4) the use and effect of idle proceeds to replenish working capital (if applicable);</u></p> <p><u>(5) the use of excess proceeds (if applicable);</u></p> <p><u>(6) change in the use of proceeds (if applicable);</u></p> <p><u>(7) the conclusive opinion on whether the deposit and use of the proceeds of the listed company are in compliance with regulations;</u></p> <p><u>(8) other contents required by the Shanghai Stock Exchange.</u></p> <p><u>If the sponsor or the independent financial advisor finds that the Company or the commercial bank fails to perform the tripartite supervision agreement for the special deposit of raised funds as agreed, or finds that there are major violations or major risks in the management of raised funds of the Company during the on-site inspection of the Company, the sponsor or the independent financial advisor shall urge the Company to rectify and report to the Shanghai Stock Exchange in a timely manner.</u></p>	

**ANNEX IX                      TABLE OF COMPARISON FOR THE AMENDMENTS TO THE MANAGEMENT MEASURES OF RELATED-PARTY TRANSACTIONS OF THE COMPANY**

**TABLE OF COMPARISON FOR THE AMENDMENTS TO THE MANAGEMENT MEASURES OF RELATED-PARTY TRANSACTIONS OF THE COMPANY**

<b>Before amendments</b>	<b>After amendments</b>	<b>Basis of amendments</b>
<p><b>Article 6</b> Related parties of the Company include related legal persons and related natural persons as defined in the SSE Listing Rules and connected persons as defined in Chapter 14A of the Hong Kong Listing Rules.</p> <p><b>Article 7</b> A legal person or other organisation is a related legal person of the Company under the SSE Listing Rules under one of the following circumstances:</p> <p>(1) a legal person or other organisation that directly or indirectly controls the Company;</p> <p>(2) legal persons or other organisations other than the Company, controlled subsidiaries and other entities under control directly or indirectly by the entities or other organizations listed in item (1) above;</p> <p>(3) legal persons or other organisations other than the Company, controlled subsidiaries and other entities under control that are directly or indirectly controlled by the related natural persons listed in Article 8, or where the related natural persons act as directors (excluding the persons serving as independent directors of both companies) or senior management officers;</p> <p>(4) legal persons or other organisations holding more than 5% of the shares of the Company and the persons acting in concert with them.</p>	<p><b>Article 6</b> Related parties of the Company include related legal persons and related natural persons <u>(or other organizations)</u> as defined in the SSE Listing Rules and connected persons as defined in Chapter 14A of the Hong Kong Listing Rules.</p> <p><b>Article 7</b> A legal person or other organisation is a related legal person <u>(or other organisations)</u> of the Company under the SSE Listing Rules under one of the following circumstances:</p> <p>(1) a legal person <u>(or other organization)</u> that directly or indirectly controls the Company;</p> <p>(2) legal persons or <u>(other organizations)</u> other than the Company, controlled subsidiaries and other entities under control directly or indirectly by the entities <u>(or other organizations)</u> listed in item (1) above;</p> <p>(3) legal persons <u>(or other organizations)</u>, other than the Company, controlled subsidiaries and other entities under control that are directly or indirectly controlled by the related natural persons listed in Article 8, or where the related natural persons act as directors (excluding the persons serving as independent directors of both companies) or senior management officers;</p> <p>(4) legal persons <u>(or other organizations)</u> holding more than 5% of the shares of the Company and the persons acting in concert with them.</p>	<p>Amendment based on Article 6.3.3 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (revised in August 2023)</p>

**ANNEX IX                      TABLE OF COMPARISON FOR THE AMENDMENTS TO THE MANAGEMENT MEASURES OF RELATED-PARTY TRANSACTIONS OF THE COMPANY**

Before amendments	After amendments	Basis of amendments
<p>If the Company and <u>the entity</u> listed in item (2) of this Article are controlled by the same state – owned as set administration, it <u>does not constitute</u> a related relationship, except where the legal representative, chairman, president or more than half of the directors of <u>the entity</u> are also directors, supervisors or senior management of the Company.</p> <p><b>Article 8</b> A natural person shall be a related natural person of the Company under the SSE Listing Rules under any of the following circumstances:</p> <p>(1) natural persons who directly or indirectly hold more than 5% of the shares of the Company;</p> <p>(2) directors, supervisors and senior management of the Company;</p> <p>(3) directors, supervisors and senior management of the related legal persons listed in item (1) of Article 7;</p> <p>(4) close family members of the persons mentioned in items (1) and (2) of this Article;</p> <p>Close family members referred to in these Measures include: the spouse, children over the age of 18 and their spouses, parents and parents of the spouse, siblings and their spouses, siblings of the spouse and parents of the spouses of the children.</p>	<p>If the Company and <u>the entity (or other organizations)</u> listed in item (2) of this Article are controlled by the same state – owned as set administration, it <u>does not constitute</u> a related relationship, except where <u>its</u> legal representative, chairman, president or more than half of the directors of <u>the entity</u> are also directors, supervisors or senior management of the Company.</p> <p><b>Article 8</b> A natural person shall be a related natural person of the Company under the SSE Listing Rules under any of the following circumstances:</p> <p>(1) natural persons who directly or indirectly hold more than 5% of the shares of the Company;</p> <p>(2) directors, supervisors and senior management of the Company;</p> <p>(3) directors, supervisors and senior management of the related legal persons <u>(or other organizations)</u> listed in item (1) of Article 7;</p> <p>(4) close family members of the persons mentioned in items (1) and (2) of this Article;</p> <p>Close family members referred to in these Measures include: the spouse, children over the age of 18 and their spouses, parents and parents of the spouse, siblings and their spouses, siblings of the spouse and parents of the spouses of the children.</p>	
<p><b>Article 20</b> <u>Related-party transactions (other than guarantees provided by the Company) to be entered into between the Company and related parties in an amount of more than RMB3 million or representing more than 5% of the absolute value of the Company’s latest audited net assets shall be approved by the independent directors and submitted to the Board of Directors for consideration and approval before implementation; if such transactions are required to be considered at a general meeting in accordance with the provisions of these Measures, they shall also be submitted to the general meeting for consideration and approval.</u></p>	<p><b>Article 20</b> <u>The related-party transactions mentioned in Article 19 of these Measures shall be considered at a special meeting of the independent directors of the Company and submitted to the Board of directors for consideration after being approved by more than half of all the independent directors of the Company; if such transactions are required to be considered at a general meeting in accordance with the provisions of these Measures, they shall also be submitted to the general meeting for consideration and approval.</u></p>	<p>Amendment based on Articles 4.3.10 and 4.3.11 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (revised in August 2023)</p>

**ANNEX IX      TABLE OF COMPARISON FOR THE AMENDMENTS TO THE MANAGEMENT MEASURES OF RELATED-PARTY TRANSACTIONS OF THE COMPANY**

<b>Before amendments</b>	<b>After amendments</b>	<b>Basis of amendments</b>
<p><b>Article 32</b> The Company shall submit the following documents to the stock exchange for the disclosure of related-party transactions under the SSE Listing Rules:</p> <p>(1) the draft of the announcement;</p> <p>(2) agreements or letters of intent in relation to the transaction; resolutions of the Board of Directors, draft announcements of resolutions; approvals from competent authorities involved in the transaction (if applicable); professional reports issued by securities service institutions (if applicable);</p> <p>(3) the written documents of the independent directors approving the transaction in advance;</p> <p>(4) opinions of independent directors;</p> <p>(5) opinions of the audit committee (if applicable);</p> <p>(6) other documents required by the stock exchange.</p>	Deletion	Amendment based on Article 6.3.19 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (revised in August 2023)

**ANNEX IX                      TABLE OF COMPARISON FOR THE AMENDMENTS TO THE MANAGEMENT MEASURES OF RELATED-PARTY TRANSACTIONS OF THE COMPANY**

<b>Before amendments</b>	<b>After amendments</b>	<b>Basis of amendments</b>
<p><b>Article 33</b> The announcement on related-party transactions disclosed by the Company shall include:</p> <p>(1) overview of related-party transactions;</p> <p>(2) introduction of related parties;</p> <p>(3) the basic information of the subject matter of the related-party transaction;</p> <p>(4) the main profile and the pricing policy of the related-party transaction (s);</p> <p>(5) the purpose of the related-party transaction and its impact on the Company;</p> <p>(6) prior approval and independent opinions expressed by independent directors;</p> <p>(7) opinions of the independent financial advisor (if applicable);</p> <p>(8) opinions of the audit committee (if applicable);</p> <p>(9) the history of connected transaction (s);</p> <p>(10) undertaking by the controlling shareholders (if any);</p> <p>(11) other contents required by the listing rules of the place where the shares of the Company are listed or the stock exchange.</p>	Delete	Amendment based on Article 6.3.19 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (revised in August 2023)

**ANNEX IX      TABLE OF COMPARISON FOR THE AMENDMENTS TO THE MANAGEMENT MEASURES OF RELATED-PARTY TRANSACTIONS OF THE COMPANY**

Before amendments	After amendments	Basis of amendments
<p><b>Article 34</b> <u>The Company shall disclose the related-party transactions occurred during the reporting period in the annual report and interim report in accordance with the requirements of the listing rules of the place where the Company's shares are listed, and shall disclose separately according to the requirements of different types of normative documents of the stock exchange.</u></p>	<p><b>Article 32</b> <u>The Company shall, according to the type of the related-party transactions, disclose the relevant contents of the related-party transaction in accordance with the relevant provisions of the stock exchange where the Company's shares are listed, including the counterparty of the transaction, the subject of the transaction, the description of the related relationship of the parties to the transaction and the basic information of the related party, the main contents of the transaction agreement, the pricing and basis of the transaction, the approval documents of the relevant departments (if any), the opinions of the intermediaries (if applicable).</u></p>	<p>Amendment based on Article 6.3.19 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (revised in August 2023)</p>



**PROPOSAL REGARDING THE GENERAL MANDATE TO  
ISSUE OFFSHORE DEBT FINANCING INSTRUMENTS OF THE COMPANY**

Dear Shareholders,

The Company conducts quota management over offshore debt financing instruments. The Proposal Regarding the General Mandate to Issue Offshore Debt Financing Instruments of the Company (《關於公司發行境外債務融資工具一般性授權的議案》) was considered and approved at the 2020 annual general meeting of the Company held on May 13, 2021, which authorized the maximum outstanding balance of the offshore debt financing instruments of the Company upon issuance to be no more than RMB23 billion or its equivalent. The resolution will expire on May 13, 2024.

