THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 advisor.

If you have sold or transferred all your shares in **CSC Financial Co., Ltd.,** you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

中信建投証券股份有限公司
CSC FINANCIAL CO., LTD.

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

(Stock Code: 6066)

(1) 2021 WORK REPORT OF THE BOARD OF DIRECTORS
(2) 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE
(3) 2021 FINAL FINANCIAL ACCOUNTS PLAN
(4) PROFIT DISTRIBUTION PLAN OF THE COMPANY IN 2021
(5) 2021 ANNUAL REPORT
(6) ELECTION OF MR. WANG XIAOGUANG AS SUPERVISOR OF THE COMPANY
(7) EXPECTED DAILY RELATED PARTY/CONNECTED TRANSACTIONS IN 2022
(8) REAPPOINTMENT OF 2022 ACCOUNTING FIRMS
(9) ADJUSTMENT TO THE ALLOWANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS
(10) 2021 WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND
(11) NOTICE OF THE ANNUAL GENERAL MEETING

A letter from the Board is set out on pages 1 to 19 of this circular. Please refer to pages 45 to 50 of this circular for the notice convening Annual General Meeting.

Please complete and return the proxy form in accordance with the instructions printed thereon, if the Shareholders are to appoint a proxy to attend the Annual General Meeting.

For H Shareholders, the proxy form and any authorization instruments should be returned to Computershare Hong Kong Investor Services Limited (whose address is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong) as soon as possible, but in any event not less than 24 hours before the time appointed for holding the Annual General Meeting (i.e. 2:00 p.m. on Monday, June 27, 2022). Completion and return of the form of proxy will not preclude you from attending and voting in person at Annual General Meeting or at any adjourned meetings should you so wish.

June 2, 2022

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Note: In the event of any discrepancy between the English and Chinese versions of this circular, the Chinese version shall prevail.

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

"A Share(s)"	the ordinary shares in the share capital issued of the Company with a nominal value of RMB1.00 which are listed on the Shanghai Stock Exchange
"AGM" or "Annual General Meeting"	the 2021 annual general meeting or any adjournment thereof of the Company to be held at 2:00 p.m. on Tuesday, June 28, 2022 at Multifunction Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Board" or "Board of Directors"	the board of Directors of the Company
"Board Meetings"	the board meetings convened on Wednesday, March 30, 2022 and Thursday, April 28, 2022
"Company"	CSC Financial Co., Ltd. (中信建投証券股份有限公司), a joint stock company incorporated in the People's Republic of China with limited liability, the H Shares of which have been listed and traded on the main board of the Hong Kong Stock Exchange (stock code: 6066) and the A Shares of which have been listed and traded on the Shanghai Stock Exchange (stock code: 601066)
"Company Law"	the Company Law of the People's Republic of China
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"H Share(s)"	overseas listed foreign invested ordinary shares 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 Shareholders"	holders of H Shares
"HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Independent Non-executive Director(s)" or "Independent Director(s)"	the independent non-executive director(s) of the Company
"Non-executive Director(s)"	the non-executive director(s) of the Company
"PRC" or "China"	the People's Republic of China
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Securities Law"	the Securities Law of the People's Republic of China
"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
"Shareholder(s)"	the shareholder(s) of the Company
"Supervisor(s)"	the supervisors of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Supervisory Committee Meetings"	the Supervisory Committee meetings convened on Wednesday, March 30, 2022 and Thursday, April 28, 2022
"SSE"	Shanghai Stock Exchange
"SSE Listing Rules"	The Rules Governing the Listing of Securities on the Shanghai Stock Exchange (as amended from time to time)
"%"	percentage

中信建投証券股份有限公司
CSC FINANCIAL CO., LTD.

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

(Stock Code: 6066)

Mr. Wang Changqing *(Chairman, Executive Director)*
Mr. Yu Zhongfu *(Vice Chairman, Non-executive Director)*
Mr. Wang Xiaolin *(Vice Chairman, Non-executive Director)*
Mr. Li Geping *(Executive Director)*
Ms. Zhang Qin *(Non-executive Director)*
Ms. Zhu Jia *(Non-executive Director)*
Ms. Zhang Wei *(Non-executive Director)*
Mr. Yang Dong *(Non-executive Director)*
Ms. Wang Hua *(Non-executive Director)*
Mr. Dai Deming *(Independent Non-executive Director)*
Mr. Bai Jianjun *(Independent Non-executive Director)*
Mr. Liu Qiao *(Independent Non-executive Director)*
Mr. Po Wai Kwong *(Independent Non-executive Director)*
Mr. Lai Guanrong *(Independent Non-executive Director)*

Registered office in the PRC:
Unit 4, No. 66 Anli Road
Chaoyang District
Beijing
PRC

Principal place of business in the PRC:
No. 188 Chaonei Avenue
Dongcheng District
Beijing
PRC

Principal place of business in Hong Kong:
18/F, Two Exchange Square,
Central, Hong Kong

To the Shareholders:

Dear Sir or Madam,

(1) 2021 WORK REPORT OF THE BOARD OF DIRECTORS
(2) 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE
(3) 2021 FINAL FINANCIAL ACCOUNTS PLAN
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(10) 2021 WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS
AND
(11) NOTICE OF THE ANNUAL GENERAL MEETING

1. INTRODUCTION

On behalf of the Board, I invite you to attend the AGM to be held at 2:00 p.m. on Tuesday, June 28, 2022 at Multifunction Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC.

2. BUSINESS TO BE CONSIDERED AT THE AGM

Resolutions will be proposed at the AGM to approve: (1) the 2021 work report of the Board of Directors; (2) the 2021 work report of the supervisory committee; (3) the 2021 final financial accounts plan; (4) the profit distribution plan of the Company in 2021; (5) the 2021 annual report; (6) the election of Mr. Wang Xiaoguang as Supervisor of the Company; (7) the expected daily related party/connected transactions in 2022; (8) the reappointment of 2022 accounting firms; and (9) the adjustment to the allowance of Independent Non-executive Directors.

The above resolutions (1) to (9) are subject to approval by the Shareholders at the AGM by way of ordinary resolutions.

The purpose of this circular is to provide you with the information on the above resolutions to enable you to vote for or against the proposed resolutions at the AGM under fully informed condition.

The matter(s) to be proposed at the AGM for Shareholders' consideration include: (10) the 2021 work report of Independent Non-executive Directors.

(1) 2021 Work Report of the Board of Directors

The 2021 work report of the Board of Directors of the Company was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for Shareholders' consideration and approval, details of which are set out in Appendix I to this circular.

(2) 2021 Work Report of the Supervisory Committee

The 2021 work report of the Supervisory Committee was considered and approved by the Supervisory Committee on March 30, 2022 and is hereby proposed at the AGM for Shareholders' consideration and approval, details of which are set out in Appendix II to this circular.

(3) 2021 Final Financial Accounts Plan

The 2021 final financial accounts plan prepared in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for Shareholders' consideration and approval, details of which are set out in Appendix III to this circular.

(4) Profit Distribution Plan of the Company in 2021

Confirmed by the external auditors, the Company (referred to the "Parent Company", the same thereafter) achieved a net profit of RMB9,237,153,640.40 in 2021.

According to the relevant provisions of the Company Law, the Securities Law, the Financial Regulations of Financial Enterprises (《金融企業財務規則》), the Interim Measures for the Supervision and Administration of the Risk Reserves of Public Securities Investment Funds (《公開募集證券投資基金風險準備金監督管理暫行辦法》) and the Articles of Association, the Company intended to distribute its net profit for 2021 according to the following orders:

According to 10% of net profit, a statutory reserve of RMB923,715,364.04 was drawn;

According to 10% of net profit, a general risk reserve of RMB923,715,364.04 was drawn;

According to 10% of net profit, a trading risk reserve of RMB923,715,364.04 was drawn;

RMB950,206.92 of risk reserve for mutual funds custodian business was drawn;

RMB18,407,253.91 of risk reserve for large-scale collective product asset management business was drawn.

The above items totaled RMB2,790,503,552.95, subtracting the Company's interest on perpetual bonds of RMB547,684,931.50 and subtracting the dividends for 2020 distributed in the year 2021 of RMB2,908,760,548.88 and adding undistributed profit at the beginning of the year of RMB20,261,917,310.24, and the Company's undistributed profit at the end of 2021 was RMB23,252,121,917.31.

Based on an overall consideration of the long-term development of the Company and the interests of Shareholders, 2021 profit distribution plan is as follows:

The Company proposes to distribute in the form of cash dividends, on the basis of 7,756,694,797 Shares in the total issued share capital as of December 31, 2021, RMB3.95 (tax inclusive) for every 10 Shares to all Shareholders, amounting to RMB3,063,894,444.82 (tax inclusive) in aggregate, representing 32% of net profit attributable to ordinary equity holders of the Company in the consolidated financial statements for 2021. The remaining undistributed profit will be carried forward to the subsequent year. If there is any change of the total share capital of the Company before the share registration date for conducting profit distribution, the distribution percentage per share shall remain unchanged, while the total distribution amount will be adjusted accordingly, particulars of which will be further announced.

Cash dividend is denominated and declared in RMB and payable in RMB to the A Shareholders and in Hong Kong dollars to the H Shareholders. The actual amount declared in Hong Kong dollars will be calculated based on the average of the intermediate exchange rate for conversion of Hong Kong dollars to RMB as announced by the People's Bank of China one calendar week prior to the date of convening the Shareholders' general meeting for considering the resolution on profit distribution.

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

Cash dividend is expected to be distributed to the H Shareholders listed on the H Share register on Sunday, July 10, 2022. For the purpose of determining the entitlement of H Shareholders to receive the cash dividend to be distributed, the register of members of the Company will be closed from Tuesday, July 5, 2022 to Sunday, July 10, 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to be entitled to the receipt of cash dividend to be distributed which will be approved at the AGM, the H Shareholders should ensure that all transfer documents together with relevant share certificates, are lodged with the Company's registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, July 4, 2022. Cash dividends for 2021 (if approved by the Shareholders of the Company at the AGM) is expected to be distributed on or about Thursday, August 18, 2022 to the H Shareholders listed on the H Share register of the Company on Sunday, July 10, 2022.

(5) 2021 Annual Report

The 2021 annual report of the Company was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for the Shareholders' consideration and approval. The annual report has been published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.csc108.com) on Tuesday, April 19, 2022, and has been despatched to the Shareholders.

(6) Election of Mr. Wang Xiaoguang as a Supervisor of the Company

Ms. Zhao Lijun, a Supervisor of the Company, tendered her resignation as a Supervisor due to work adjustment. Her resignation will take effect from the date when a new Supervisor is elected at the AGM.

