



Contact us

<http://www.swwhygh.com/>

19 Taipingqiao Street, Xicheng District, Beijing

Phone: 010-88085333

20th Floor, Dacheng International Building, No.358,
South Beijing Road, Figh-tech Zone, Urumqi, Xinjiang

Phone: 0991-2301870

2019
SHENWAN HONGYUAN
GROUP CO., LTD.
Environmental, Social and Governance Report



Notice about report preparation

The Environmental, Social and Governance Report 2019 of Shenwan Hongyuan Group Co., Ltd. (hereinafter referred to as "the Company", "we" or "Shenwan Hongyuan Group") presents the ESG philosophy, practices and progress of the Company in 2019.

This report was released after being approved by the Board of Directors of the Company. The Board and all the Directors of the Company warrant that there are no false representations, misleading statements or major omissions regarding the contents of this report, and they shall be jointly and severally liable for the truthfulness, accuracy and completeness of the contents.

Scope of application

Reporting organizations: Shenwan Hongyuan Group, headquarters, subsidiary securities companies and major branch offices, etc.

Reporting period: ranging from Jan. 1, 2019 to Dec. 31, 2019; part of the contents regarding internal policy and management measures go beyond the above reporting period.

Reporting cycle: each year.

Preparation standards

This report was prepared in accordance with the requirements set forth in the *Environmental, Social and Governance Reporting Guide* issued by the Hong Kong Stock Exchange and the *Social Responsibility Guidelines for Companies Listed on the Shenzhen Stock Exchange* issued by the Shenzhen Stock Exchange.

Contents

Notes on the report data

All the data in this report was derived from the official documents and statistical reports of Shenwan Hongyuan Group. Unless otherwise specified herein, the currency used in this report shall be RMB.

Report releasing

This report is available in PDF file on the official websites of Shenwan Hongyuan Group(<http://www.swwhygh.com/>), the Hong Kong Stock Exchange(<https://www.hkex.com.hk/>) and the Shenzhen Stock Exchange(<http://www.szse.cn/>).

Contact us

Contact department: the Board Office

Telephone: 010-88085333; 0991-2301870

Mailbox: swhy@swyhsc.com

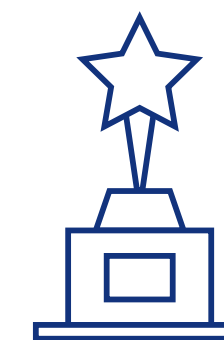


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Chu Xiaoming

Party Secretary and Chairman of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd.

On January 9, Shenwan Hongyuan Group Co., Ltd. won the Evergreen Award 2019 for Sustainable Development and Risk Control, granted by *Caijing*, a respected financial magazine in China. As the first-of-its-kind annual award presented by *Caijing*, the Evergreen Award aspires to promote the achievement of the United Nations Sustainable Development Goals, drive the supply-side structural reform nationwide, and recognize evergreen enterprise brands that are environmentally responsible and financially profitable, aligning with the national financial reform and development. As a keen implementer of the spirit of the 19th CPC National Congress, the Company operates proactively in line with its strategic objectives and focuses on group-wide synergy across all its business segments. With a strong and proven track record in risk control, it stands the test of the marketplace and is well poised for industry volatility. This award is another testimonial of the Company's economic, social and environmental contributions being recognized by the mainstream media.