For the purpose of ensuring the development of the Company's business, maintaining liquidity safety and serving the Company's strategic layout, it is proposed to the general meeting of the Company to grant a package of authorization for the issuance of the Company's offshore debt financing instruments (the "Offshore Debt Financing Instruments"), the details of which are as follows:

**1. ISSUE METHODS**

Offshore Debt Financing Instruments will be issued through public or non-public offering, on a one-off or multiple issuances or multi-tranche issuances basis.

**2. ISSUE TYPE**

According to the actual conditions, the issuance will be in the form of bonds, subordinated bonds or structural notes, including but not limited to offshore bonds or subordinated bonds in RMB or foreign currencies, notes (including but not limited to commercial notes), loans, syndicated loans and debt financing instruments to be drawn and issued under medium-term notes, etc.

**3. ISSUE SIZE**

The maximum balance of the outstanding balance after the issuance of the Offshore Debt Financing Instruments shall not exceed RMB23 billion. For instrument denominated in foreign currency, it shall be based on the median exchange rate published by the People's Bank of China on the date of issuance and shall be in compliance with the requirements prescribed in the relevant laws and regulations on the maximum amount of the specific debt financing instruments to be issued.

**4. ISSUER**

The issuer of Offshore Debt Financing Instruments can be one of the following entities according to the needs of the issuance:

- (1) the Company;
- (2) offshore wholly-owned subsidiaries of the Company;
- (3) on the premise of fulfilling the following conditions 1, 2 and 3, a directly or indirectly wholly-owned offshore subsidiary established overseas by the Company can be the issuer of Offshore Debt Financing Instruments to issue, on a one-off or multiple issuances or multi-tranche issuances basis, Offshore Debt Financing Instruments overseas.

1 The wholly-owned offshore subsidiaries are established in Hong Kong or other appropriate offshore jurisdictions while the Company directly or indirectly holds 100% interest of those wholly-owned offshore subsidiaries.

2 The registered capital of the proposed directly or indirectly wholly-owned offshore subsidiaries shall not be higher than US\$10,000 or the equivalent amount in other currencies. The name of the entity will be subject to the final version approved by the approving and registering authorities.

3 The mandate will be granted at the general meeting and all necessary approval processes required by the regulatory authorities will have been fulfilled. The issuer will be determined in accordance with relevant laws and regulations as well as the advice and recommendations of regulatory authorities, the Company's actual needs for funding and the then prevailing market conditions at the time of issuance.

**5. ISSUE TERM**

The term of the Offshore Debt Financing Instruments shall be no longer than 10 years (inclusive). It may have single or multiple combined maturities.

**6. ISSUE INTEREST RATE, WAY OF PAYMENT AND ISSUE PRICE**

The interest rate and payment methods of the issuance of Offshore Debt Financing Instruments will be determined by the issuer and sponsor or lead underwriter (if any) in accordance with the then prevailing market conditions at the time of issuance and relevant provisions. Issue price will be determined in accordance with the then prevailing market conditions at the time of issuance and relevant laws and regulations.

**7. SECURITY AND OTHER ARRANGEMENTS**

The Company, the wholly-owned subsidiary and/or third party will provide security or issue letter of support and/or keep-well agreement, standby letter of credit or other credit enhancements, according to the structure of each issuance.

**8. USE OF PROCEEDS**

The proceeds raised from the issuance of Offshore Debt Financing Instruments shall be used to fund business operation needs of the Company, improve the debt structure of the Company, supplement working capital of the Company and/or make project investment. Specific use of proceeds is subject to the actual capital requirements of the Company.

**9. TARGET SUBSCRIBERS**

The target subscribers of the Offshore Debt Financing Instruments shall be investors whom meet the conditions for subscription, and the specific target subscribers shall be determined in accordance with relevant laws and regulations, market conditions and specific matters relating to the issuance.

**10. LISTING OF DEBT FINANCING INSTRUMENTS**

Application for listing of the Offshore Debt Financing Instruments shall be determined in accordance with domestic and overseas laws and regulations and regulatory requirements, and based on the actual conditions of the Company and prevailing market conditions at the time of issuance.

**11. AUTHORIZATION OF ISSUANCE OF OFFSHORE DEBT FINANCING INSTRUMENTS**

To ensure effective coordination for the issuance of Offshore Debt Financing Instruments and other matters in connection with the issuance, a resolution will be proposed at the general meeting to authorize the Board, and agree the Board in turn to further authorize the executive directors of the Company (“**Authorized Representatives**”) to deal with, at its/their sole discretion, all matters in connection with the issuance of Offshore Debt Financing Instruments in accordance with the relevant laws and regulations as well as the advice and recommendations from regulatory authorities, within the framework and under the principles approved at the general meeting, in order to maximize the interest of the Company, including but not limited to:

- 1 formulation and adjustment of the details of the proposal for issuance of Offshore Debt Financing Instruments in accordance with the applicable laws, regulations and relevant provisions from regulatory authorities as well as resolutions passed at the general meeting of the Company, and based on the actual conditions of the Company and the specific conditions of the relevant debt market, including without limitation, the determination of the suitable issuer(s), timing of issue, details of issue size and method, terms of issue, issue targets, maturity, whether to issue on a one-off, multiple issuances, multi-tranche issuances or multiple-category issuances basis and, if on multiple issuances, multi-tranche issuances or multiple-category issuances basis, the issue size and term of each issuance, tranche and category, the methods in which the nominal value and interest rate are determined, currency (including offshore RMB), pricing method, issuance arrangements, credit enhancement arrangements including letter of guarantee or letter of support, rating arrangement, details of subscription method, whether to incorporate terms of repurchase or redemption, details of placement arrangements, use of proceeds, registration, listing of Offshore Debt Financing Instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment (if applicable), etc. and all matters in connection with the issuance of Offshore Debt Financing Instruments;
- 2 handling, at its/their sole discretion, the establishment of directly or indirectly wholly-owned offshore subsidiaries and all related matters, including but not limited to procedures at home or abroad such as approval, filing and registration, in relation to the issuance of Off-shore Debt Financing Instruments according to relevant provisions;
- 3 determining and engaging intermediary agency, signing, implementing, amending and completing all agreements and documents relating to the issuance of Offshore Debt Financing Instruments, including without limitation, the sponsor agreement, underwriting agreement, credit enhancement agreements such as guarantee agreement or letter of support, bond indenture, engagement letter with intermediary agency, trust agreement, settlement management agreement, registration and custody agreement, listing agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and the listing rules of the stock exchanges on which the Company’s securities are listed (including without limitation, the preliminary and final offering memoranda of the debt financing instruments, and all announcements and etc. in relation to the issuance of Offshore Debt Financing Instruments);

- 4 selecting and engaging trustee manager(s) and settlement manager(s) for the issuance of Offshore Debt Financing Instruments, signing the trustee agreement(s) and settlement management agreement(s) and (if applicable), formulating rules for meetings of the holders of the debt financing instruments;
- 5 undertaking all applications and filings as well as listing matters (if applicable) in connection with the issuance of Offshore Debt Financing Instruments, including without limitation, preparing, revising and submitting relevant application and filing materials relating to the issuance and listing of the Offshore Debt Financing Instruments and application and filing materials in respect of credit enhancement agreements such as guarantee or letter of support to be provided by the Company, the issuer and/or third party, and signing the relevant application and filing documents and other legal documents;
- 6 making relevant adjustments to matters relating to the issuance of Offshore Debt Financing Instruments according to the advice of and changes in the policies of regulatory authorities or the changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuance of Offshore Debt Financing Instruments in accordance with the actual conditions, unless re-approval by the shareholders at the general meeting is otherwise required pursuant to the relevant laws, regulations and the articles of association of the Company;
- 7 dealing with other relevant matters in connection with the issuance of Offshore Debt Financing Instruments.

## **12. VALIDITY PERIOD OF RESOLUTION**

The resolution regarding the issuance of Offshore Debt Financing Instruments shall be valid from the date of consideration and approval at the general meeting to the date of convening the 2026 annual general meeting. Where the Board and/or its Authorized Representatives have, during the term of the authorization, decided the issuance or partial issuance of Offshore Debt Financing Instruments, and provided that the Company has also, during the term of the authorization, obtained the approval or license from or completed filing or registration (if applicable) with regulatory authorities on the issuance, the Company may, during the validity period of such approval, license, filing or registration, complete the issuance or relevant partial issuance of Offshore Debt Financing Instruments.