According to the relevant provisions of the Articles of Association, Central Huijin Investment Co., Ltd., a Shareholder of the Company, nominated Mr. Wang Xiaoguang as a candidate to be a Supervisor of the second session of the Supervisory Committee of the Company. Mr. Wang Xiaoguang complies with the laws, regulations and the requirements of the stock exchange listing rules for the appointment of supervisor of listed securities companies in the place of the stock exchanges where the Company's Shares are listed, has no affiliated relationship with the substantial Shareholders of the Company other than those mentioned in the biographical details, does not hold Shares of the Company, and has not been punished by securities regulatory authorities, competent government departments or stock exchanges. Mr. Wang Xiaoguang will officially assume office when the resolution on his appointment is approved at the AGM, with a term of office ending when the term of the second session of the Supervisory Committee of the Company expires.

Biographical details of Mr. Wang are as follows:

Mr. Wang Xiaoguang, born in March 1977. Mr. Wang Xiaoguang has worked at China Investment Corporation since June 2016, and currently serves as the head of the third team of the Audit Department of China Investment Corporation.

Mr. Wang Xiaoguang served as the director of the development statistics and audit bureau of the audit commission, the head of the audit team of the office of the supervisory committee/internal audit department and the head of the audit team of the companies directly managed by the audit department of China Investment Corporation.

Mr. Wang Xiaoguang obtained a bachelor's degree in accounting from Shanxi University and is qualified as a senior auditor.

Other Information

Save as disclosed above, Mr. Wang has confirmed that: (i) he does not hold directorship in other listed companies, nor any position in the Company or its subsidiary for the last three years; (ii) he does not have any relationship with any Directors, Supervisors, senior management or substantial or controlling Shareholders of the Company; and (iii) he does not have any interest in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, Mr. Wang has confirmed that there are no other matters related to his appointment that need to be brought to the attention of the Shareholders of the Company, and there is no other information required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

The above resolution on the election of Mr. Wang as a Supervisor of the Company was considered and approved by the Supervisory Committee on April 28, 2022. It is now submitted to Shareholders for consideration and approval at the AGM. Upon the appointment of Mr. Wang at the AGM, the Company will enter into an appointment letter with Mr. Wang. Mr. Wang will not receive any supervisor's emolument from the Company.

(7) Expected Daily Related Party/Connected Transactions in 2022

To further standardize the management on daily related party/connected transactions, the Company made a reasonable forecast on the daily related party/connected transactions that may be entered into by the Company in 2022 and prior to the 2022 Annual General Meeting (collectively, "**2022**"), details of which are as follows:

I. General information of daily related party/connected transactions

(I) Overview of daily related party/connected transactions

Pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) (the "**SSE Listing Rules**"), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) (the "**Hong Kong Listing Rules**") and the Self-regulatory Guidelines No. 5 of Listed Companies on Shanghai Stock Exchange – Transactions and Related Party Transactions (《上海證券交易所上市公司自律監管指引第5號–交易與關聯交易》) (the "**Self-regulatory Guidelines**") and other regulations, the Articles of Association of CSC Financial Co., Ltd., the Requirements of the Management Systems on Related Party Transactions of CSC Financial Co., Ltd. (《中信建投証券股份有限公司關聯交易管理制度》), and other internal systems, the Company made a reasonable forecast on its daily related party/connected transactions that may be entered into in 2022 and submitted to the Board and the Shareholders' general meeting for consideration. Upon the consideration and approval of the Shareholders' general meetings, the daily related party/connected transactions of the Company falling within the scope of forecast will not be separately performed subject to the procedures of the Board and Shareholders' general meetings for consideration and disclosure.

(II) Overview of the expected related/connected parties and related party/connected relationship

1. Related/connected parties of legal persons holding more than 5% Shares of the Company

   Beijing Financial Holdings Group Limited ("**Beijing Financial Holding Group**"): as of December 31, 2021, Beijing Financial Holding Group directly held 34.61% of the Shares of the Company and is a related party under the SSE Listing Rules; Beijing Financial Holding Group and its subsidiaries or controlled companies are also connected parties under the Hong Kong Listing Rules.

   Beijing Financial Holdings Group was established on October 19, 2018. Its legal representative is Fan Wenzhong. The scope of business is financial holding company business. (Information source: National Enterprise Credit Information Publicity System, the same below).

2. Related/connected parties of legal persons whose Directors, Supervisors and senior management of the Company serve as Directors or senior management

   (1) China Everbright Group Limited ("**Everbright Group**"): Mr. Wang Xiaolin, Director of the Company, also serves as a director of Everbright Group. Everbright Group was established on November 12, 1990, with the legal representative Wang Jiang and the registered capital of RMB78,134,503,680. Its business scope is bank, securities, insurance, funds, trust, futures, leasing, gold and silver transactions and asset management as well as investment and management of non-financial business.

   (2) Jingquan Private Equity Fund Management (Beijing) Co., Ltd.* (璟泉私募基金管理(北京)有限公司) ("**Jingquan Private Equity**"): Ms. Zhu Jia, Director of the Company, also serves as a director of Jingquan Private Equity. Jingquan Private Equity was established on October 30, 2020, with the legal representative Yan Xiaolei and the registered capital of RMB100,000,000. Its business scope is private equity investment fund management, venture capital fund management services, asset management, investment management and investment consulting.

(3) Jingquan Shancheng Management Consulting (Beijing) Co., Ltd.* (璟泉善誠管理諮詢(北京)有限公司) ("**Jingquan Shancheng**"): Ms. Zhu Jia, Director of the Company, also serves as the legal representative, manager and executive director of Jingquan Shancheng. Jingquan Shancheng was established on May 28, 2021, with the legal representative Zhu Jia and the registered capital of RMB10,000,000. Its business scope includes corporate management consulting, economic and trade consulting, corporate planning and technical consulting.

(4) CITIC Heavy Industries Co., Ltd. ("**CITIC Heavy Industries**"): Ms. Wang Hua, Director of the Company, also serves as a director of CITIC Heavy Industries. CITIC Heavy Industries is a listed company on the Shanghai Stock Exchange. For basic information of CITIC Heavy Industries, please refer to its announcements.

(5) Zhonghai Trust Co., Ltd. ("**Zhonghai Trust**"): Ms. Wang Hua, Director of the Company, also serves as a director of Zhonghai Trust. Zhonghai Trust was established on July 2, 1988, with the legal representative Zhang Derong and the registered capital of RMB2.5 billion. Its business scope includes fund trust, chattel trust, real estate trust, negotiable securities trust, other property or property rights trust, etc..

(6) China Agriculture Industry Development Fund Co., Ltd. (中國農業產業發展基金有限公司) ("**Agriculture Industry Development Fund**"): Ms. Wang Hua, Director of the Company, also serves as a director of Agriculture Industry Development Fund. Agriculture Industry Development Fund was established on December 18, 2012, with the legal representative Wu Wenzhi and the registered capital of RMB4.0 billion. Its business scope includes equity investment in leading agricultural industrialisation enterprises, key rural service enterprises such as agricultural distribution, agricultural and rural support services and construction projects, and agricultural insurance company, agriculture-related guarantee institutions, etc., as well as a small amount of non-equity investment.

(7) CITIC Urban Development & Operation Co. Limited ("**CITIC Urban Development**"): Ms. Wang Hua, Director of the Company, also serves as a director of CITIC Urban Development. CITIC Urban Development was established on May 7, 2015, with the legal representative Nie Xuequn and the registered capital of RMB7.86 billion. Its business scope includes real estate development; real estate brokerage; sale and rental of commercial housing project investment; investment consulting; corporate management, etc.

(8) Evergrowing Bank Co., Ltd. ("**Evergrowing Bank**"): Mr. Wang Hao, former Director of the Company, also serves as a director of Evergrowing Bank. Evergrowing Bank was established on November 23, 1987 with the legal representative Chen Ying and the registered capital of RMB111,209,629,836, and is a national joint-stock commercial bank.

In addition, currently and during the past 12 months, Mr. Dai Deming, an Independent Director of the Company, also serves as an independent director of Power Construction Corporation of China, Ltd., Poly Developments and Holdings Group Co. Ltd., BOC Aviation Limited, Haier Smart Home Co., Ltd. and Zheshang Bank Co., Ltd.; Mr. Liu Qiao, an Independent Director of the Company, also serves as an independent director of China Merchants Bank Co., Ltd. and Beijing Capital Corporation Limited; Mr. Po Wai Kwong, an Independent Director of the Company, also serves as an Independent Director of Everbright Securities Company Limited and Citibank (Hong Kong) Limited; Mr. Lai Guanrong, an Independent Director of the Company, also serves as an independent director of Dongxing Securities Co., Ltd.; and Mr. Feng Genfu, a former Independent Director of the Company, also serves as an independent director of Xi'an Shaangu Power Co., Ltd.. Transactions between the Company and the above-mentioned related parties are exempt from consideration and disclosure as related party transactions in accordance with "**(III) Approval procedures for daily related party/ connected transactions**".

Notes:

1. Mr. Wang Hao resigned as a Director of the Company in October 2021, having served as a Director of the Company for the past 12 months.

2. Mr. Dai Deming resigned as an independent director of Haier Smart Home Co., Ltd. in June 2021.

3. Mr. Dai Deming resigned as an independent director of Zheshang Bank Co., Ltd. in February 2022.

(III) Approval procedures for daily related party/connected transactions

Pursuant to the SSE Listing Rules, the Hong Kong Listing Rules and the Self-regulatory Guidelines and other relevant regulations, the expected daily related party/connected transactions of the Company are required to perform the review procedure for the Board and Shareholders' general meetings.

On October 30, 2018, Information Disclosure Delay and Waiver Management System of CSC Financial Co., Ltd. (《中信建投証券股份有限公司信息披露暫緩與豁免管理制度》) was considered and approved at the eighth meeting of the second session of the Board of the Company, and was disclosed on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange. According to such system, "**where a natural person concurrently serves as an Independent Director of the Company and other legal person in the absence of any other circumstances constituting a related person relationship, and a transaction conducted by the legal person or entity with the Company may be waived from review and disclosure as required for the related party transaction.**" For this purpose, transactions between the Company and legal persons who are or have been Independent Directors within the past 12 months and do not otherwise constitute related/connected persons under the SSE Listing Rules and the Hong Kong Listing Rules are exempt from consideration and disclosure in the same manner as related party/connected transactions.

The audit committee of the Board of the Company has reviewed the resolution without objection. The resolution was considered and approved by the Board. Independent opinions has been endorsed and issued by the Independent Directors in advance approving the same. When the resolution is considered at the Shareholders' general meeting, related/connected Shareholders shall abstain from voting on the related matters.

(IV) Expected daily related party/connected transactions for 2022

1. Expected related party/connected transactions with legal persons holding more than 5% of the Shares of the Company, of which such related/connected parties include Beijing Financial Holding Group and its subsidiaries or controlled companies

Type of related party/ connected transactions	Description of related party/ connected transactions	Expected amount for 2022
Securities and financial products transactions and services	**Transactions:** Over-the-counter interchangeable financial derivatives business, distribution trading, spot trading, repurchase transactions, subscription of private bonds or income certificates, establishment of asset management products and private equity fund, etc. **Services:** provide securities and futures brokerage services; provide asset management services; provide underwriting, sponsorship and financial consultation services; provide stock pledge and margin financing services; provide investment consulting services, etc.	Subject to actual amount *(note)*

Note: As the Company is a financial institution whose main business is the provision of securities and financial products transactions and services, the securities market conditions and the trading volume are difficult to estimate. By referring to the market practice, the amounts of securities and financial products transactions and services are based on the actual amount, the same shall apply below. The Company will monitor the actual transaction amounts on an ongoing basis. The Company will make relevant disclosures in accordance with the applicable requirements of the SSE Listing Rules and the Hong Kong Listing Rules as appropriate.