Key Data in 2019

Financial Data

Total assets

RMB

388,537 million

Operating income

RMB

24,593 million



Net profit attributable to shareholders of the Company

RMB 5,735 million

Total tax expenses

RMB 2,594 million

Weighted average return on equity

7.41%

Employee Data

Total number of employees

9,736 persons

Percentages of employees with academic degrees higher than bachelor's degree

90.57%

Percentages of female employees

46.56%

Training cost

RMB 20.50 million

Training hours per employee

30.90 hours



Business Data



The number of NEEQ-listed companies supervised by the Company

583



Support financing for the enterprise in the field of environmental protection

RMB

9,100 million



The number of projects in which the Company acts as the lead underwriter

149



Bailout funds raised

RMB

3,500 million



Underwriting amount

RMB

113,634 million

Environmental Data

Total water saving

2,116.26 tons

Total reduced greenhouse gas emission equivalent to

2,506.50 tons of carbon dioxide



Total power saving

2,249.21 MWh

Yearly number of video conferences

4,000

The number of old vehicles was phased out or reduced

19

Poverty Alleviation Data



Funds for targeted poverty alleviation

RMB 47.91 million



The amount of funding for poor students

RMB 0.51 million

The number of poor students getting funding

305

The amount of investment in improving educational resources of poor areas

RMB 5.15 million



The amount of investment in medical and healthcare resources of poor areas

RMB 0.51 million



The amount of investment in job skill trainings

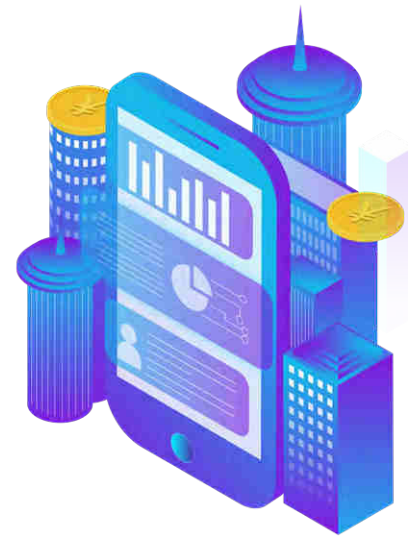
RMB 0.30 million

Participants of the job skill trainings

998

Company Profile

Established through the merger of Shenyin & Wanguo Securities Co., Ltd. (the first joint-stock securities company of China) and Hong Yuan Securities Co., Ltd. (the first listed securities firm in the domestic capital market), Shenwan Hongyuan Group Co., Ltd. was dually listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange respectively on January 26, 2015 and April 26, 2019. As an industry-leading integrated financial group in China, the Company focuses on securities business while promoting the coherent development of other business segments. It adopts the structure of "investment holding group + subsidiary securities firm" and continuously improves the whole industry chain of investment and financing centered on the capital market, so as to enable the sharing of client resources among different types of business, to deeply explore customer needs and to provide integrated financial services for the real economy. The Company currently has nearly 10,000 full-time employees (stock brokers and futures brokers excluded) and several subsidiaries including Shenwan Hongyuan Securities Co., Ltd., Shenwan Hongyuan Industrial Investment Management Company Limited, Shenwan Hongyuan Investment Co., Ltd., Hongyuan Huifu Capital Co., Ltd., Hongyuan Huizhi Investment Co., Ltd. and Hongyuan Futures Co., Ltd. As of December 31, 2019, Shenwan Hongyuan Securities Co., Ltd. and its affiliated subsidiaries had totally set up 41 branch offices and 311 securities branches, operating across 135 cities in 21 provinces, 4 municipalities and 4 autonomous regions. It is leading the industry in the Yangtze River Delta and Xinjiang autonomous region by the number of securities branches, with 61 in Shanghai and 44 in Xinjiang respectively. In other areas, there are 206 securities branches in total.



As of December 31, 2019,
Shenwan Hongyuan Securities
Co., Ltd. and its affiliated
subsidiaries had totally set up