The Company will allocate resources reasonably according to the annual asset-liability allocation plan and annual financing plan, so as to enhance coordinated management over offshore debts, improve capital utilization efficiency, control financing cost and ensure that the Company maintains liquidity safety, all businesses are carried out in an orderly manner and use of proceeds secures sound economic benefits.

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

**ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**

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**TABLE OF COMPARISON FOR THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Original article	To be amended as	Basis
<p><b>Article 10</b> The Company shall, in accordance with the provisions of <u>the Company Law and the Constitution of the Chinese Communist Party</u>, establish the organizations of the Chinese Communist Party and carry out party activities. The party organisation is an integral part of the corporate governance structure of the Company. The Party Committee plays a leading role in setting the direction, managing the overall situation and <u>promoting</u> implementation of relevant rules, and supports the general meeting, the Board of Directors, the Supervisory Committee and the management in exercising their powers in accordance with relevant laws. The Board of Directors and the management shall take into account the views of the Party Committee before making decisions on major issues of the Company, especially those involving national macro-control, national development strategy, national security and other major management matters, and the Board of Directors and the management shall make decisions according to study and discussion with Party Committee. <u>The Company shall establish working organs of the Party, which shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.</u></p>	<p><b>Article 10</b> The Company shall, in accordance with <u>the relevant provisions of the Constitution of the Chinese Communist Party and the Company Law</u>, establish the organizations of the Chinese Communist Party and carry out party activities. The party organisation is an integral part of the corporate governance structure of the Company. The Party Committee plays a leading role in setting the direction, managing the overall situation and <u>ensuring</u> implementation of relevant rules, and supports the general meeting, the Board of Directors, the Supervisory Committee and the management in exercising their powers in accordance with relevant laws. <u>Study and discussion by the Company's Party Committee of major issues is a prerequisite procedure for any decision-making by the board of directors and the management on such issues.</u> The Board of Directors and the management shall take into account the views of the Party Committee before making decisions on major issues of the Company, especially those involving national macro-control, national development strategy, national security and other major management matters, and the Board of Directors and the management shall make decisions according to study and discussion with Party Committee.</p>	<p>Article 33 of the Constitution of the Chinese Communist Party and Article 15 of the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) as well as the actual conditions of the Company</p>

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Original article	To be amended as	Basis
	<p style="text-align: center;"><b><u>Chapter III Organisation of the Party</u></b></p> <p><b>Article 18</b> <u>The Company shall establish a Party Committee with a term of office of five years in general. The Party Committee of the Company shall consist of one secretary, a full-time or part-time deputy secretary and several other members. Adhering to the leadership mechanism of “two-way entry and cross-appointment”, eligible members of the Party Committee may be appointed to join the Board of Directors, the Supervisory Committee and the management through legal procedures, and eligible Party members in the Board of Directors, the Supervisory Committee and the management may be appointed to join the Party Committee in accordance with relevant regulations and procedures. The Party Committee of the Company shall implement a system that combines collective leadership and individual division of responsibilities. Members of the Party Committee who join the Board, the Supervisory Committee and the management must implement the decisions of the Party Committee of the Company.</u></p> <p><u>In accordance with the Constitution of the Chinese Communist Party, the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) and relevant regulations of the Party, the Company shall set up grass-roots Party organisations in various grass-roots units.</u></p>	<p>Article 4, Article 5, Article 6 and Article 14 of the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) as well as the actual conditions of the Company</p>

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Original article	To be amended as	Basis
	<p><u>Article 19</u> The Party Committee of the Company shall discuss and decide on major matters of the Company in accordance with provisions of the Constitution of the Chinese Communist Party and the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation).</p> <p>The grass-roots Party organisations at various levels shall fulfil their related duties and responsibilities and carry out relevant work in accordance with the provisions of the Constitution of the Chinese Communist Party and the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation), as well as the deployment of the Party Committee of the Company.</p>	<p>Article 11 and Article 12 of the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) as well as the actual conditions of the Company</p>
	<p><u>Article 20</u> The Company shall establish working organs of the Party, which shall be equipped with sufficient full-time or part-time staff to deal with Party affairs. It shall promote two-way communication between Party affairs staff and other management personnel. It shall be provided with sufficient funds to operate the Party organization and be provided with necessary conditions for the activities of Party organization.</p>	<p>Article 36 and Article 37 of the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) as well as the actual conditions of the Company</p>



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Original article	To be amended as	Basis
<p><b>Article 87</b> When the Company convenes a shareholders' general meeting, <u>written</u> notice of the meeting shall be given by the convener 20 <u>business days</u> before the date of the annual meeting and <u>10 business days</u> or 15 days (<u>whichever is longer</u>) before an extraordinary general meeting to <u>notify all of the shareholders whose names appear in the register of shareholders</u> of the matters to be considered and the date and place of the meeting.</p>	<p><b>Article 90</b> When the Company convenes a shareholders' general meeting, notice of the meeting shall be given by the convener 20 days before the date of the annual meeting and 15 days before an extraordinary general meeting to <u>inform all shareholders</u> of the matters to be considered and the date and place of the meeting <u>by way of announcement</u>. <u>Where the laws, regulations, securities regulatory authorities and stock exchanges of the listing places of the Company provide otherwise, such relevant provisions thereof shall prevail.</u></p>	<p>Provisions of the Company Law, the Reply of the State Council on the Adjustment of the Notice Period of the General Meetings and Other Matters Applicable to Overseas Listed Companies and Chapter 19A of the Hong Kong Listing Rules</p>

## ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ITS ANNEXES

Original article	To be amended as	Basis
<p><b>Article 88</b> The notice of a shareholders' general meeting shall comply with the following requirements:</p> <p>(1) made in writing;</p> <p>(2) specify the date, time and venue of the meeting;</p> <p>(3) specify the matters and proposals submitted to the meeting for consideration and examination (the notice of the shareholders' general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals. <u>For those items proposed for discussion requiring the opinions of independent Directors, the notice of the shareholders' general meeting or the supplementary notice shall disclose both the opinions and the reasons of independent Directors</u>);</p> <p>(4) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;</p> <p>(5) contain...</p>	<p><b>Article 91</b> The notice of a shareholders' general meeting shall comply with the following requirements:</p> <p>(1) made in writing;</p> <p>(2) specify the date, time and venue of the meeting;</p> <p>(3) specify the matters and proposals submitted to the meeting for consideration and examination (the notice of the shareholders' general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals, <u>as well as all meeting materials necessary for the shareholders to make reasonable judgments on the relevant proposals. Among the proposals to be voted on at a general meeting, if a proposal takes effect as a prerequisite for the other proposals to become effective, the convener shall clearly disclose the relevant preconditions in the notice of the general meeting and give special reminders indicating that such proposal approval is a prerequisite for the voting results of the subsequent proposals to become effective.</u>);</p> <p>(4) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;</p> <p>(5) contain...</p>	<p>Article 2.1.3 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations and Article 18 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>

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Original article	To be amended as	Basis
<p><b>Article 113</b> The following matters shall be approved by special resolutions at the shareholders' general meeting:</p> <p>(1) increase or reduction in share capital of the Company and issuance of shares of any class, warrants and other similar securities;</p> <p>(2) issuance of bonds by the Company;</p> <p>(3) division, spin-off, merger, dissolution and liquidation of the Company;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) share incentive scheme;</p> <p>(6) purchase or disposal of substantial assets by the Company within one year or the guaranteed amount exceeding 30% of the Company's latest audited total assets;</p> <p><u>(7) profit distribution plans formulated by the Company that fail to comply with the cash dividend policy set out in these Articles of Association in special circumstances;</u></p> <p>(8) other matters specified by laws, regulations, listing rules of the places where shares of the Company are listed or the Articles of Association and matters specified by ordinary resolutions of the shareholders' general meeting that are considered to be significant to the Company and shall be approved by special resolutions.</p>	<p><b>Article 116</b> The following matters shall be approved by special resolutions at the shareholders' general meeting:</p> <p>(1) increase or reduction in share capital of the Company and issuance of shares of any class, warrants and other similar securities;</p> <p>(2) issuance of bonds by the Company;</p> <p>(3) division, spin-off, merger, dissolution and liquidation of the Company;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) share incentive scheme;</p> <p>(6) purchase or disposal of substantial assets by the Company within one year or the guaranteed amount exceeding 30% of the Company's latest audited total assets;</p> <p><u>(7) other matters specified by laws, regulations, listing rules of the places where shares of the Company are listed or the Articles of Association and matters specified by ordinary resolutions of the shareholders' general meeting that are considered to be significant to the Company and shall be approved by special resolutions.</u></p>	<p>Deleted as required by the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations (Revised in December 2023)</p>