2. Expected related party/connected transactions with legal persons in which Directors, Supervisors or senior management of the Company hold the positions of Directors or senior management, of which such related/connected parties include Everbright Group, Jingquan Private Equity, Jingquan Shancheng, CITIC Heavy Industries, Zhonghai Trust, Agriculture Industry Development Fund, CITIC Urban Development and Evergrowing Bank.

Type of related party/ connected transactions	Description of related party/ connected transactions	Expected amount for 2022
Securities and financial products transactions and services	**Transactions:** Over-the-counter interchangeable financial derivatives business, distribution trading, spot trading, repurchase transactions, subscription of private bonds or income certificates, establishment of asset management products and private equity fund, subscription and trading of asset management products and private equity fund shares, etc. **Services:** provide securities and futures brokerage services; provide asset management services; provide custody and outsourcing service and operation outsourcing service; provide underwriting, sponsorship and financial consultation services; provide stock pledge and margin financing services; provide investment consulting services, etc.	Subject to actual amount

II. Summary and pricing principle of daily related party/connected transactions

Subject to compliance with laws, regulations, regulatory rules and internal system, the Company may conduct transactions with related/connected parties. For details of the relevant related party/connected transactions, please refer to "**Expected daily related party/connected transactions for 2022**".

Daily related party/connected transactions of the Company that may occur in 2022 expected in this resolution are ordinary business and priced based on market price level and industry practice. The pricing is fair and there is no detriment to the interests of the Company and its Shareholders.

III. Purpose of daily related party/connected transactions and the effect on the Company

(I) The above related party/connected transactions are in the normal course of business of the Company, which facilitate the improvement of its overall competitiveness.

(II) The above related party/connected transactions are priced based on market prices. The pricing principle is reasonable and fair and there is no detriment to the interests of the non-related party/connected Shareholders of the Company. The relations between the Company and related/connected parties are equal and mutually beneficial and there is no detriment to the rights and interests of the Company.

(III) The above related party/connected transactions have no effect on the independence of the Company. The primary businesses of the Company does not rely on related/connected parties by virtue of the above related party/connected transactions.

The following matters are hereby proposed at the AGM for Shareholders' consideration and approval:

1. Approval for the expected daily related party/connected transactions of the Company with Beijing Financial Holdings Group and its subsidiaries or controlled companies in 2022;

2. Approval for the expected daily related party/connected transactions of the Company with Everbright Group in 2022;

3. Approval for the expected daily related party/connected transactions of the Company with Jingquan Private Equity in 2022;

4. Approval for the expected daily related party/connected transactions of the Company with Jingquan Shancheng in 2022;

5. Approval for the expected daily related party/connected transactions of the Company with CITIC Heavy Industries in 2022;

6. Approval for the expected daily related party/connected transactions of the Company with Zhonghai Trust in 2022;

7. Approval for the expected daily related party/connected transactions of the Company with Agriculture Industry Development Fund in 2022;

8. Approval for the expected daily related party/connected transactions of the Company with CITIC Urban Development in 2022;

9. Approval for the expected daily related party/connected transactions of the Company with Evergrowing Bank in 2022.

This resolution was considered and approved by the Board on March 30, 2022 and is hereby proposed at the AGM for Shareholders' consideration and approval. When the proposals are considered at the AGM, Shareholders who have conflicts of interests in relation to the above related party/connected transactions shall abstain from voting on the relevant matters.

(8) Reappointment of 2022 Accounting Firms

According to the regulatory requirements, the Company shall engage an accounting firm to audit the Company's annual financial reports and special reports in accordance with the China Accounting Standards for Business Enterprises and and IFRSs, and review the interim financial reports.

The 2020 Annual General Meeting of the Company agreed to appoint PricewaterhouseCoopers Zhong Tian LLP and its overseas member firm, PricewaterhouseCoopers, as external auditor of the Company for 2021, to provide relevant audit review services in accordance with the China Accounting Standards for Business Enterprises and IFRSs. PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers followed the independent, objective and impartial professional standards and worked diligently and carefully to successfully complete the relevant audit/review work.

Having conducted a comprehensive evaluation of the 2021 annual audit and review services provided by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers have the qualifications for acting as an accounting firm for financial enterprises under the "Administrative Measures for State-owned Financial Enterprises to Select and Appoint Accounting Firms" prescribed by the Ministry of Finance, and have provided good audit/ review services to the Company in the early stage, and have not been subject to administrative penalties imposed by the financial regulatory authorities in the last three years with experience and ability to continue to provide audit services to the Company. It is proposed to re-appoint PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's external audit agencies in 2022 (this is the eighth year of service for the Company by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers).

The AGM is proposed to consider the following matters:

1. Approval for the reappointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the external auditors of the Company for 2022, which shall be responsible for the provision of the relevant annual audit and interim review services in accordance with the China Accounting Standards for Business Enterprises and IFRSs, respectively;

2. Approval for the reappointment of PricewaterhouseCoopers Zhong Tian LLP as the auditor for audit of internal control over financial reporting of the Company for 2022;

3. Approval for aforesaid domestic and overseas audit and review shall not exceed RMB4.75 million (excluding the audit fee of the subsidiaries). The Board is authorized to determine the specific fees based on the scope and content of the actual audit and review in the event that the scope and content of the audit or review lead to an increase in fees.

This resolution was considered and approved by the Board on April 28, 2022 and is hereby proposed at the AGM for Shareholders' consideration and approval.

(9) Adjustment to the allowance of Independent Non-executive Directors

In order to improve corporate governance and establish a scientific and reasonable allowance mechanism for Independent Non-executive Directors ("**Independent Directors**"), the Company proposed to appropriately adjust the standard for the allowance for Independent Directors with reference to the situation of other listed companies in the financial industry.

On December 11, 2017, the Resolution on Proposed Adjustment to the Allowance of Independent Non-executive Directors was considered and approved at the 2017 second extraordinary general meeting. According to the resolution of the meeting, the allowance for Independent Directors of the Company includes basic allowance and meeting allowance, of which the standard for basic allowance is RMB180,000 (tax inclusive) per annum, and the meeting allowance is RMB5,000 per person per meeting paid to Independent Directors who attend the Board Meetings in person. The standard has not been adjusted since its implementation in 2017.

In recent years, with the continuous enrichment of the Company's business structure and expansion of its business scale, as well as the continuous strengthening of the requirements for Independent Directors' performance by regulatory agencies and self-regulatory organization, the work content, complexity and performance responsibilities of Independent Directors of the Company have increased accordingly, especially when making decisions on major matters such as internal control evaluation, profit distribution, related party transactions, guarantees, use of proceeds and annual audits, more efforts were devoted to express special opinions or independent opinions, and the allowance standard shall be adjusted accordingly.

The AGM is proposed to consider the following matters:

1. Approval for the adjustment to the standard for basic allowance for Independent Directors of the Company to RMB300,000 (tax inclusive) per annum, and additional meeting allowance of RMB5,000 (tax inclusive) per person per meeting payable to Independent Directors who attend the Board meeting in person.

2. Approval for the adjusted standard for allowance for Independent Directors to take effect from the date of consideration and approval of this resolution at the AGM, and to have retrospective effect from January 1, 2022.

This resolution was considered and approved by the Board on April 28, 2022 and is hereby proposed at the AGM for Shareholders' consideration and approval.

(10) 2021 Work Report of Independent Non-executive Directors

The 2021 Work Report of the Independent Non-executive Directors of the Company will be submitted to the AGM for consideration but no resolution is required to be made thereat. Details of the report are set out in Appendix IV to this circular.

3. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company 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 facts the omission of which would make any content or other matter contained in this circular misleading.

4. ANNUAL GENERAL MEETING

The 2021 Annual General Meeting will be held at 2:00 p.m. on Tuesday, June 28, 2022 at Multi-function Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC. The notice of this meeting is set out on pages 45 to 50 of this circular.

A form of proxy to be used at the Annual General Meeting, is enclosed. If you intend to appoint a proxy to attend the Annual General Meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon. For H Shareholders, the proxy form or any other authorization documents should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, which is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or at any adjourned meeting if you so wish.

In order to determine the list of Shareholders who are entitled to attend the Annual General Meeting, the Company will close the register of members of H Shares during the period from Thursday, June 23, 2022 to Tuesday, June 28, 2022 (both days inclusive), during which no registration of Shares will be made. H Shareholders who wish to attend the Annual General Meeting are required to send all the transfer documents together with the relevant Shares to Computershare Hong Kong Investor Services Limited which is at Shops 1712–1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong to register before 4:30 p.m. on Wednesday, June 22, 2022. At the close of business of the aforementioned date, H Shareholders registered in Computershare Hong Kong Investor Services Limited or the office of the Board of Directors of the Company (if applicable) are entitled to attend the Annual General Meeting.

5. VOTING BY POLL

In accordance with rule 13.39(4) of the Hong Kong Listing Rules, any vote made by the Shareholders at the Annual General Meeting meeting shall be conducted by way of poll, except where the chairman of the meeting, in good faith, decides to allow a resolution which only relates to a procedural or administrative matter to be voted. Accordingly, the resolutions proposed at the Annual General Meeting will be voted by way of poll.

In considering and approving the resolution on the Company's expected daily related party/connected transactions in 2022 (resolution number 7), Beijing Financial Holdings Group (which holds 2,684,309,017 Shares, representing approximately 34.61% of the total Shares of the Company) is interested in the expected daily related party/connected transactions between the Company and Beijing Financial Holdings Group and its subsidiaries or controlled companies, the Company and Jingquan Private Equity, the Company and Jingquan Shancheng in 2022. Therefore, it will abstain from voting on the relevant sub-proposals of the resolution at the AGM. Central Huijin Investment Co., Ltd. (which holds 2,386,052,459 Shares in the Company, representing approximately 30.76% of the total Shares of the Company) is interested in the expected daily related party transactions between the Company and Everbright Group, the Company and Evergrowing Bank in 2022. Therefore, it will abstain from voting on the relevant sub-proposals of the resolution at the AGM. Glasslake Holdings Limited (which holds 351,647,000 Shares in the Company, representing approximately 4.53% of the total Shares of the Company) is interested in the expected daily related party transactions between the Company and CITIC Heavy Industries, the Company and CITIC Urban Development in 2022. Therefore, it will abstain from voting on the relevant sub-proposals of the resolution at the AGM.

6. RECOMMENDATIONS

The Directors consider that all resolutions proposed above are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be submitted at the 2021 Annual General Meeting.