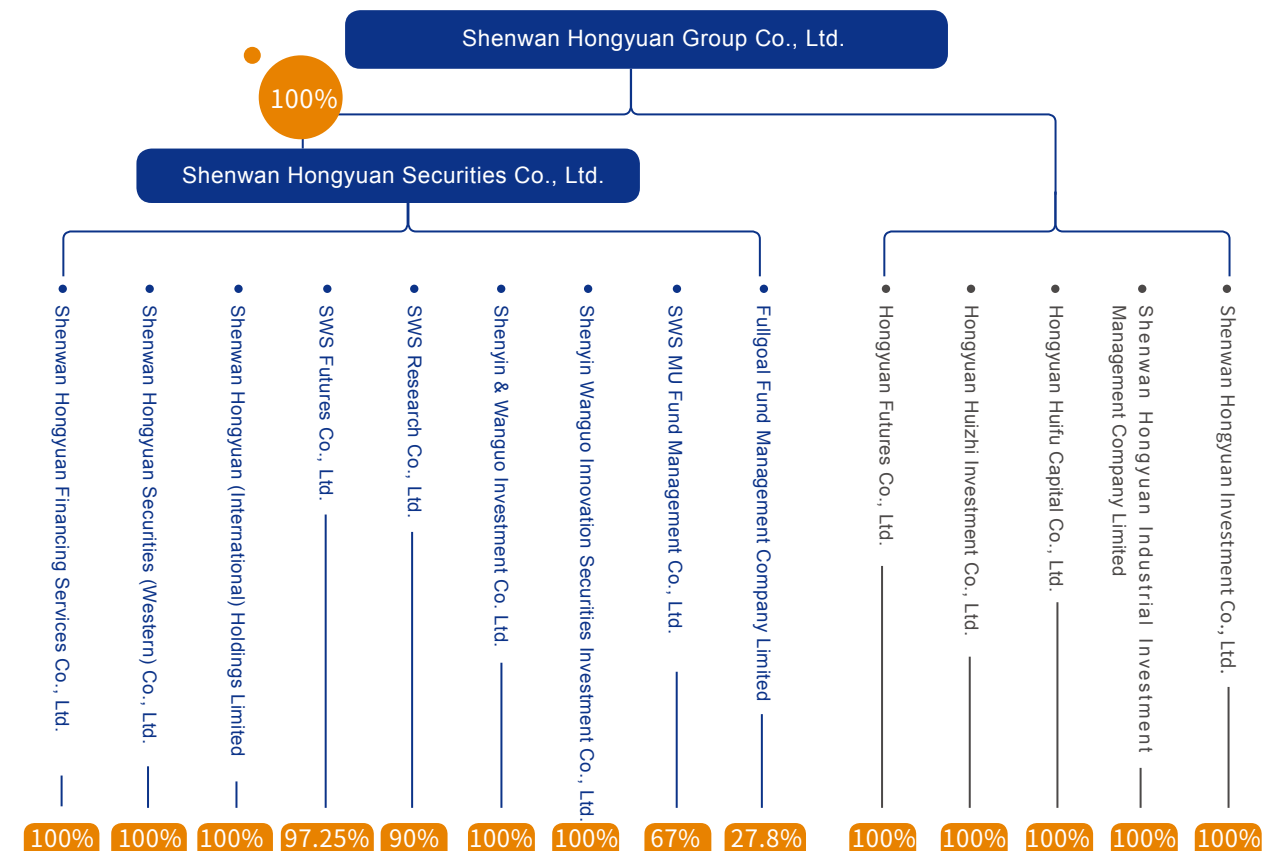
41 branch offices

and **311** securities branches

21 Provinces

4 Municipalities

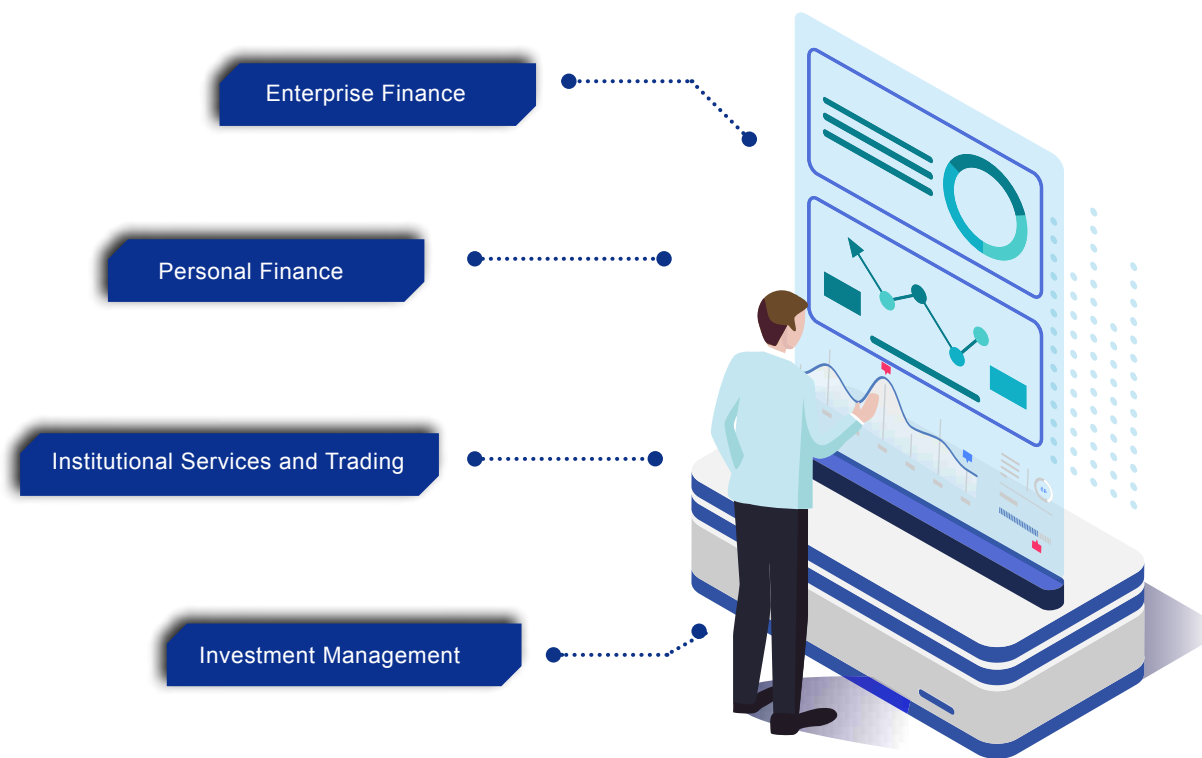
4 Autonomous Regions



Organizational framework of the Company



Focused on securities business and grounded on the capital market, we were committed to providing clients with diverse financial products and services. Leveraging the structure of "investment holding group + subsidiary securities firm", we formed our own business model and competitive advantages to differentiate ourselves from industry peers. The Company mainly covers four business segments, i.e. enterprise finance, personal finance, institutional services and trading, and investment management.



Enterprise Finance		Personal Finance	Institutional Services and Trading	Investment Management
Investment banking	Principal investment	Securities brokerage and futures brokerage	Prime brokerage	Asset management
Equity financing	Equity investment	Margin trading and short selling	Research & consulting	Public offering fund
Bond financing	Bond investment	Equity pledged financing	Proprietary trading	Private equity fund
Financial consulting	Other types of investment	Sales of financial products		

In 2019, facing a complex and volatile market environment, the Company kept adhering to the philosophy of robust operations, proactively promoted the development of various business of enterprise finance, personal finance, institutional services and trading, and investment management based on the needs of clients, and continued to construct a whole industry chain for financial services targeting the capital market. Boasting high-quality assets, good financial conditions, low financial risk, and continued and strong profitability, we maintained a leading edge in operating performance in 2019. Throughout the year, we had achieved operating revenues of RMB 24.59 billion, representing a year-on-year increase of 60.98%, while the net profits attributable to shareholders of the parent company reached RMB 5,735 million, up 37.86% compared with the previous year. The Company's basic earnings per share was RMB 0.24, a year-on-year growth of 26.32%; and the weighted return on average equity (ROAE) was 7.41%, up 1.22% compared with the previous year.