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Original article	To be amended as	Basis
<p><b>Article 117</b> The list of candidates for Directors and Supervisors shall be submitted to the shareholders’ general meeting for voting by way of proposal. When a voting is made on election of Directors or Supervisors at a shareholder’s general meeting, the cumulative voting system may be adopted in accordance with the requirements of the Articles of Association or the resolutions of the shareholders’ general meeting. In respect of the election of Directors or Supervisors, the cumulative voting system shall be adopted when sole shareholder and its concert party are interested in 30% or more in shares of the Company. The cumulative voting system as referred to in the preceding paragraph means that when Directors or Supervisors are elected at a shareholders’ general meeting, each share shall carry the same number of voting right as the number of Directors or Supervisors to be elected, and the voting rights owned by shareholders may be cumulatively used. The Board of Directors shall announce the resumes and basic information of the director or supervisor candidates to shareholders.</p>	<p><b>Article 120</b> The list of candidates for Directors and Supervisors shall be submitted to the shareholders’ general meeting for voting by way of proposal. When a voting is made on election of Directors or Supervisors at a shareholder’s general meeting, the cumulative voting system may be adopted in accordance with the requirements of the Articles of Association or the resolutions of the shareholders’ general meeting. <u>The cumulative voting system shall be adopted when two or more independent Directors are elected at a general meeting of the Company.</u> In respect of the election of Directors or Supervisors, the cumulative voting system shall be adopted when sole shareholder and its concert party are interested in 30% or more in shares of the Company.</p> <p>The cumulative voting system as referred to in the preceding paragraph means that when Directors or Supervisors are elected at a shareholders’ general meeting, each share shall carry the same number of voting right as the number of Directors or Supervisors to be elected, and the voting rights owned by shareholders may be cumulatively used. The Board of Directors shall announce the resumes and basic information of the director or supervisor candidates to shareholders.</p>	<p>Article 12 of the Measures for the Administration of Independent Directors of Listed Companies</p>

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Original article	To be amended as	Basis
<p><b>Article 142</b> The Board of Directors or shareholders individually or jointly holding more than 3% of the shares of the Company are entitled to nominate candidates for non-independent Directors to the shareholders' general meeting; the Board of Directors, the Supervisory Committee, or shareholders individually or jointly holding more than 1% of the issued shares of the Company are entitled to nominate candidates for independent Directors to the shareholders' general meeting.</p> <p>...</p>	<p><b>Article 145</b> The Board of Directors or shareholders individually or jointly holding more than 3% of the shares of the Company are entitled to nominate candidates for non-independent Directors to the shareholders' general meeting; the Board of Directors, the Supervisory Committee, or shareholders individually or jointly holding more than 1% of the issued shares of the Company are entitled to nominate candidates for independent Directors to the shareholders' general meeting. <u>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.</u></p> <p>...</p>	<p>Article 9 of the Measures for the Administration of Independent Directors of Listed Companies</p>
<p><b>Article 151</b> If the number of Directors of the Board of Directors falls below the quorum as a result of any resignation, their resignations shall not come into effect until the vacancies resulting from their resignations are filled by the appointment of the new Directors. Save as disclosed above, the resignation of Directors shall become effective when the resignation is served on the Board of Directors.</p>	<p><b>Article 154</b> If the number of Directors of the Board of Directors falls below the quorum as a result of any resignation, <u>or the proportion of independent Directors in the Board of Directors of the Company or its special committees fall below the minimum requirements stipulated in the laws and regulations or the Articles of Association as a result of the resignation of an independent Director or there are no accounting professionals among independent Directors,</u> their resignations shall not come into effect until the vacancies resulting from their resignations are filled by the appointment of the new Directors. Save as disclosed above, the resignation of Directors shall become effective when the resignation is served on the Board of Directors.</p>	<p>Article 14 and Article 15 of the Measures for the Administration of Independent Directors of Listed Companies</p>

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Original article	To be amended as	Basis
<p><b>Article 156</b> The tenure of the independent Directors is the same as those of other Directors of the Company but shall not serve for more than 6 years. If an independent Director resigns or is <u>removed</u> during his/her term of office, the independent Director itself and the Company shall submit a written statement to the delegated authority of the CSRC where the Company is located and the shareholders' general meeting respectively.</p>	<p><b>Article 159</b> The tenure of the independent Directors is the same as those of other Directors of the Company but shall not serve for more than 6 years. If an independent Director resigns or is <u>dismissed</u> during his/ her term of office, the independent Director itself and the Company shall submit a written statement to the delegated authority of the CSRC where the Company is located and the shareholders' general meeting respectively.</p>	<p>Article 14 of the Measures for the Administration of Independent Directors of Listed Companies</p>

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Original article	To be amended as	Basis
<p><b>Article 157</b> The independent Directors shall have the following functions and powers <u>besides those conferred to Directors by the Company Law and other laws, administrative regulations and the requirements of the listing rules of the place where the shares of the Company are listed:</u></p> <p><u>(1) any contemplated connected transactions between the Company and its connected person with a total amount of more than RMB3 million or 5% of the Company’s latest audited net assets shall be subject to prior approval by the independent Directors; Before making a judgment, an independent Director may appoint an intermediary institution to issue an independent financial advisory report as the basis for such judgment;</u></p> <p><u>(2) to propose to the Board of Directors of engaging or dismissing an accounting firm;</u></p> <p><u>(3) to propose to the Board of Directors of convening an extraordinary general meeting;</u></p> <p><u>(4) to propose to convene a Board of Directors meeting;</u></p> <p><u>(5) to publicly solicit voting rights from shareholders before the general meeting;</u></p> <p><u>(6) to independently engage external audit institutions and advisory institutions to conduct audit and advise on specific matters of the Company;</u></p> <p>The independent Directors shall exercise the functions and powers in items (1) to (5) above with the approval of <u>more than half of all independent Directors and exercise the functions and powers in item (6) above with the approval of all independent Directors.</u></p>	<p><b>Article 160</b> The independent Directors shall <u>perform the following duties:</u></p> <p><u>(1) to participate in the decision-making of the Board of Directors and express clear opinions on the matters discussed;</u></p> <p><u>(2) to supervise the potential material conflict of interests between the Company and its controlling shareholders, actual controllers, directors and senior management in accordance with relevant laws, regulations, rules and normative documents, so as to promote the decision-making of the Board of Directors to be in line with the overall interests of the listed company and protect the legitimate rights and interests of minority shareholders;</u></p> <p><u>(3) to provide professional and objective advice on the operation and development of the Company and promote the improvement of the decision-making level of the Board of Directors;</u></p> <p><u>(4) other duties stipulated by laws, regulations, relevant provisions of the stock exchange and the Articles of Association.</u></p> <p>The independent Directors shall submit an annual working report at the <u>annual general meeting of the Company to explain their performance of duties.</u></p>	<p>Article 17, Article 18 and Article 33 of the Measures for the Administration of Independent Directors of Listed Companies</p>

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Original article	To be amended as	Basis
<p><u>Except performing the aforesaid duties, the independent Directors may also express independent opinions to the Board of Directors or the shareholders' general meeting on the following material matters:</u></p> <p><u>(1) the nomination and removal of Directors;</u></p> <p><u>(2) the appointment or dismissal of senior management;</u></p> <p><u>(3) the remuneration of Directors and senior management;</u></p> <p><u>(4) the existing or new borrowings with an amount of more than RMB3 million or 5% of the Company's latest audited net assets or other flow of funds between shareholders of the Company, beneficial controllers, related companies, and whether effective steps shall be taken by the Company to recover the arrears;</u></p> <p><u>(5) matters that the independent Directors consider would impair the interests of minority shareholders;</u></p> <p><u>(6) other matters stipulated by the laws, administrative regulations, the CSRC, the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Articles of Association.</u></p> <p>The independent Directors shall submit an annual working report at the general meeting of the Company.</p> <p>If the independent Directors fail to perform their duties, they shall be liable for the corresponding responsibilities.</p>	<p>If the independent Directors fail to perform their duties, they shall be liable for the corresponding responsibilities.</p> <p><b>Article 161</b> <u>The independent Directors shall exercise the following special functions and powers:</u></p> <p><u>(1) to independently engage intermediaries to conduct audit, advise or verification on specific matters of the Company;</u></p> <p><u>(2) to propose to the Board of Directors of convening an extraordinary general meeting;</u></p> <p><u>(3) to propose to convene a Board of Directors meeting;</u></p> <p><u>(4) to publicly solicit shareholder rights from shareholders in accordance with the law;</u></p> <p><u>(5) to express independent opinions on matters that may impair the interests of the Company or minority shareholders;</u></p> <p><u>(6) other functions and powers stipulated by the laws, regulations, relevant provisions of the stock exchange and the Articles of Association.</u></p> <p>The independent Directors shall exercise the functions and powers in items (1) to (3) above with the approval of <u>a majority of all independent Directors.</u></p> <p><u>If an independent Director exercises the functions and powers listed in the first paragraph of this Article, the Company shall disclose them in a timely manner. Where the above functions and powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.</u></p>	



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Original article	To be amended as	Basis
<p><b>Article 163</b> The Board of Directors shall determine its decision-making authorizations as per the following requirements and formulate stringent examination and approval system; Specialists or professionals shall be retained to evaluate major investment projects:</p> <p>(1) ...</p> <p>(4) any contemplated connected transactions between the Company and its connected person in an amount over RMB3 million <u>or</u> accounting for 5% or more of the latest audited absolute value of net assets of the Company, which shall be effected after being submitted to the Board of Directors for consideration and approval <u>upon approval of the independent Directors</u>; Any material connected transactions matters which shall be submitted to the shareholders' general meeting for consideration as per the Articles of Association, shall also be submitted to the shareholders' general meeting for consideration and approval. Other connected transactions matters which shall be determined by the Board of Directors as required by the listing rules of the place where the shares of the Company are listed.</p> <p>...</p>	<p><b>Article 167</b> The Board of Directors shall determine its decision-making authorizations as per the following requirements and formulate stringent examination and approval system; Specialists or professionals shall be retained to evaluate major investment projects:</p> <p>(1) ...</p> <p>(4) any contemplated connected transactions between the Company and its connected person in an amount over RMB3 million <u>and</u> accounting for 5% or more of the latest audited absolute value of net assets of the Company, which shall be effected after being submitted to the Board of Directors for consideration and approval <u>upon consideration and approval by the independent Directors of the Company at a special meeting</u>; Any material connected transactions matters which shall be submitted to the shareholders' general meeting for consideration as per the Articles of Association, shall also be submitted to the shareholders' general meeting for consideration and approval. Other connected transactions matters which shall be determined by the Board of Directors as required by the listing rules of the place where the shares of the Company are listed.</p> <p>...</p>	<p>Article 23 and Article 24 of the Measures for the Administration of Independent Directors of Listed Companies</p>