By order of the Board
CSC Financial Co., Ltd.
Wang Changqing
Chairman

Beijing, the PRC
June 2, 2022

I. COMPOSITION OF BOARD MEMBERS AND CONVENING OF BOARD MEETINGS IN 2021

As of the end of 2021, the Board of the Company comprised 14 Directors, including: Mr. Wang Changqing, Mr. Yu Zhongfu, Mr. Wang Xiaolin, Mr. Li Geping, Ms. Zhang Qin, Ms. Zhu Jia, Ms. Zhang Wei, Mr. Yang Dong, Ms. Wang Hua, Mr. Dai Deming, Mr. Bai Jianjun and Mr. Liu Qiao, Mr. Po Wai Kwong and Mr. Lai Guanrong. Of which, Mr. Wang Changqing served as the Chairman, Mr. Yu Zhongfu and Mr. Wang Xiaolin served as the Vice Chairmen, and Mr. Dai Deming, Mr. Bai Jianjun, Mr. Liu Qiao, Mr. Po Wai Kwong and Mr. Lai Guanrong served as Independent Directors. Among the above Directors, Mr. Wang Changqing and Mr. Li Geping were Executive Directors while other Directors were Non-executive Directors. The composition of Board members complies with the requirements of laws and regulations and provisions of Articles of Association, which guarantee the stable and efficient operation of the Board.

In 2021, the Company convened a total of 10 Board Meetings for the consideration/review of 63 resolutions and reports; and convened a total of 5 general meetings for the consideration/review of 24 resolutions and reports. Except for the amendment of Articles of Association, supplement of Directors, final financial accounts plan, profit distribution plan, related party/connected transactions, guarantees, reappointment of accounting firms, and other resolutions which have been submitted to the general meeting for the continuation of consideration, the Board also considered resolutions on matters such as external investment, basic management system, appointment of senior management personnel, risk management policies, periodic reports, compliance reports, risk reports, anti-money laundering reports, internal control evaluation report, external donations and establishment of management organization, and facilitated the effective implementation of various resolutions upon consideration and adoption, promoting the sustainable and healthy development of the Company.

II. IMPLEMENTATION OF MAJOR TASKS OF THE BOARD OF DIRECTORS FOR 2021

(I) Strengthening the strategic employment and promote the flawless commencement of "14th Five-Year"

2021 is a landmark year in the history of the Party and the country, and is also the opening year of the Company's 14th Five-Year Plan. The Board of the Company confirmed the implementation of the national strategic employment, proactively served the national reform and development, accelerated the high-quality development of the Company, adhered to the tone of seeking progress while maintaining stability, and promote the comprehensive development of the Company's various business. The Board of the Company insisted on strategic thinking, enhanced strategic management, promoted the Company to complete the preparation of "14th Five-Year Planning" at the beginning of the year on the basis of comprehensive summary regarding the implementation of the Company's "13th Five-Year", further clarified the development vision and objectives for the next five years, and pushed forward the Company to maintain a good development trend of stability with progress, stability and improvement in 2021.

Under the leadership of the Board, the Company continuously received the Class A – AA rating for the 12th consecutive year of securities companies. According to China Accounting Standards for Business Enterprises, in 2021, the Company achieved consolidated operating revenue of RMB29.872 billion, representing a year-on-year increase of 27.93%; a net profit attributable to equity holders of the Parent Company of RMB10.239 billion, representing a year-on-year increase of 7.67%. As of the end of 2021, the total consolidated assets of the Company amounted to RMB452.791 billion, the equity attributable to equity holders of the Parent Company amounted to RMB79.818 billion, and the return on weighted average equity was 15.80%, which continued to be at the forefront of the industry.

In 2021, the Company achieved long-term development in all its business, and further enhanced its ability and effectiveness in serving real economy. Details of the development of the Company's core businesses are set out in the Company's 2021 annual report.

(II) Optimising asset and liability structure and promoting capital replenishment

The Board of the Company focused on high-quality development requirements, on the premise of ensuring risk control indicators under the requirements of external regulation and internal control, supervised the operation management to optimise the asset and liability structure, improved the foresight and initiative in financing work, and continuously promoted capital replenishment while effectively controlling financial costs.

Upon receiving the highest international credit rating of Baa1 from Moody and BBB from Fitch for Chinese securities in 2020, the Company received the highest international credit rating of BBB+ from S&P for Chinese securities for the first time in 2021, being the first securities firm in the domestic securities industry to receive the highest credit rating from three authoritative international rating agencies at the same time. Based on its excellent credit quality, the Company successfully issued RMB42 billion of subordinated bonds and perpetual subordinated bonds in an accumulative manner on the Shanghai Stock Exchange in 2021, which effectively replenished the Company's capital while meeting the capital requirements of various businesses and laid a solid foundation for the Company's steady development.

(III) Adhering to prudent risk management principle and continuously improving the comprehensive risk management capability

The Board of the Company always took risk prevention as its priority, insisted on the principle of full coverage of risk management and control, proactively adapted to the ever-changing internal and external environment, consolidated risk management and control foundation, improved the comprehensive risk management and control capability, firmly maintained the red line of no major risks, and ensured the healthy development of the Company.

To understand the Company's risk management and control efficiencies in a comprehensive manner, the Board improved frequency risk reports, enriched and optimised the content of reports, regularly examined the Company's risk management, compliance management and internal control efficiency through reviewing risk report, compliance report, anti-money laundering report, internal control assessment report and other resolutions, attached great importance to credit risk in bonds business, market risk in proprietary business and risk in subsidiaries, supervised operation management to continue to strengthen the risk management infrastructure, constantly kept an eye on the risks in key areas, and strictly implemented comprehensive risk management requirements.

In 2021, all risk control indicators of the Company were in compliance with the regulatory requirements and the risk appetite, risk tolerance and risk limits set by the Board, and there were no significant risk events. The Company further implemented the requirements of the pilot scheme to fully realize the integrated risk management of all subsidiaries.

(IV) Formulating digital development plan, promoting technology empowerment and enabling digital transformation

The Board of the Company profoundly grasped the development trend of digitalisation enabling the improvement of quality and efficiency of financial service, and attached great importance to the strategic significance of financial technology and digital transformation. In 2021, the Board formulated the Company's "14th Five-Year Plan" for digital development, adhere to the strategic direction of financial technology development, and promoted the Company to improve technological innovation system.

In 2021, the Company's digital transformation has begun to bear fruit: the initial implementation of the entire process digital management on investment banking and fixed income business; the research and development of a low-latency quantitative platform and support of proprietary market-trading and quantitative investment business; the improvement of the one-way video account opening of Qingting Dianjin APP, BSE business, aging suitability and personalisation services, many of which were the first of their kind in the industry; the construction of joint account opening, trading and investment advisory business scenarios with large internet platforms to create an advantageous "ecological niche" for the expansion of business scale; the application of robotic process automation (RPA) technology in the operations management platform to achieve nearly 20 times the efficiency of 31 operational processes; the improvement of customer relationship management (CRM) system with accurate customer profiling and business analysis functions, basically realising all staff under digital driving.

(V) Attaching great importance to cultural construction and continuously improving corporate culture system

Since the issuance of the "Work Outline for Culture Development in Securities Fund Industry and Prevention of Moral Hazard" (《建設證券基金行業文化、防範道德風險工作綱要》) by the CSRC, the Board of the Company has been actively responding to the calls for building an industrial culture, adhered to the business philosophy of "win-win for all and benefit for all", and promoted the continuous improvement of the Company's corporate culture system with CSC characteristics.

In 2021, the Board of the Company, taking into account the actual situation of the Company, proposed to add clauses in the Articles of Association regarding the objectives of cultural construction and the cultural construction responsibilities of the Board and operation management, which were approved by the general meeting. The Board will continue to promote the improvement of the Company's supporting cultural construction system, solidly implemented the requirements of cultural construction, deepened the promotion of cultural concepts, and accelerated the construction of corporate culture system that is in line with the Company's strategic objectives.

(VI) Continuously improving information disclosure quality and deepening investor relationship management

The Board of the Company proactively optimised information disclosure mechanism, performed the obligation of information disclosure in strict compliance with the laws and regulations, and effectively protected investor's right to information. In 2021, the Company prepared a total of 8 sets of periodic reports and more than 300 other public disclosure documents in relation to the A Shares and H Shares markets, involving the Company's performance, dividend distribution, resolutions of the Board and the Supervisory Committee, notices and resolutions of general meetings, listing of restricted Shares, clarification matters, bond issues and other voluntary announcements and overseas regulatory announcements. The Company was rated grade A, the highest grade in the "Evaluation of Information Disclosure of Listed Companies in 2020–2021" on the Shanghai Stock Exchange. In addition, the Company attached great importance to reputation risk management, strengthened operational management compliance, and safeguarded the Company's good brand image.

The Company carried out the management of investor relations by adhering to the principles of legal compliance, openness and fairness. In 2021, the Company innovated its working approach by organising a number of live results presentations attended by core members of operation management team to provide investors, especially small and medium-sized investors, with a timely and comprehensive overview of the Company's business development. At the same time, through daily maintenance of investor hotline, investor email address and "SSE E Interactive" network platform, the Company provided more convenient services for the investors' understanding on the Company. In addition, the Company actively enhanced its communication with domestic and international investment institutions and analysts to promote greater market understanding on the Company's investment value. In 2021, the Company distributed dividends for 2020 of RMB3.75 per 10 Shares (tax inclusive) to Shareholders in the aggregate amount of RMB2,909 million (tax inclusive), with a cumulative dividend of RMB8,763 million (excluding the proposed dividend amount for 2021) since the listing of the H Shares in December 2016 through a stable cash dividend policy to create value for investors.

(VII) Actively fulfilling the corporate social responsibility and establishing a good market image

1. Participating in social public welfare. In 2021, the Board of the Company continued to promote the Company to facilitate rural revitalisation, underwrote 4 poverty alleviation bonds with a scale of RMB1,269 million and 13 rural revitalisation bonds with a scale of RMB2,033 million; China Securities Futures Co., Ltd. launched 29 "insurance + futures" and OTC options projects; the Company and its subsidiaries conducted nearly 50 capital market training sessions in paired support areas throughout the year. The Company accumulated an annual public welfare expenditure of approximately RMB25 million with consumption support of RMB7.7136 million. In 2021, the Company obtained the "Securities Corporate Social Responsibility Award" from the China Securities Journal.

2. Practicing ESG concept. In 2021, the Board of the Company adhered to implement the country's new development philosophy, facilitated to achieve the goal of "emission peak and carbon neutrality", continuously increased the investment in green finance, continued to improve environmental, social and governance ("**ESG**") performance, and actively created long-term sustainable value. The ESG Committee, set up under the Company's Executive Committee, where the Chairman served as the chairperson and the executive Director and general manager served as the vice chairperson, was responsible for reviewing, managing and supervising the Company's ESG matters and implementation, and actively incorporated ESG factors into corporate governance, business strategy and risk management.

In 2021, the Company provided financing support for green and low-carbon industries such as energy conservation and environmental protection, clean production, clean energy, ecological environment and green upgrading of infrastructure through equity financing, bond underwriting and issuance and financial advisory services, and made contribution to the construction of an ecological civilization and environment-friendly society. During the year, the Company underwrote 63 green bonds with a scale of over RMB25.4 billion, including 25 carbon neutrality bonds with a scale of over RMB6.5 billion. For details, please refer to the "CSC Financial Co., Ltd. 2021 Social Responsibility & Environmental, Social and Governance (ESG) Report".

(VIII) Strengthening the self-improvement and enhancing corporate governance capability

The Board of the Company strictly complied with the laws, regulations and regulatory requirements, conscientiously performed its duties, continuously strengthened the self-improvement, and continued to enhance corporate governance capability. Firstly, to enhance the leadership of the Party, to incorporate the leadership of the Party into corporate governance and to form an integration and win-win situation between Party building and management through amending the Articles of Association; secondly, to give play to strategic leadership, to promote the operation management to formulate and implement annual work plan by focusing on strategic objectives, and to improve the foresight and scientificity of the Board; thirdly, to optimize the procedure process of the Board, to increase pre-meeting communication process, and to improve the procedure efficiency; fourthly, to enhance the support role of the special committees under the Board, such as further improving the participation of the Audit Committee and Independent Directors on annual audit, and to give full to the professional value of the special committees; fifthly, to continuously strengthen training and research, to organize and complete 6 director's training per capital with a total of 259 hours throughout the year, including Directors' duties, regulation interpretation, case interpretation, ESG, incorruptible practice and other topics; to organize research and studies on core business lines, branches and subsidiaries, with a coverage of securities underwriting, securities brokerage, securities proprietary trading and other core businesses and risk management and compliance management topics, and to further enhance the capability of Directors' performance of duties; sixthly, to strengthen the building of the work force of the Board, to improve the management level of the Board, and to safeguard the performance of Directors.

III. IMPLEMENTATION OF TASKS OF THE SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS FOR 2021

In 2021, the Development Strategy Committee, the Risk Management Committee, the Audit Committee and the Remuneration and Nomination Committee under the Board conducted in-depth research on specific issues and actively expressed opinions in accordance with the working responsibilities and rules of procedure to facilitate scientific and efficient decision making by the Board.

The Development Strategy Committee of the Board convened five meetings for the consideration and discussion of nine resolutions and hearing of two reports, topics of which mainly include work plan, development strategies and external investment and other issues.

The Risk Management Committee of the Board convened three meetings for the consideration and discussion of twelve resolutions and hearing of one report, topics of which mainly include risk report, compliance report, internal control report, anti-money laundering report, risk management policy and other issues.

The Audit Committee of the Board convened five meetings for the consideration and discussion of 13 resolutions and hearing of two reports, topics of which mainly include internal audit report, external audit plan and report, periodic report, internal control report, related party transactions, re-appointment of accounting firms, asset impairment and other issues.

The Remuneration and Nomination Committee convened three meetings for the consideration and discussion of five resolutions, topics of which mainly include the nomination of directors, assessment on compliance responsible person and remuneration to the operation management team and other issues.

For the composition and specific work of the special committees of the Board, please refer to the 2021 annual report of the Company.

IV. PERFORMANCE OF DUTIES OF DIRECTORS IN 2021

In 2021, the Directors of the Company strictly complied with the relevant provisions of the laws and regulations, the listing rules of the place where the Shares of the Company are listed and the Articles of Association, and performed their duties diligently and conscientiously. During the year, all Directors actively participated in meetings and made scientific decisions, and did a lot of work in determining the Company's development strategies, business plans, external investments, internal control management, institutional organisation and social responsibilities. Members of the special committees of the Board gave full play to their professional strengths and performed their professional gate-keeping duties to effectively enhance the scientificity of the Board's decisions.

The Independent Directors of the Company insisted on expressing their views in an independent and objective manner, gained an in-depth understanding of the Company's operation through attending meetings, inspecting information and on-site discussions, to ensure that independent judgments and decisions were made in the study and consideration of major issues, and actively safeguarded the legitimate interests of the minority Shareholders.

Apart from attending meetings, the Directors of the Company actively participated in training and research, which included topics such as Directors' duties, regulation interpretation, case interpretation, ESG and incorruptible practice; research included topics such as the role of organisational restructuring of the Company's investment banking business on business development under the registration system (註冊制下公司投行業務組織架構調整對業務發展的作用), the Company's proprietary business strategy and risk management under the new development pattern (新發展格局下公司自營業務策略及風險管理) and the planning of the Company's business network.

V. WORKING PLAN FOR 2022

In 2022, the Board of the Company will continue to fully implement the national strategic deployment and financial regulatory requirements, comprehensively strengthen the Party building, focus on the three major tasks of "building a customer service system, implementing a balanced development strategy and digital transformation", enhance the awareness of opportunities and risks, insist on seeking progress with stability, seeking excellence with stability and seeking speed with stability, and continue to promote the healthy development of the Company.

In 2022, the Board of the Company will focus on the following key tasks: firstly, to strengthen the procedure capacity of the Board and its special committees, to give full play to its strategic leadership role, to seize the opportunity of deepening reform in the capital market, to continue to promote the Company's focus on the three major tasks, and to maintain a high quality development path; secondly, to optimize the Company's asset allocation, to make full and good use of limited resources, to improve the risk-return level of its stock assets through structural adjustment, at the same time, to continue to enhance the Company's refinancing work, and to open the capital constraint bottle; thirdly, to continue to improve its compliance and risk control capabilities, strengthen its compliance and prudent operation orientation, and continuously enhance its compliance management standards and risk management capabilities; fourthly, to improve its professionalism in information disclosure and investor relations management, to actively perform its corporate social responsibility, and strengthen the Company's brand influence.

I. IMPLEMENTATION OF MAJOR TASKS OF THE SUPERVISORY COMMITTEE FOR 2021

In 2021, the Supervisory Committee of the Company participated in the review of the material decisions of the Company with strict compliance with relevant provisions of the Company Law, Securities Law and the Articles of Association. It regularly inspected the financial condition and operations of the Company as well as its business operation and risk and compliance management, supervised the performance of the Board of the Company, operation management and its respective members, and actively safeguarded the legitimate interests of the Shareholders, Company, employees and other stakeholders. The Supervisory Committee performed its duties conscientiously and gave full play to its supervisory role in corporate governance.

In 2021, the Supervisory Committee held seven Supervisory Committee meetings in total, during which 25 resolutions were considered and passed. The Supervisors of the Company observed all Board Meetings and considered resolutions proposed at the meetings. The Supervisors of the Company observed all Shareholders' Meetings and supervised the implementation of resolutions. In 2021, the Supervisory Committee of the Company focused on the following tasks:

(I) Paying attention to the significant matters of the Company and earnestly performing the duty of supervision

In 2021, Supervisors of the Company observed the Board Meetings and Shareholders' Meetings. The chairman of the Supervisory Committee attended meetings of the Executive Committee of the Company and gave full play to its role in supervision, support and guarantee. The Supervisory Committee carefully supervised the implementation of the resolutions of the Shareholders' Meeting by the Board, supervised the performance of the Company's senior management, paid attention to the whole implementation process of the development plan, business plan and work objectives by the operation management, and actively safeguarded the interests of Shareholders.

The Supervisory Committee of the Company made use of the right to information, the right to propose, the right to inquire, the right to examine and the right to investigate, supervised the major matters on the Company's information disclosure, use of proceeds raised, management of related transactions and profit distribution on the basis of inspecting the Company's finance and business and supervising the performance of directors and senior management, performed its supervision duties conscientiously, and gave full play to its supervision role in corporate governance.

In addition, the Supervisory Committee of the Company actively assisted the Company in enhancing communications with superior authorities, regulatory institutions and industry associations, which comprehensively demonstrated the supervision role performed by the Supervisory Committee.

(II) Improving the Company's anti-risk capability with internal audit

In 2021, the Supervisory Committee of the Company guided the internal audit department of the Company to further clarify the positioning of internal audit as "identifying problems, solving problems, preventing risks and creating value" by focusing on the work target of "strengthening the audit of compliance management, risk business and key management links, enhancing the special assessment and key audit work, strictly preventing the occurrence of major risks, major irregularities and frauds, and providing high-quality audit evaluations and audit recommendations", with "identifying problems" as the audit mission, and the principle of "grasping, deepening and seeing comprehensively" as the direction, and conducting internal audit work in an orderly manner in accordance with the working methods of "classification, grading and division" and "integration of industry and audit".

In 2021, the Company carried out a total of 173 internal audit cases, including 30 audit projects at headquarters, 4 audit projects at subsidiaries and 139 audit cases at branch offices.

(III) Organising and conducting compliance management, internal effectiveness audit assessment and promoting the optimisation of the Company's internal control and management

Firstly, to conduct annual compliance management effectiveness evaluation in 2021 under the guidance of the Supervisory Committee. The audit department, the legal compliance department, the risk management department and other internal control management departments of the Company, focusing on the compliance risk matters during the evaluation period, to identify compliance management deficiencies, to analyze the causes of the deficiencies, and to track correction and accountability as well as rectification in terms of the construction and operation of systems and mechanisms, and to further improve the effectiveness of compliance management.

Secondly, to conduct internal control audit supervision under the guidance of the Supervisory Committee. The Company's internal control management department conducted an evaluation on the effectiveness of the Company's internal control for the year 2021, at the same time, to launch a special evaluation of the effectiveness of internal control for the investment banking business, custody and operation services and public fund sales business in conjunction with regulatory requirements, and to conduct a comprehensive evaluation on the Company's internal control in respect of internal environment, risk identification, control activities, information and communication and internal supervision and other elements.

After a thorough evaluation, the Supervisory Committee is of the view that the Company has established and effectively implemented a management system for the businesses and matters that have been included in the scope of compliance assessment, and there is no significant compliance risk. The Company has established and effectively implemented an internal control system in respect of each business and management matter included in the scope of internal control assessment, without material defects and major defects, and the general deficiencies in the operation of individual business sections which have been rectified in a timely manner by improving the relevant rules, regulations and procedures of the Company and enhancing compliance publicity and training. The internal control of the Company was generally effective, achieving the internal control objectives.

(IV) Emphasizing investigation and research and fully playing the role of support and guarantee

Investigation and research was an effective means and work tradition of the Supervisory Committee of the Company. In 2021, the Supervisory Committee carried out investigations on serving the national strategy and enhancing the Company's core competitiveness: first, conducted a special research on the planning of business network during the 14th Five-Year Plan period; second, conducted a special research on the Effect of the Adjustment of the Investment Banking Business Organization Structure of Securities Companies on Business Development under the Registration System; third, conducted a special research on Self-management Business Strategy and Risk Management of Securities Companies under the New Development Pattern. By conducting face-to-face research with business departments and branches, the Supervisory Committee fully understood the current status of the Company's business development, coordinated and resolved problems affecting business development, and better escorted the steady development of the Company.