**ANNEX XI      TABLE OF COMPARISON FOR THE AMENDMENTS TO  
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Original article	To be amended as	Basis
<p><b>Article 180</b> The Board of Directors of the Company has set up special committees including a strategy development committee, compliance and risk management committee, audit committee, and remuneration and nomination committee. All members of the committees shall be Directors and members shall have the professional knowledge and work experience adaptable to their duties in the specialized committee. The independent Directors shall constitute <u>a majority of the audit committee and the remuneration and nomination committee</u> and shall be the convenors. The convenor of the audit committee shall be an accounting professional.</p>	<p><b>Article 184</b> The Board of Directors of the Company has set up special committees including a strategy development committee, compliance and risk management committee, audit committee, and remuneration and nomination committee. All members of the committees shall be Directors and members shall have the professional knowledge and work experience adaptable to their duties in the specialized committee. The independent Directors shall constitute <u>more than half of the audit committee and the remuneration and nomination committee</u> and shall be the convenors. <u>The members of the audit committee shall be Directors who do not serve as senior management of the Company, and the convenor shall be an accounting professional.</u></p>	<p>Article 5 of the Measures for the Administration of Independent Directors of Listed Companies</p>

**ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO  
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Original article	To be amended as	Basis
<p><b>Article 184</b> The principal duties of the audit committee shall include:</p> <p>(1) <u>to monitor the annual audit and assess and advise the Board of Directors on the truthfulness, accuracy and integrity of the audited financial statements;</u></p> <p>(2) <u>to propose the appointment or replacement of an external audit firm and to oversee the work of the external audit firm;</u></p> <p>(3) <u>to be in charge of the communications between the Company’s internal and external auditors;</u></p> <p>(4) <u>to perform such other duties determined by the Board of Directors and specified by the listing rules and regulatory rules of the locality where the shares of the Company are listed.</u></p>	<p><b>Article 188</b> The principal duties of the audit committee shall include:</p> <p>(1) <u>to be responsible for reviewing the financial information of the Company and its disclosure, supervising and evaluating internal and external audit work and internal control (disclosure of financial information in financial accounting reports and regular reports and internal control evaluation reports shall be submitted to the Board of Directors for consideration with the consent of more than half of the members);</u></p> <p>(2) <u>to propose the appointment, dismissal or replacement of the accounting firm responsible for the Company’s audit engagement (which shall be submitted to the Board of Directors for consideration with the consent of more than half of the members);</u></p> <p>(3) <u>to appoint or dismiss the financial officer of the Company (which shall be submitted to the Board of Directors for consideration with the consent of more than half of the members);</u></p> <p>(4) <u>to make decisions on changes in accounting policies and accounting estimates or corrections of material accounting errors due to reasons other than changes in accounting standards (which shall be submitted to the Board of Directors for consideration with the consent of more than half of the members);</u></p> <p>(5) <u>to be in charge of the communications between the Company’s internal and external auditors;</u></p> <p>(6) <u>other matters stipulated by laws and regulations, relevant provisions of the stock exchange and the Articles of Association.</u></p>	<p>Article 26 of the Measures for the Administration of Independent Directors of Listed Companies</p>

**ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**

Original article	To be amended as	Basis
<p><b>Article 185</b> The principal duties of the remuneration and nomination committee shall include:</p> <p>(1) to <u>review and opine</u> on the <u>election standards and procedures of the Directors and senior management</u>; to <u>search for eligible candidates for Directors and senior management</u>; to <u>review and opine</u> on the <u>qualification criteria</u> of candidates for Directors and senior management; to review the structure, size and composition of the Board of Directors (including the expertise, knowledge and experience) annually;</p> <p>(2) to <u>review and opine</u> on the <u>appraisal and remuneration management system of Directors and senior management</u>;</p> <p>(3) to <u>assess and opine</u> on the <u>Directors and senior management</u>;</p> <p>(4) to <u>perform such other duties determined by the Board of Directors and specified by the listing rules and regulatory rules of the locality where the shares of the Company are listed.</u></p>	<p><b>Article 189</b> The principal duties of the remuneration and nomination committee shall include:</p> <p>(1) to <u>be responsible for developing the election standards and procedures of the Directors and senior management</u>; <u>selecting and reviewing the candidates for Directors and senior management and their qualifications for appointment</u>; reviewing the structure, size and composition of the Board of Directors (including the expertise, knowledge and experience) annually;</p> <p>(2) to <u>make recommendations on the nomination, appointment and removal of Directors and the appointment or dismissal of senior management</u>;</p> <p>(3) to <u>be responsible for developing and evaluating the assessment standards for Directors and senior management, formulating and reviewing the remuneration policies and schemes for Directors and senior management (including making recommendations on the remuneration of Directors and senior management)</u>;</p> <p>(4) to <u>make recommendations on the formulation or amendment of share incentive scheme and employee stock ownership plan, the grant of rights and interests to incentive participants and the fulfilment of conditions for exercise of rights and interests</u>;</p> <p>(5) to <u>make recommendations on the arrangement of the stock ownership plan for Directors and senior management in related to the proposed spin-off of subsidiary(ies)</u>;</p> <p>(6) <u>matters stipulated by laws and regulations, the provisions of the CSRC and the Articles of Association.</u></p>	<p>Article 27 and Article 28 of the Measures for the Administration of Independent Directors of Listed Companies</p>

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Original article	To be amended as	Basis
<p><b>Article 211</b> A Supervisor may apply for resignation before the expiration of his/her term of office. <u>The provisions concerning the resignation of Directors as set out in Chapter 5 of the Articles of Association shall apply to the Supervisors.</u></p>	<p><b>Article 215</b> A Supervisor may apply for resignation before the expiration of his/her term of office. <u>If the resignation of a Supervisor causes the number of members on the Supervisory Committee falling below the quorum or if the resignation of an employee representative Supervisor causes the number of employee representative Supervisors to be less than one-third of the members of the Supervisory Committee, their resignations shall not come into effect until the vacancies resulting from their resignations are filled by the appointment of the new Supervisors. Save as disclosed above, the resignation of Supervisors shall become effective when the resignation is served on the Supervisory Committee.</u></p>	<p>Article 4.3.13 of the SSE Listing Rules</p>

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Original article	To be amended as	Basis
<p><b>Article 253</b> The principle of allocating profits of the Company: adhering to the principle of “the same shares entitled to the same rights and dividend”, the Company allocates profits as per the proportions of shareholding in the Company by its shareholders. The Company implements a sustainable and stable profit distribution policy, and places a great emphasis on the reasonable investment returns of its investors as well as the long-term development of the Company.</p> <p>The policy of profit distribution of the Company is as follows:</p> <p>(1) ...</p> <p>(5) The Board of Directors shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, and profit level <u>and</u> whether it has any significant capital expenditure plans, and formulate differentiated cash dividend proposals in accordance with the provisions set out below and procedures provided in the Articles of Association:</p> <p>(i) ...</p> <p>If it is difficult to determine the Company’s stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.</p> <p>The proportion of cash dividends in the profit distribution shall be the cash dividends divided by the sum of cash dividends and scrip dividends.</p>	<p><b>Article 257</b> The principle of allocating profits of the Company: adhering to the principle of “the same shares entitled to the same rights and dividend”, the Company allocates profits as per the proportions of shareholding in the Company by its shareholders. The Company implements a sustainable and stable profit distribution policy, and places a great emphasis on the reasonable investment returns of its investors as well as the long-term development of the Company.</p> <p>The policy of profit distribution of the Company is as follows:</p> <p>(1) ...</p> <p>(5) The Board of Directors shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, and profit level, <u>and debt repayment capacity</u> whether it has any significant capital expenditure plans <u>and investor returns</u>, and formulate differentiated cash dividend proposals in accordance with the provisions set out below and procedures provided in the Articles of Association:</p> <p>(i) ...</p> <p>If it is difficult to determine the Company’s stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in <u>circumstance (3) above</u>.</p> <p>The proportion of cash dividends in the profit distribution shall be the cash dividends divided by the sum of cash dividends and scrip dividends.</p>	<p>Article 5 of the Guidelines for Regulation of Listed Companies No.3 – Cash Dividends of Listed Companies (2023 Revision)</p>