II. MEETINGS OF SUPERVISORY COMMITTEE AND PERFORMANCE OF DUTIES OF THE SUPERVISORS IN 2021

In 2021, the Supervisory Committee of the Company held seven meetings in total and the relevant information of the meetings are as follows:

1. On January 27, 2021, the 13th meeting of the second session of the Supervisory Committee of the Company was convened, which considered and approved the Resolution on the Provision for Impairment of Assets of the Company.

2. On March 31, 2021, the 14th meeting of the second session of the Supervisory Committee of the Company was convened, which considered and approved the Resolution on the 2020 Work Report of the Supervisory Committee of the Company, the Resolution on the 2020 Work Report and 2021 Working Plans of Internal Auditing of the Company, the Resolution on the 2020 Final Financial Accounts Plan of the Company, the Resolution on the Profit Distribution of the Company in 2020, the Resolution on the 2020 Annual Report and Results Announcement of the Company, the Resolution on the 2020 Risk Report of the Company, the Resolution on the 2020 Compliance Report of the Company, the Resolution on the 2020 Anti-money Laundering Report of the Company, the Resolution on the 2020 Money Laundering and Terrorist Financing Risk Self-Assessment Report of the Company, the Resolution on the Money Laundering Risk Management Strategy of the Company, the Resolution on the 2020 Internal Control Evaluation Report of the Company, the Resolution on the 2020 Social Responsibility cum the Environmental, Social and Governance Report of the Company, the Resolution on the Special Report on the Deposit and Actual Use of Raised Funds of the Company for 2020, the Resolution on the 2021 Anti-Money Laundering Working Plans and the Resolution on the Expected Related Party Transactions of the Company in 2021.

3. On April 22, 2021, the 15th meeting of the second session of the Supervisory Committee of the Company was convened, which considered and approved the Resolution on the 2021 First Quarterly Report of the Company.

4. On July 22, 2021, the 16th meeting of the second session of the Supervisory Committee of the Company was convened, which considered and approved the Resolution on Supplementing the Supervisors of the Company.

5. On August 17, 2021, the 17th meeting of the second session of the Supervisory Committee of the Company was convened, which considered and approved the Resolution on Election of the Chairman of the Supervisory Committee of the Company.

6. On August 26, 2021, the 18th meeting of the second session of the Supervisory Committee of the Company was convened, which considered and approved the Resolution on the 2021 Interim Report (A Shares) of the Company, the Resolution on the 2021 Interim Results Announcement and Interim Report (H Shares) of the Company, the Resolution on the Risk Report of the Company for the First Half of 2021, the Resolution on the 2021 Interim Compliance Report of the Company, and the Resolution on the Special Report on the Deposit and Actual Use of Proceeds Raised by the Company for the First Half of 2021.

7. On October 28, 2021, the 19th meeting of the second session of the Supervisory Committee of the Company was convened, which considered and approved the Resolution on the 2021 Third Quarterly Report of the Company.

The attendance of Supervisors of the Company to the meetings of the Supervisory Committee is as follows:

Name	**Position**	**Number of meetings of Supervisory Committee**	**Attendance in person**	**Attendance by proxy**	**Absence**
ZHOU Xiaoyu	Chairman of the Supervisory Committee	3	3	0	0
AI Bo	Supervisor	7	7	0	0
ZHAO Lijun	Supervisor	7	7	0	0
LIN Xuan	Employee Supervisors	7	7	0	0
ZHAO Ming	Employee Supervisors	7	7	0	0

Note: Mr. ZHOU Xiaoyu has served as the chairman of the Supervisory Committee of the Company since August 17, 2021.

III. SPECIAL OPINION ISSUED BY THE SUPERVISORY COMMITTEE IN 2021

In 2021, the Supervisors of the Company attended the Board Meetings and Shareholders' Meetings and reviewed the meeting resolutions, supervised and inspected major decisions of the Company, major operating activities and the financial position of the Company, supervised the performance of Directors and senior management, and issued the following special opinions on this basis:

(1) In 2021, the Company was able to maintain sound operation in strict accordance with the Company Law, the Securities Law, the Articles of Association and regulatory requirements, the corporate governance procedures were legal and compliant, the internal control mechanism was sound and effective, and the Supervisory Committee raised no objection of the supervision matters during the reporting period.

(2) In 2021, the financial condition of the Company was good. The reporting accountant of the Company had audited the annual financial report and issued standard auditors' report without qualified opinions. The financial report truly and objectively reflects the Company's financial conditions and operating performance.

(3) In 2021, the management level of the Company's information disclosure affairs and the quality of information disclosure were steadily improved to protect the legitimate rights and interests of investors. At the same time, the reporting, transmission, review and disclosure of major events of the Company complied with the provisions of the Administrative Measures for Corporate Information Disclosure (《公司信息披露事務管理辦法》) and other systems, and were well implemented.

(4) In 2021, the written audit opinion of the Supervisory Committee on the Company's 2020 annual report was as follows: the preparation and review procedures of the annual report complied with relevant laws, regulations, normative documents and the Articles of Association and other internal regulations; the content and format complied with the requirements of CSRC, Shanghai Stock Exchange, Hong Kong Stock Exchange and other relevant institutions, and could truthfully, accurately, completely and objectively reflect the operational management and financial position of the Company. There was no objection to the annual report, and no violation of the confidentiality of insider information by the personnel involved in the preparation and review of the report.

(5) In 2021, the deposit and use of proceeds raised by the Company were in compliance with the relevant provisions of the CSRC and the Shanghai Stock Exchange regarding the deposit and use of proceeds raised from listed companies, without any changes in the use of proceeds and any prejudice to the interests of the Shareholders as well as violations in the use of proceeds.

(6) In 2021, the consideration, voting, disclosure and performance of the Company's ordinary related party transactions were in compliance with the relevant provisions of the laws and regulations and the Articles of Association. The related party transactions of the Company were priced with reference to the market price level and industry practice, and the pricing were fair. There was no damage found to the detriment of the Company and the Shareholders.

In addition, the Supervisory Committee of the Company supervised the implementation of the cash dividend policy and shareholder return planning by the Board as well as the fulfillment of corresponding decision-making procedures and information disclosure, and no violations of the regulations were found.

IV. WORK PLAN OF THE SUPERVISORY COMMITTEE IN 2022

In 2022, the Supervisory Committee of the Company will focus on the promotion and implementation of the following tasks:

(1) Members of the Supervisory Committee will supervise the major decision-making activities of the Company's operational management by attending Board Meetings and meetings of the Executive Committee, supervise the implementation of the resolutions of the Shareholders' Meetings by the Board, supervise the implementation of the Shareholders' Meetings and Board's resolutions by the operation management, earnestly perform the supervisory duties stipulated in the Articles of Association, and urge the Company to comply with laws and regulations, regulatory requirements, self-regulatory organization requirements and the Company systems.

(2) Members of the Supervisory Committee will convene meetings of the Supervisory Committee according to operational need to review material issues, internal control, compliance management, risk management and matters of the Supervisory Committee priorities during the development of the Company.

(3) Members of the Supervisory Committee will carry out special seminars and research from time to time according to operational need, identify problems, make recommendations, and continuously improve the supervision and performance of the Supervisory Committee.

(4) Members of the Supervisory Committee lead the internal audit work of the Company, guide the internal audit department to supervise and inspect the business management activities of the Company, carry out internal control and compliance effectiveness assessment, and perform supervision and inspection duties by guiding internal audit, supervising the implementation of rectification, etc. In 2022, the internal audit work of the Company will implement the work principle of "discovering problems, solving problems, preventing risks, and creating value", focusing on problem discovery, risk investigation and value-added services. While seriously completing the regular audit tasks in 2022, the Company will strengthen the auditing of major risky businesses, key management links and the effectiveness of internal control, enhance the rectification and supervision of auditing issues, improve the transformation and application of auditing results, and take multiple measures and make joint efforts to play a protective and value-added role in promoting the standardized operation and healthy development of the Company.

The external accounting firms have confirmed and approved the Annual Financial Statement of the Company for 2021, and issued an audit report with standard unqualified opinion. According to their opinion, the Company's financial report has been prepared in accordance with the provisions of the China Accounting Standards for Business Enterprises and IFRSs, and has fairly reflected its financial position as of December 31, 2021 and its operating results and cash flows in 2021 in each major aspect. The report of financial position, operating results and other related matters of the Company (unless otherwise stated, the financial data in this resolution are based on the data from the audited consolidated statements (A Shares), involving Shareholders' equity, net profit, and total comprehensive income based on those attributable to the Shareholders of the Parent Company) are presented below for your consideration.

Financial position and operating results of the Company for 2021

Unit: RMB'00 million

Item	A-Share Statement			H-Share Statement		
	End of 2021	End of 2020	Increase/ Decrease	End of 2021	End of 2020	Increase/ Decrease
Total assets	4,527.91	3,712.28	21.97%	4,527.91	3,712.28	21.97%
Total liabilities	3,727.85	3,031.57	22.97%	3,727.85	3,031.57	22.97%
Shareholders' equity	798.18	677.35	17.84%	798.18	677.35	17.84%
Net capital	669.32	650.35	2.92%	669.32	650.35	2.92%

Item	A-Share Statement			H-Share Statement		
	2021	2020	Increase/ Decrease	2021	2020	Increase/ Decrease
Operating revenue/total revenue and other income	298.72	233.51	27.93%	390.33	307.20	27.06%
Operating expenses/total expenses	168.32	111.86	50.48%	260.14	186.06	39.81%
Net profit	102.39	95.09	7.67%	102.39	95.09	7.67%
Total comprehensive income	106.07	94.92	11.74%	106.07	94.92	11.74%

Note: In the financial report of A Shares and H Shares, the difference between operating revenue and operating expenses mainly represents revenue and expenses of fees and interests. A Shares are reflected on net basis and H Shares are reflected on separate basis.

I. FINANCIAL POSITION OF THE COMPANY IN 2021

(I) Asset Position

As of the end of 2021, total assets of the Company on consolidated basis amounted to RMB452,791 million, representing a year-on-year ("**YoY**") increase of RMB81,563 million, or 21.97% (after deducting accounts payable to brokerage clients, total assets of the Company on consolidated basis amounted to RMB359,709 million, representing a YoY increase of 21.31%). The main changes are as follows: assets in investments (mainly including investments in associates and investments in financial assets) showed a YoY increase of RMB23,921 million; bank and cash balances (including customer deposits) showed a YoY increase of RMB25,273 million; receivables showed a YoY increase of RMB15,057 million; margin accounts and financial assets held under resale agreements showed a YoY increase of RMB14,198 million.