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Original article	To be amended as	Basis
<p><b>Article 254</b> Decision-making procedures and mechanism of the profit distribution plan are as follows:</p> <p>(1) The decision-making procedures of the profit distribution plan of the Company shall be as follows: the Board of Directors shall formulate a clear and definite shareholders' return plan every three years after carrying out a thorough discussion of the conditions and percentage of profit distribution, the development stage of the Company, and its significant capital expenditure plans; and the Company shall formulate profit distribution plan for the current period after conducting careful research into and deliberation on the timing, conditions and minimum percentage of cash dividends as well as conditions of adjustment. The profit distribution proposal proposed by the Board of Directors shall be passed by a majority of the Directors of the Company, <u>and independent Directors shall express their independent opinions on the profit distribution plan</u> before it is submitted to the shareholders' general meeting for consideration and approval.</p>	<p><b>Article 258</b> Decision-making procedures and mechanism of the profit distribution plan are as follows:</p> <p>(1) The decision-making procedures of the profit distribution plan of the Company shall be as follows: the Board of Directors shall formulate a clear and definite shareholders' return plan every three years after carrying out a thorough discussion of the conditions and percentage of profit distribution, the development stage of the Company, and its significant capital expenditure plans; and the Company shall formulate profit distribution plan for the current period after conducting careful research into and deliberation on the timing, conditions and minimum percentage of cash dividends as well as conditions of adjustment. The profit distribution proposal proposed by the Board of Directors shall be passed by a majority of the Directors of the Company before it is submitted to the shareholders' general meeting for consideration and approval.</p>	<p>Article 6 and Article 13 of the Guidelines for Regulation of Listed Companies No.3 – Cash Dividends of Listed Companies (2023 Revision) and Article 6.5.5 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations (2023 Revision)</p>

**ANNEX XI      TABLE OF COMPARISON FOR THE AMENDMENTS TO  
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Original article	To be amended as	Basis
<p>The independent Directors <u>may collect opinions from minority shareholders for formulating and putting forward a profit distribution proposal to the Board of Directors for consideration.</u> When the profit distribution plan is considered at the shareholders’ general meeting, the Company shall communicate and contact with its shareholders, especially minority shareholders, and discuss in detail and exchange ideas with shareholders on the profit distribution plan. If profit distribution plan for the current year cannot be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividend, the profit distribution plan shall be passed by more than a half of the voting rights held by shareholders (including their proxies) present at the shareholders’ general meeting.</p>	<p>The independent Directors <u>are entitled to express independent opinions if they consider that the cash dividend distribution plan may impair the interests of the listed company or minority shareholders. If the opinions of the independent Directors are not adopted or not fully adopted by the Board of Directors, the opinions of independent Directors and the specific reasons for non-adoption shall be recorded and disclosed in the resolutions of the Board of Directors.</u> When the profit distribution plan is considered at the shareholders’ general meeting, the Company shall communicate and contact with its shareholders, especially minority shareholders, and discuss in detail and exchange ideas with shareholders on the profit distribution plan. If profit distribution plan for the current year cannot be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividend, the profit distribution plan shall be passed by more than a half of the voting rights held by shareholders (including their proxies) present at the shareholders’ general meeting.</p> <p>...</p>	



**ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO  
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Original article	To be amended as	Basis
<p><u>If profit distribution plan for the current year cannot be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividend under special circumstances, the Company shall disclose specific reasons and definite opinions of independent Directors in regular reports, and make specific explanation to matters such as use of retained earnings, estimated investment income, etc. Profit distribution plan for the current year shall be passed by more than two thirds of the voting rights held by shareholders (including their proxies) present at the shareholders' general meeting and the shareholders shall be accessible to network voting when attending the shareholders' general meeting to consider such plan.</u></p> <p>...</p> <p>(2) The decision-making procedures for the adjustment of the profit distribution policy of the Company are as follows: where the Company needs to adjust its profit distribution policy in light of industrial regulatory policies, business operation, investment plans and long-term development of the Company, or due to significant changes in the external operating environment or business operation of the Company, the adjusted profit distribution policy shall not violate relevant laws and regulations and relevant requirements of the CSRC and the stock exchange. The proposal on the adjustment of the profit distribution policy shall be formulated by the Board of Directors based on the operating condition of the Company and relevant regulations and policies, and it shall be submitted to the shareholders' general meeting for consideration.</p>	<p>(2) The decision-making procedures for the adjustment of the profit distribution policy of the Company are as follows: where the Company needs to adjust its profit distribution policy in light of industrial regulatory policies, business operation, investment plans and long-term development of the Company, or due to significant changes in the external operating environment or business operation of the Company, the adjusted profit distribution policy shall not violate relevant laws and regulations and relevant requirements of the CSRC and the stock exchange. The proposal on the adjustment of the profit distribution policy shall be formulated by the Board of Directors based on the operating condition of the Company and relevant regulations and policies, and it shall be <u>passed by more than half of all Directors</u> and submitted to the shareholders' general meeting for consideration.</p> <p>...</p>	
<p><u>When formulating the proposal on the adjustment of the profit distribution policy, the Board of Directors shall listen fully to the opinions of the independent Directors and discuss their opinions in detail. The proposal on the adjustment of the profit distribution policy formulated by the Board of Directors shall be approved by a majority of all Directors of the Company, and independent Directors shall express their independent opinions on such proposal.</u></p> <p>...</p>		

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Original article	To be amended as	Basis
<p><b>Article 257</b> After the profit distribution plan has been adopted at shareholders’ general meeting, <u>the Board of Directors shall complete the dividend (or share) distribution within two months after the end of the shareholders’ general meeting.</u></p>	<p><b>Article 261</b> After the profit distribution plan has been adopted at shareholders’ general meeting, <u>or after the Board of Directors of the Company formulates a specific plan in accordance with the conditions and caps for the interim dividend for the next year as considered and approved at the annual general meeting,</u> the dividend (or share) distribution <u>shall be completed</u> within two months.</p>	<p>Article 155 of the Guidelines for the Articles of Association of Listed Companies</p>
<p><b>Article 270</b> The engagement, renewal, dismissal or discontinuation of an accounting firm shall be decided by the shareholders’ general meeting, <u>and be reported to the securities regulatory authority under the State Council.</u></p> <p>...</p>	<p><b>Article 274</b> The engagement, renewal, dismissal or discontinuation of an accounting firm shall be decided by the shareholders’ general meeting.</p> <p>...</p>	<p>The Circular on the Regulation of Institutions (Issue No.16 of 2020) (《 機構 監管 情況 通報 (2020 年 第16期 ) 》) issued by the CSRC on September 4, 2020 has cancelled the filing requirements for “the appointment, dismissal or non-reappointment of an accounting firm by the company”</p>

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Original article	To be amended as	Basis
<p><b>Article 314</b> These Articles of Association are written in Chinese. In case of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of these Articles of Association <u>approved by and</u> registered with the company registration authority shall prevail.</p>	<p><b>Article 318</b> These Articles of Association are written in Chinese. In case of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of these Articles of Association <u>registered and filed</u> with the company registration authority shall prevail.</p>	Amended according to actual situation
<p><b>Article 315</b> The term “or above”, “within”, “following”, as stated in these Articles of Association shall all include the given figure; the term “not exceeding”, “except” shall all exclude the given figure.</p>	<p><b>Article 319</b> The term “or above”, “within”, “following”, as stated in these Articles of Association shall all include the given figure; the term “not exceeding”, “except”, “<u>less than</u>”, “more than”, “over” shall all exclude the given figure.</p>	Amended according to terminology
	<p><b>Article 321</b> <u>The attachments to the Articles of Association include the rules of procedure of the general meeting, the rules of procedure of the Board of Directors and the rules of procedure of the Supervisory Committee.</u></p>	Article 198 of the Guidelines for the Articles of Association of Listed Companies
Changes in the sequence of chapters and articles due to the addition shall be adjusted according to the actual situation.		

# ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ITS ANNEXES

## COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS

Original article	To be amended as	Basis
<p><b>Article 16</b> As a shareholders' general meeting is convened, the Board of Directors, Supervisory Committee and any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may propose resolution(s) to the Company.</p> <p>Any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may submit an interim proposal in writing to the convener at least 10 days prior to the convening of the shareholders' general meeting. The convener shall then send a supplemental notice to the shareholders to announce the interim proposal and the name and shareholding percentage of the shareholders who put forward the interim proposal, within 2 days upon receipt of such proposal.</p> <p>Other than the above circumstances, the convener shall not make any change in the notice to the existing proposals or add any new proposal after the publication of the notice of the shareholders' general meeting.</p> <p>If a notice of shareholders' general meeting does not specify the proposed resolutions or does not comply with the preceding article, the shareholders' general meeting cannot vote and reach a decision.</p>	<p><b>Article 16</b> As a shareholders' general meeting is convened, the Board of Directors, Supervisory Committee and any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may propose resolution(s) to the Company.</p> <p>Any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may submit an interim proposal in writing to the convener at least 10 days prior to the convening of the shareholders' general meeting. <u>Prior to the convening of a shareholders' general meeting, if a qualified shareholder proposes an interim proposal, his/her shareholding percentage shall not be less than 3% during the period from the notice of proposal to the announcement on the resolution of the meeting. Where a shareholder proposes an interim proposal, he/ she shall provide the convener with documents proving that he/ she holds more than 3% of the shares of the listed company. Where a shareholder jointly proposes a proposal by way of entrustment, the entrusting shareholder shall issue a written authorization document to the entrusted shareholder. If the qualification of the shareholders of the proposal is true and the relevant proposal complies with the relevant requirements of the Company Law,</u> the convener shall then send a supplemental notice to the shareholders to announce the interim proposal and the name and shareholding percentage of the shareholders who put forward the interim proposal, within 2 days upon receipt of such proposal.</p>	<p>Articles 2.1.4 and 2.1.5 of Shanghai Stock Exchange Self-discipline Supervision Guidelines for Listed Companies No. 1 – Standard Operation</p>