(II) Liability Position

As of the end of 2021, total liabilities of the Company on consolidated basis amounted to RMB372,785 million, representing a YoY increase of RMB69,628 million, or 22.97% (after deducting accounts payable to brokerage clients, total liabilities of the Company on consolidated basis amounted to RMB279,702 million, representing a YoY increase of 22.44%). The main changes are as follows: bonds payable showed a YoY increase of RMB38,993 million; account payable to brokerage clients showed a YoY increase of RMB18,372 million; financial assets sold under repurchase agreements recorded a YoY increase of RMB15,083 million; and accounts payable showed a YoY increase of RMB13,854 million.

(III) Shareholders' Equity and Net Capital

As of the end of 2021, Shareholders' equity of the Company on consolidated basis amounted to RMB79,818 million, representing a YoY increase of RMB12,083 million, or 17.84%. The main changes are as follows: a net profit of RMB10,239 million, issuance of perpetual subordinated bonds of RMB5,000 million, and distributed cash dividend for 2020 of RMB2,909 million.

As of the end of 2021, net capital of the Company (Parent Company) amounted to RMB66,932 million, representing a YoY increase of RMB1,897 million or 2.92%. The Company strictly controlled the risks, with a risk coverage ratio of 282.07% as of the end of 2021, a liquidity coverage ratio of 228.96% and a net stable funding ratio of 137.31%. The above risk control indicators of business complied with regulatory requirements.

II. OPERATING RESULTS IN 2021

(I) Operating revenue

In 2021, the consolidated operating revenue of the Company amounted to RMB29,872 million, representing a YoY increase of RMB6,521 million, or 27.93%, among which:

1. Net fee income from brokerage business amounted to RMB6,236 million, representing a YoY increase of RMB1,400 million, mainly attributable to a YoY increase in the trading volume of market stocks and funds, the market share of the Company and the scale of agency sales;

2. Net fee income from investment banking business amounted to RMB5,631 million, representing a YoY decrease of RMB226 million, mainly attributable to a YoY decrease in the size of equity financing of projects sponsored by the market and the Company;

3. Net fee income from asset management business amounted to RMB1,001 million, representing a YoY increase of RMB114 million, mainly attributable to an increase in size of and income from active management business;

4. Investment gains (inclusive of the gains and losses arising from changes in fair value) amounted to RMB8,026 million, representing a YoY decrease of RMB659 million, mainly attributable to the YoY decrease in the income from the self-operated equity stock;

5. Net interest income amounted to RMB1,750 million, representing a YoY increase of RMB419 million, primarily attributable to the YoY increase in interest income from the Company's margin financing;

6. Other business income was RMB6,602 million, representing a YoY increase of RMB5,358 million, mainly attributable to the increase in revenue from bulk commodity trading income of the futures subsidiary.

(II) Operating expenses

In 2021, the consolidated operating expenses of the Company amounted to RMB16,832 million, representing a YoY increase of RMB5,646 million or 50.48%, mainly attributable to the significant increase in other business costs as a result of the increase in the bulk commodity sales business of the futures subsidiary.

(III) Profit

In 2021, the Company realized net profit on consolidated basis of RMB10,239 million, representing a YoY increase of RMB730 million or 7.67%, achieving another historic breakthrough; return on weighted average equity of 15.80%, representing a YoY decrease of 2.38 percentage points. Upon incorporating other comprehensive income, the Company realized RMB10,607 million of total comprehensive income on consolidated basis, representing a YoY increase of RMB1,115 million or 11.74%.

In 2021, taking advantage of the favorable market environment, the Company seized the opportunity, strove for development and achieved good operating results, which laid a solid foundation for the Company's sustainable and healthy development.

I. GENERAL INFORMATION OF THE INDEPENDENT DIRECTORS

According to the Articles of Association, the Board of the Company shall consist of 14 Directors, including 5 Independent Directors. By the end of 2021, the Independent Directors of the Company are Mr. Dai Deming, Mr. Bai Jianjun and Mr. Liu Qiao, Mr. Po Wai Kwong and Mr. Lai Guanrong. For details of their work experience, professional background and part-time positions, please refer to the 2021 annual report of the Company. The number of Independent Directors of the Company exceeds one-third of the total number of Directors specified in the Articles of Association; the Independent Directors do not hold other positions in the Company other than Directors, and there is no relationship between the Independent Directors and the Company and major Shareholders that may hinder independent and objective judgment, their independence is in compliance with regulatory requirements.

Each special committee of the Board of the Company shall comprise Independent Directors. Among which, Independent Directors are more than half of the Audit Committee, Remuneration and Nomination Committee, and act as the convener of the Audit Committee and the Remuneration and Nomination Committee. The positions of Independent Directors in the Board committees are as follows:

Name	**Positions held in the special committee of the Board**
Dai Deming	Chairman of the Audit Committee and member of the Remuneration and Nomination Committee
Bai Jianjun	Chairman of the Remuneration and Nomination Committee and member of the Risk Management Committee
Liu Qiao	Member of the Risk Management Committee and member of the Remuneration and Nomination Committee
Po Wai Kwong	Member of the Audit Committee and member of the Remuneration and Nomination Committee
Lai Guanrong	Member of the Development Strategy Committee and member of the Audit Committee

II. PERFORMANCE OF DUTIES OF INDEPENDENT DIRECTORS IN 2021

In 2021, Independent Directors of the Company shall, in accordance with the laws and regulations such as the Company Law and the Securities Law, and related requirements of the listing rules of the place where the Shares of the Company are listed and the Articles of Association, perform the following duties faithfully and diligently:

(I) Attendance of the meeting and voting results

In 2021, Independent Directors of the Company actively attended Shareholders' Meetings, Board Meetings and meetings of Board committees, giving full play to their professional strengths, maintaining independent and objective judgment and expressing independent opinions on major decisions of the Company, especially on matters involving the interests of minority Shareholders. During the year, there was no objection to the resolutions passed by the Independent Directors to the Board and the Board committees. Details of the attendance of the meetings of the Independent Directors are set out in the following table. For details of the resolutions, please refer to the 2021 annual report of the Company.

Name	Shareholders' Meeting	Board	Development Strategy Committee	Risk Management Committee	Audit Committee	Remuneration and Nomination Committee
Dai Deming	5/5	10/10	–	–	5/5	3/3
Bai Jianjun	5/5	10/10	–	3/3	–	3/3
Liu Qiao	5/5	10/10	–	3/3	–	3/3
Po Wai Kwong	3/3	7/7	–	–	2/2	1/1
Lai Guanrong	3/3	7/7	2/2	–	2/2	–
Feng Genfu (resignation)	2/2	3/3	2/2	–	3/3	–
Zhu Shengqin (resignation)	2/2	3/3	–	–	3/3	1/1

Note 1: The above table is in the form of "Actual attendance/Number of meetings requiring attendance". "The number of attendances in person" includes on-site attendance and communication attendance.

Note 2: Feng Genfu and Zhu Shengqin resigned as Independent Directors of the Company on May 14, 2021; Po Wai Kwong and Lai Guanrong served as Independent Directors of the Company with effect from May 14, 2021.

(II) Participation in training, research inspections and interviews

In 2021, the Independent Directors of the Company actively participated in various trainings conducted by the Board during the non-conference period, including special trainings on directors' duties, regulations interpretation, case interpretation, ESG, honest practice and investor relations, and participated in the training for Independent Directors organized by the Shanghai Stock Exchange to accurately grasped the changes of laws and regulations and regulatory rules and to continuously improve their ability to perform their duties, reviewed the Company's operation reports on a monthly basis and regularly reviewed the Company's operation and development, and successively conducted researches on the core business of the Company, focusing on the Company's business network planning, investment banking business development trends, self-operated business strategies and risk management.

In 2021, in order to further improve corporate governance and improve the quality of information disclosure, the Board of the Company has formulated the Terms of Reference for Annual Report of the Independent Directors of CSC Financial Co., Ltd.. During the audit of the annual financial report, the Independent Directors reviewed the reports submitted by the operation management regarding the Company's operations, financial situation and investment and financing activities in the previous year before the annual audit was prepared in accordance with the requirements of the system. Before the entry of the annual audit accountants, after the issuance of the preliminary examination results and prior to the Board's deliberation, the Independent Directors maintained good communication with the operation management and the annual audit accountants, and fully communicate with the annual audit accountants in respect of auditors' arrangement, audit plan, audit method and audit focus. The Company has established an effective communication mechanism with Independent Directors and fully played the role of Independent Directors.

III. MAJOR CONCERNS RAISED AND INDEPENDENT OPINIONS ISSUED

In 2021, according to the duties authorized by laws and regulations as well as Articles of Association, Independent Directors of the Company focused on the provision for impairment of assets of the Company, profit distribution, internal control execution, deposit and use of the proceeds raised, nomination of Director candidates, related party transactions, guarantee, reappointment of accounting firms, appointment and removal senior management personnel and other matters, and issued independent opinions.

1. Provision for impairment of assets. The Independent Directors are of the view that the Company's provision for impairment of credit assets is in compliance with the Accounting Standards for Business Enterprises and the Company's accounting policies, which can give a true and fair view of the Company's financial condition and operating results, help to provide investors with a more realistic, reliable and accurate accounting information, is in the interests of the Company and the minority Shareholders, and the decision-making procedures are in compliance with laws and regulations and the Articles of Association.

2. Profit distribution. The Independent Directors are of the view that the Company's profit distribution plan in 2021 complies with the regulations of the internal systems such as laws and regulations, regulatory documents and the Articles of Association, is in line with the actual situation of the Company, is in the interests of the Shareholders as a whole and long-term, and is conducive to the long-term development of the Company.

3. Internal control execution. The Independent Directors are of the view that the Company has established an internal control system for each business and management matters included in the scope of internal control assessment and has been effectively implemented, which has achieved the objectives of the Company's internal control, and the internal control evaluation report of the Company is in compliance with the laws and regulations and regulatory documents and the Company's internal governance system, which is complete and true.

4. Deposit and use of proceeds raised. The Independent Directors are of the view that the deposit and use of the proceeds raised by the Company are in compliance with the relevant requirements of the CSRC and the Shanghai Stock Exchange and there is no circumstance which is detrimental to the interests of the Company and its Shareholders, and there is no non-compliance. The report on the deposit and actual use of the proceeds raised are true, accurate and complete, and there are no false information, misleading statements or material omissions in this report.

5. Nomination of director candidates. The Independent Directors are of the view that the candidates meet the requirements of laws, regulations and the listing rules of the places where the Company's Shares are listed for the appointment of Independent Directors of listed securities companies, and have not found any circumstances that affect the independence of candidates and other prohibitive regulations, and the procedures for nomination of candidates by the Board are in compliance with the requirements of laws and regulations, regulatory documents and the Articles of Association.

6. Related party transactions. The Independent Directors are of the view that the expected daily related party transactions of the Company in 2021 are generated from the normal business operation of the Company, which facilitates the Company's business development and is conducive to the improvement of the Company's comprehensive competitiveness and the related connected transactions under the proposed ordinary connected transactions agreement shall be priced according to the market price, the pricing principle is reasonable and fair and there is no damage to the interests of the non-related party Shareholders of the Company. The Company and the related party are mutually beneficial and mutually beneficial, and there is no damage to the interests of the Company. Relevant related party transactions do not affect the Company's independence, and the Company's main business does not become dependent on the related persons as a result of the above related party transactions.

7. Guarantee. The Independent Directors are of the view that the relevant guarantees are the guarantees provided by the Company and its subsidiaries to its subsidiaries due to business development needs. The guarantees, decision-making procedures and information disclosure are in compliance with the requirements of laws and regulations, regulatory rules and the Articles of Association, and there is no non-compliance with external guarantees. There is no circumstances beyond the authority of the Shareholders' Meeting, and there shall be no circumstances prejudicial to the lawful interests of the Company and Shareholders.

8. Reappointment of accounting firms. After making a comprehensive evaluation of the proposed entity, the Independent Directors are of the view that the proposed entity is in compliance with the regulatory requirements in terms of practicing qualifications, professional competence, investor protection, independence and integrity, with good reputation, and the selection and decision-making process is in compliance with the requirements of laws and regulations, regulatory documents and the Articles of Association.

9. Appointment and removal of senior management. The Independent Directors are of the view that the departure of relevant senior management will not have a significant impact on the operation, development and corporate governance of the Company, and the relevant procedures are complete and in compliance with the requirements of laws and regulations, regulatory documents and the Articles of Association.

In addition, the Audit Committee of the Board, with Independent Directors as convener and more than half of the members, focused on the internal audit and external audit process and results, reviewed the financial information and disclosure. The Audit Committee of the Board conducted key audits on the implementation of external audit, implementation of internal audit, periodic reports, related party transactions, implementation of internal control execution and reappointment of accounting firms in 2021. The Remuneration and Nomination Committee of the Board, with Independent Directors as convener and more than half of the members, focused on the selection criteria of directors and senior management personnel and made recommendation on candidates, as well as reviewed remuneration packages of directors and senior management personnel. The Remuneration and Nomination Committee of the Board conducted key audits on the nomination of directors, the assessment of the compliance officers and the annual bonus of the operation management team in 2021.

IV. ASSESSMENT ON PERFORMANCE OF DUTIES OF INDEPENDENT DIRECTORS FOR 2021

In 2021, the Company's Independent Directors, in strict compliance with the requirements of laws and regulations, regulatory documents and the Articles of Association, devoted sufficient time and energy to perform their duties, gave full play to their professional strengths, and participated in the affairs of the Board with integrity, diligence, independence and rigor, provided independent and objective advice, which effectively improved the scientific decision-making standards of the Board and effectively safeguarded the interests of the Company as a whole and the lawful rights and interests of the Shareholders, in particular the minority Shareholders. In 2022, the Independent Directors of the Company will continue their efforts to make greater contribution to the sustainable and healthy development of the Company.

中信建投証券股份有限公司
CSC FINANCIAL CO., LTD.

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

(Stock Code: 6066)

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting (the "**AGM**") of CSC Financial Co., Ltd. (the "**Company**") will be held at 2:00 p.m. on Tuesday, June 28, 2022 at the Multi-function Hall, B1/F, Office Building of CSC Financial Co., Ltd., No. 188 Chaonei Avenue, Dongcheng District, Beijing, PRC, to consider and, if thought fit, approve the following resolutions. Unless otherwise specified, capitalized terms used in this notice shall have the same meaning as those defined in the circular of the Company dated June 2, 2022. Please refer to the circular for details of the resolutions.

AS ORDINARY RESOLUTIONS

1. To consider and approve the 2021 Work Report of the Board of Directors of the Company;

2. To consider and approve the 2021 Work Report of the Supervisory Committee of the Company;

3. To consider and approve the 2021 Final Financial Accounts Plan of the Company;

4. To consider and approve the Profit Distribution Plan of the Company in 2021;

5. To consider and approve the 2021 annual report of the Company;

6. To consider and approve the appointment of Mr. Wang Xiaoguang as Supervisor of the Company;

7. To consider and approve the expected daily related party/connected transactions of the Company in 2022;

   7.01 To consider and approve the expected daily related party/connected transactions of the Company with Beijing Financial Holdings Group and its subsidiaries or controlled companies in 2022;

   7.02 To consider and approve the expected daily related party/connected transactions of the Company with Everbright Group in 2022;

7.03 To consider and approve the expected daily related party/connected transactions of the Company with Jingquan Private Equity in 2022;

7.04 To consider and approve the expected daily related party/connected transactions of the Company with Jingquan Shancheng in 2022;

7.05 To consider and approve the expected daily related party/connected transactions of the Company with CITIC Heavy Industries in 2022;

7.06 To consider and approve the expected daily related party/connected transactions of the Company with Zhonghai Trust in 2022;

7.07 To consider and approve the expected daily related party/connected transactions of the Company with Agriculture Industry Development Fund in 2022;

7.08 To consider and approve the expected daily related party/connected transactions of the Company with CITIC Urban Development in 2022;

7.09 To consider and approve the expected daily related party/connected transactions of the Company with Evergrowing Bank in 2022.

8. To consider and approve the re-appointment of 2022 accounting firms of the Company;

9. To consider and approve the adjustment to the allowance of Independent Non-executive Directors;

AS REPORTING DOCUMENT

10. The 2021 Work Report of the Independent Non-executive Directors.

The above resolutions and report were considered and approved by the Board/Supervisory Committee on March 30, 2022 and April 28, 2022. It is now submitted to Shareholders for consideration and approval at the AGM.

By order of the Board
CSC Financial Co., Ltd.
Wang Changqing
Chairman

Beijing, the PRC
June 2, 2022

As at the date of this notice, the executive Directors of the Company are Mr. WANG Changqing and Mr. LI Geping; the non-executive Directors of the Company are Mr. YU Zhongfu, Mr. WANG Xiaolin, Ms. ZHANG Qin, Ms. ZHU Jia, Ms. ZHANG Wei, Mr. YANG Dong and Ms. WANG Hua; and the independent non-executive Directors of the Company are Mr. DAI Deming, Mr. BAI Jianjun, Mr. LIU Qiao, Mr. PO Wai Kwong and Mr. LAI Guanrong.

Notes:

1. **ELIGIBILITY FOR ATTENDING THE AGM AND CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed for the purpose of determining Shareholders' entitlement to attend the AGM from Thursday, June 23, 2022 to Tuesday, June 28, 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend the AGM, Shareholders 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 (for H Shareholders) no later than 4:30 p.m. on Wednesday, June 22, 2022 to complete registration. Holders of H Shares who are registered with Computershare Hong Kong Investor Services Limited or the Board Office of the Company (if applicable) at the close of business on the aforementioned date are entitled to attend the AGM.

Where there are joint holders of any Shares, the one whose name stands first on the register of members shall be entitled to attend and vote at the AGM in respect of such Shares.

2. **2021 CASH DIVIDENDS**

The Board recommended the distribution of cash dividend for the year 2021 of RMB3.95 per ten shares (tax inclusive) ("**2021 Cash Dividend**") and, if such dividend is declared by the Shareholders through an ordinary resolution, it is expected to be paid on or around Thursday, August 18, 2022 to the Shareholders whose names appear on the register of members of the Company at the close of business on Sunday, July 10, 2022. In order to be entitled to the receipt of cash dividend to be distributed which will be approved in the AGM, the register of members of the Company will be closed from Tuesday, July 5, 2022 to Sunday, July 10, 2022 (both days inclusive), during which period no transfer of Shares will be registered, the H Shareholders should ensure that all transfer documents together with relevant share certificates, are lodged with the Company's registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, July 4, 2022.

3. **PROXY**

(1) Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote at the meeting on his or her behalf. A proxy need not be a Shareholder.

(2) The instrument appointing a proxy must be in writing by the appointor or his attorney duly authorized in writing.

If the appointor is a legal entity, either under seal or signed by a Director or a duly authorized attorney. To be valid, the proxy form together with the notarized power of attorney or other documents of authorization, if any, must be completed and delivered to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), no later than 24 hours before the time fixed for the AGM (i.e. 2:00 p.m. on Monday, June 27, 2022) or 24 hours before the time of any adjournment thereof. The proxy form for the AGM is enclosed herewith.

Completion and return of the proxy form will not preclude the Shareholders from attending and voting at the AGM or at any adjourned meeting if they so wish.

4. REGISTRATION PROCEDURES FOR ATTENDING THE AGM

Shareholder or his/her proxy shall produce proof of identity when attending the AGM:

(1) Legal representatives of legal person Shareholders who attend the meeting shall produce their own identity cards and effective proof of their capacity as legal representatives. Proxies of legal person Shareholders shall produce their own identity cards and the form of proxy duly signed by the legal representatives of the legal person Shareholders.

(2) Individual Shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity. Proxies of individual Shareholders shall produce effective proof of identity and form of proxy.

5. VOTING BY POLL

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. Accordingly, the resolutions to be proposed at the AGM will be voted by poll. Results of the poll voting will be posted on the website of the Company at www.csc108.com and on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the AGM.

6. H SHAREHOLDERS MAY PARTICIPATE IN THE AGM THROUGH LIVE WEBCAST

The Company will make the following special arrangements for H Shareholders to participate in the AGM: in addition to the traditional physical attendance at the Meeting, H Shareholders have the option of participating in the AGM through live webcast (the "**Online Platform**"). The Online Platform will be open for registered H Shareholders and non-registered H Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the AGM and can be accessed from any location with connection to the internet with a smart phone, tablet device or computer. Please note that registered H Shareholders and non-registered H Shareholders joining the live webcast will not be counted towards a quorum nor will you be able to cast your vote(s) online. The Company recommends Shareholders appoint the Chairman of the AGM as the proxy to vote.

Login details for registered H Shareholders

Details regarding the AGM arrangements including login details to access the Online Platform are included in the Company's AGM Login Information letter to registered H Shareholders dated June 2, 2022.

Login details for non-registered H Shareholders

Non-registered H Shareholders who wish to participate in the AGM using the Online Platform should liaise with their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their H Shares are held (together, the "**Intermediary**") and provide their e-mail address to their Intermediary. Details regarding the AGM arrangements including login details to access the Online Platform will be sent electronically by the Company's H share registrar to the e-mail addresses provided by the non-registered H Shareholders.

Questions at the AGM

H Shareholders participating in the AGM using the Online Platform will be able to submit questions relevant to the proposed resolutions online during the AGM.

If H Shareholders have any questions relating to the AGM, please contact Computershare Hong Kong Investor Services Limited, the Company's H share registrar, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone: +852 2862 8555
Website: www.computershare.com/hk/contact

7. MISCELLANEOUS

(1) The duration of the AGM is expected not to exceed half a day. Shareholders who attend the AGM shall arrange for their own transportation and accommodation at their own expenses.

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

Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
(for the submission of transfer documents)

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
(for the submission of proxy form)

Telephone: +852 2862 8555
Fax: +852 2865 0990

For the matters relating to the attendance of the AGM by A Shareholders, please refer to the notice of meeting and other relevant documents published by the Company on website of the Shanghai Stock Exchange (www.sse.com.cn).