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Original article	To be amended as	Basis
	<p>Other than the above circumstances, the convener shall not make any change in the notice to the existing proposals or add any new proposal after the publication of the notice of the shareholders' general meeting. <u>Where the convener is required to supplement or correct the contents of the proposal disclosure in accordance with the provisions, the convener shall not substantially amend the proposal, and shall publish relevant supplementary or correction announcements within the prescribed time limit.</u></p> <p>If a notice of shareholders' general meeting does not specify the proposed resolutions or does not comply with the preceding article, the shareholders' general meeting cannot vote and reach a decision.</p>	
<p><b>Article 17</b> <u>Written notice of the shareholders' general meeting shall be given by the convener 20 business days before the date of the annual meeting and 10 business days or 15 days (whichever is longer) before an extraordinary general meeting to notify all of the shareholders whose names appear in the register of shareholders of the matters to be considered and the date and place of the meeting.</u></p>	<p><b>Article 17</b> Notice of the shareholders' general meeting shall be given by the convener 20 days before the date of the annual meeting and 15 days before an extraordinary general meeting to <u>notify all</u> of the shareholders of the matters to be considered and the date and place of the meeting <u>by way of announcement. Where laws and regulations, securities regulatory authorities and stock exchanges in the place where the shares of the Company are listed have other provisions, such provisions shall prevail.</u></p>	<p>Same amendments as Articles of Association</p>

## ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ITS ANNEXES

Original article	To be amended as	Basis
<p><b>Article 18</b> The notice of a shareholders' general meeting shall comply with the following requirements:</p> <p>(1) made in writing;</p> <p>(2) specify the date, time and venue of the meeting;</p> <p>(3) specify the matters and proposals submitted to the meeting for consideration and examination (the notice of the shareholders' general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals. <u>For those items proposed for discussion requiring the opinions of independent Directors, the notice of the shareholders' general meeting or the supplementary notice shall disclose both the opinions and the reasons of independent Directors</u>);</p> <p>(4) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;</p>	<p><b>Article 18</b> The notice of a shareholders' general meeting shall comply with the following requirements:</p> <p>(1) made in writing;</p> <p>(2) specify the date, time and venue of the meeting;</p> <p>(3) specify the matters and proposals submitted to the meeting for consideration and examination (the notice of the shareholders' general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals, <u>and all meeting materials necessary for the shareholders to make reasonable judgments on the relevant proposals; in the proposal to be voted on at the shareholders' general meeting, if an proposal taking effect is conditional upon other proposals become effective, the convener shall explicitly disclose the relevant preconditions in the notice of the shareholders' general meeting and shall give special reminders that the approval of such proposal is the precondition to the voting results of subsequent proposals taking effect</u>;</p> <p>(4) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;</p>	<p>Article 2.1.3 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations and Article 18 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>

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Original article	To be amended as	Basis
<p>(5) contain a disclosure of the nature and extent of the material interests, if any, of any Director, Supervisor, President and other senior management in the matters to be discussed; and in the event that the matters to be discussed will have different effect on the Directors, Supervisors, President and other senior management in their capacity as shareholders from that on the shareholders of the same class, explain such difference;</p> <p>(6) contain the full text of any special resolution to be proposed at the meeting;</p> <p>(7) contain a conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and such proxy needs not be a shareholder of the Company;</p> <p>(8) specify the record date for determining the shareholders who are entitled to attend the shareholders' general meeting;</p> <p>(9) specify the date and place for the delivery of proxy forms for voting;</p>	<p>(5) contain a disclosure of the nature and extent of the material interests, if any, of any Director, Supervisor, President and other senior management in the matters to be discussed; and in the event that the matters to be discussed will have different effect on the Directors, Supervisors, President and other senior management in their capacity as shareholders from that on the shareholders of the same class, explain such difference;</p> <p>(6) contain the full text of any special resolution to be proposed at the meeting;</p> <p>(7) contain a conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and such proxy needs not be a shareholder of the Company;</p> <p>(8) specify the record date for determining the shareholders who are entitled to attend the shareholders' general meeting; <u>the interval between the shareholding record date of a shareholders' general meeting and the date of the meeting shall not be more than 7 business days. The shareholding record date shall not be changed once confirmed.</u></p> <p>(9) specify the date and place for the delivery of proxy forms for voting;</p>	

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Original article	To be amended as	Basis
<p>(10) state the names and telephone numbers of the standing contact persons for the meeting;</p> <p>(11) in the event that a shareholders' general meeting is held online or through other means, the designated time and procedure for voting through internet or other means shall be expressly stated in the notice of such meeting.</p> <p>The voting online or by any other means shall be started not earlier than 3:00 pm on the day before the on-site general meeting is held and not later than 9:30 am on the day when the on-site general meeting is held, and shall be concluded not earlier than 3:00 pm on the day when the on-site general meeting ends.</p> <p><u>The interval between the shareholding record date of a shareholders' general meeting and the date of the meeting shall not be more than 7 business days. The shareholding record date shall not be changed once confirmed.</u></p>	<p>(10) state the names and telephone numbers of the standing contact persons for the meeting;</p> <p>(11) in the event that a shareholders' general meeting is held online or through other means, the designated time and procedure for voting through internet or other means shall be expressly stated in the notice of such meeting. The voting online or by any other means shall be started not earlier than 3:00 pm on the day before the on-site general meeting is held and not later than 9:30 am on the day when the on-site general meeting is held, and shall be concluded not earlier than 3:00 pm on the day when the on-site general meeting ends.</p> <p><u>The convener shall disclose other necessitate information 5 days prior to the convening of the shareholders' general meeting to enable the shareholders to make reasonable decisions on the matters proposed to be discussed. Where relevant proposals require independent Directors, the Supervisory Committee and intermediary institutions to issue opinions, such opinions shall be disclosed as part of materials of the meeting.</u></p>	



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THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**

Original article	To be amended as	Basis
<p><b>Article 20</b> Where the election of Directors and Supervisors are scheduled to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the detailed information about the Director and Supervisor candidate(s), including at least the following contents:</p> <p>(1) ...</p> <p>Except the election of Directors and Supervisors by means of cumulative voting, nomination of every Director and Supervisor candidate shall be conducted by separate resolution.</p> <p><u>Where material connected transactions are scheduled to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the following contents:</u></p> <p><u>(1) a summary of the connected transaction(s);</u></p> <p><u>(2) the information about the connected person(s);</u></p> <p><u>(3) the basic information about the underlying of the connected transaction(s);</u></p>	<p><b>Article 20</b> Where the election of Directors and Supervisors are scheduled to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the detailed information about the Director and Supervisor candidate(s), including at least the following contents:</p> <p>(1) ...</p> <p>Except the election of Directors and Supervisors by means of cumulative voting, nomination of every Director and Supervisor candidate shall be conducted by separate resolution.</p>	<p>The original Guidelines of the SSE on Related Party Transactions of Listed Companies has been abolished</p>

**ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**

Original article	To be amended as	Basis
<p><u>(4) the main profile and the pricing policy of the connected transaction(s);</u></p> <p><u>(5) goal of the connected transaction(s) and its effect on the Company;</u></p> <p><u>(6) prior approvals of the independent Directors;</u></p> <p><u>(7) opinions from independent financial adviser(s) (if any);</u></p> <p><u>(8) the history of connected transaction(s);</u></p> <p><u>(9) commitments of the controlling shareholder(s) (if any).</u></p>		
<p><b>Article 41</b> The list of candidates for Directors and Supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal. When a voting is made on election of Directors or Supervisors at a shareholder's general meeting, the cumulative voting system may be adopted in accordance with the requirements of laws, regulations, rules and regulatory documents and Articles of Association or the resolutions of the shareholders' general meeting. In respect of the election of Directors or Supervisors, the cumulative voting system shall be adopted when sole shareholder and its concert party are interested in 30% or more in shares of the Company.</p>	<p><b>Article 41</b> The list of candidates for Directors and Supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal. When a voting is made on election of Directors or Supervisors at a shareholder's general meeting, the cumulative voting system may be adopted in accordance with the requirements of laws, regulations, rules and regulatory documents and Articles of Association or the resolutions of the shareholders' general meeting. <u>If more than two independent Directors are elected at the shareholder's general meeting of the Company, the cumulative voting system shall be adopted.</u> In respect of the election of Directors or Supervisors, the cumulative voting system shall be adopted when sole shareholder and its concert party are interested in 30% or more in shares of the Company.</p>	<p>Article 12 of the Administrative Measures for Independent Directors of Listed Companies</p>

**ANNEX XI      TABLE OF COMPARISON FOR THE AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**

**COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE  
FOR THE BOARD OF DIRECTORS**

Original article	To be amended as	Basis
<p><b>Article 5 Extraordinary meetings</b></p> <p>When it falls within one of the following circumstances, the Chairman shall convene an extraordinary meeting within ten <u>working</u> days:</p> <p>(1) when the shareholders representing more than one-tenth of voting rights make a proposal;</p> <p>...</p>	<p><b>Article 5 Extraordinary meetings</b></p> <p>When it falls within one of the following circumstances, the Chairman shall convene an extraordinary meeting within ten days:</p> <p>(1) when the shareholders representing more than one-tenth of voting rights make a proposal;</p> <p>...</p>	<p>Article 115 of the Guidelines for the Articles of Association of Listed Companies, which is consistent with the Articles of Association</p>

**ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**

Original article	To be amended as	Basis
<p><b>Article 6 Proposing procedures for extraordinary meetings</b></p> <p>Where an extraordinary meeting of the Board is proposed in accordance with the provisions set out in the preceding paragraph, a written proposal signed under the hand (or seal) of the proponent shall be submitted through the Office of the Board or directly to the Chairman of the Board. The following shall be indicated in the written proposal:</p> <p>(1) the name of the proponent;</p> <p>(2) the reasons for the proposal or objective facts/causes on which the proposal is based;</p> <p>(3) the time or timeframe, venue and form of the proposed meeting;</p> <p>(4) the proposals in clear and specific terms;</p> <p>(5) the contact information of the proponent and the date of proposal, etc.</p> <p>The proposals shall be concerning matters that fall within the scope of the authorities of the Board as prescribed in the Articles of Association, and be submitted together with the relevant materials.</p> <p>After receiving the aforesaid written proposals and the relevant materials, the Office of the Board shall forward such to the Chairman on the same day. If the Chairman considers the contents of the proposals not clear and not specific, or considers the relevant materials insufficient, the Chairman may request the proponent to revise or supplement the relevant contents.</p> <p><u>The meeting of the Board shall be convened and presided over by the Chairman within 10 days upon receipt of the proposals or the request of the securities regulatory authority.</u></p>	<p><b>Article 6 Proposing procedures for extraordinary meetings</b></p> <p>Where an extraordinary meeting of the Board is proposed in accordance with the provisions set out in the preceding paragraph, a written proposal signed under the hand (or seal) of the proponent shall be submitted through the Office of the Board or directly to the Chairman of the Board. The following shall be indicated in the written proposal:</p> <p>(1) the name of the proponent;</p> <p>(2) the reasons for the proposal or objective facts/causes on which the proposal is based;</p> <p>(3) the time or timeframe, venue and form of the proposed meeting;</p> <p>(4) the proposals in clear and specific terms;</p> <p>(5) the contact information of the proponent and the date of proposal, etc.</p> <p>The proposals shall be concerning matters that fall within the scope of the authorities of the Board as prescribed in the Articles of Association, and be submitted together with the relevant materials.</p> <p>After receiving the aforesaid written proposals and the relevant materials, the Office of the Board shall forward such to the Chairman on the same day. If the Chairman considers the contents of the proposals not clear and not specific, or considers the relevant materials insufficient, the Chairman may request the proponent to revise or supplement the relevant contents.</p>	<p>The original Model Rules of Procedures of Shanghai Stock Exchange for the Board of Directors of Listed Companies was abolished</p>

**ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**

Original article	To be amended as	Basis
<p><b>Article 9 Contents of the notice of the meeting</b></p> <p>A written notice on the meeting shall at least include:</p> <p>(1) the time, venue and duration of the meeting;</p> <p>(2) the form in which the meeting is convened;</p> <p>(3) the matters (proposals) to be reviewed;</p> <p>(4) the requirement on that a Director shall attend the meeting in person or shall appoint other Directors to attend the meeting on his/ her behalf;</p> <p>(5) the contact person and contact method;</p> <p>(6) the date of issuing the notice.</p> <p>A verbal notice on meeting shall at least include the contents set out in paragraphs (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the Board under urgent circumstances.</p>	<p><b>Article 9 Contents of the notice of the meeting</b></p> <p>A written notice on the meeting shall at least include:</p> <p>(1) the time, venue and duration of the meeting;</p> <p>(2) the form in which the meeting is convened;</p> <p>(3) the matters (proposals) to be reviewed;</p> <p>(4) the requirement on that a Director shall attend the meeting in person or shall appoint other Directors to attend the meeting on his/ her behalf;</p> <p>(5) the contact person and contact method;</p> <p>(6) the date of issuing the notice.</p> <p>A verbal notice on meeting shall at least include the contents set out in paragraphs (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the Board under urgent circumstances.</p> <p><u>If two or more independent Directors consider that the meeting materials are incomplete, the argumentation is insufficient or the provision is not timely, they may propose in writing to the Board to postpone the convening of the meeting or postpone the consideration of the matter, and the Board shall adopt such proposal.</u></p>	<p>Article 37 of the Administrative Measures for the Administration of Independent Directors of Listed Companies</p>

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THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**

Original article	To be amended as	Basis
<p><b>Article 12 Attending in person or by proxy</b></p> <p>The Directors shall attend the meeting of the Board in person. Any Director who cannot attend the meeting for any reason shall review the meeting documents and form his/ her definite opinions in advance and appoint another Director in writing to attend the meeting on his/her behalf.</p> <p>The power of attorney shall specify:</p> <p>(1) the names of the appointor and the proxy;</p> <p>(2) the appointor's scope of authority and voting intention on the proposal;</p> <p>(3) the valid period of authorization of the appointor;</p> <p>(4) the appointor's signature, date of signature, etc.</p> <p>...</p>	<p><b>Article 12 Attending in person or by proxy</b></p> <p>The Directors shall attend the meeting of the Board in person. Any Director who cannot attend the meeting for any reason shall review the meeting documents and form his/ her definite opinions in advance and appoint another Director in writing to attend the meeting on his/her behalf.</p> <p>The power of attorney shall specify:</p> <p>(1) the names of the appointor and the proxy;</p> <p>(2) the appointor's scope of authority and voting intention on the proposal (<u>in relation to voting on proposals, the appointor should specify his/her opinions on vote for, vote against or abstain from voting on each of the proposals in the power of attorney</u>);</p> <p>(3) the valid period of authorization of the appointor;</p> <p>(4) the appointor's signature, date of signature, etc.</p> <p>...</p>	<p>Article 3.3.2 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations</p>

**ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION AND ITS ANNEXES**

Original article	To be amended as	Basis
<p><b>Article 15 Consideration procedures of the meetings</b></p> <p>The presider shall request all the Directors attending the meeting of the Board of Directors to express clear opinions in respect of each proposal.</p> <p>With respect to the proposals that <u>shall be approved in advance</u> by the independent Directors according to relevant provisions, the presider shall, before considering relevant proposals, designate one independent Director to read out the <u>written approval</u> opinions <u>reached</u> by the independent Directors.</p> <p>...</p>	<p><b>Article 15 Consideration procedures of the meetings</b></p> <p>The presider shall request all the Directors attending the meeting of the Board of Directors to express clear opinions in respect of each proposal.</p> <p>With respect to the proposals that <u>need to be approved by more than half of the independent Directors for convening a special meeting of independent Directors in accordance with the regulations, and that need to be approved by more than half of all members for convening a meeting of the Audit Committee of the Board of Directors, and that need to be recommended by the Remuneration and Nomination Committee of the Board of Directors to the Board of Directors,</u> the presider shall, before considering relevant proposals, designate one independent Director <u>or member of the relevant committee</u> to read out the <u>resolutions and opinions of the special meeting of independent Directors or relevant committees.</u></p> <p>...</p>	<p>Relevant provisions of the Administrative Measures for the Administration of Independent Directors of Listed Companies and taking into account the actual situation of the Company</p>
<p><b>Article 25 Meeting minutes</b></p> <p>The Secretary to the Board of Directors shall arrange Board office staff to record the minutes of the Board of Directors meeting. Minutes shall be signed by all attending Directors, the Secretary to the Board of Directors and the person taking the minutes. The minutes shall include the following information:</p> <p>(I) the session, time, venue and form of the meeting;</p> <p>(II) ...</p>	<p><b>Article 25 Meeting minutes</b></p> <p>The Secretary to the Board of Directors shall arrange Board office staff to record the minutes of the Board of Directors meeting. Minutes shall be signed by all attending Directors, the Secretary to the Board of Directors and the person taking the minutes. The minutes shall <u>be true, accurate and complete, and fully reflect the opinions of the participants on the matters considered, including</u> the following information:</p> <p>(I) the session, time, venue and form of the meeting;</p> <p>(II) ...</p>	<p>Article 2.2.3 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations</p>

**ANNEX XI TABLE OF COMPARISON FOR THE AMENDMENTS TO  
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Original article	To be amended as	Basis
<p><b>Article 29 Implementation of resolutions</b></p> <p>The chairman of the Board of Directors shall procure the relevant persons to implement the resolutions formed by the Board of Directors, check the implementation of resolutions, and report at future meetings of the Board of Directors the implementation of resolutions adopted.</p>	<p><b>Article 29 Implementation of resolutions</b></p> <p>The chairman of the Board of Directors shall procure the relevant persons to implement the resolutions formed by the Board of Directors, check the implementation of resolutions, and report at future meetings of the Board of Directors the implementation of resolutions adopted.</p> <p><u>The independent Directors shall continue to pay attention to the implementation of the resolutions of the Board of Directors in relation to the matters described in Article 15 of these Rules that require consideration or suggestions by the independent Directors and the special committees of the Board of Directors, and shall report to the Board of Directors in a timely manner if they find that there are any violations of laws, administrative regulations, provisions of the CSRC, business rules of the stock exchange and the Articles of Association, or violations of the resolutions of the general meeting and the Board of Directors, and may require the Company to make written explanations.</u></p>	<p>Article 22 of the Administrative Measures for the Administration of Independent Directors of Listed Companies</p>
<p><b>Article 31 Supplementary provisions</b></p> <p>...</p> <p>Unless otherwise provided in these Rules, the terms “or above” and “within” in these Rules shall all include the given figure; the terms “exceed” and “less than” shall all exclude the given figure.</p> <p>...</p>	<p><b>Article 31 Supplementary provisions</b></p> <p>...</p> <p>Unless otherwise provided in these Rules, the terms “or above” and “within” in these Rules shall all include the given figure; the terms “exceed”, “less than” and “over” shall all exclude the given figure.</p> <p>...</p>	<p>Modifications according to terminology</p>