In 2019,

we had achieved operating revenues of RMB

24.59 billion

representing a year-on-year increase of

60.98%





01

Improving the Corporate Governance Mechanism

Key actions:

- o Information disclosure
- o Risk prevention & control
- o ESG management
- o Anti-money laundering training

Indicator	Unit	Data in 2019
The annual number of participants attending the anti-corruption and anti-money laundering trainings	/	8,502
The annual number of information disclosure	/	220
The annual amount of tax expenses according to law	RMB 100 million	25.94

Corporate Governance

In accordance with Chinese and location-specific laws, administrative regulations, departmental rules and regulatory policies, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Code of Corporate Governance of Listed Companies*, the Company established an effective corporate governance structure, constantly improved the governance mechanism, and strengthened the power-balancing mechanism of the Shareholders' meeting, the Board of Directors and the Board of Supervisors. The purpose was to clarify and regulate the rights, obligations and behaviors of shareholders, directors, supervisors and senior management, and ensure our compliance operation and faithful fulfillment of information disclosure obligations. We also emphasized on investor relations management, in order to effectively protect our own interests and the investors' interests, as well as to constantly enhance our market image.

In accordance with the regulatory documents regarding the governance of listed companies and our actual situation, the Company was committed to continuously strengthening the work for compliance operation (including perfecting corresponding company systems, optimizing the internal organizational structure and the authorization management mechanism). So far, according to China's *Company Law* and *Securities Law*, other location-specific laws and regulations, and the Articles of Association, the Company has formulated the *Rules of Procedure of the General Meeting*, the *Rules of Procedure of the Board of Directors*, the *Rules of Procedure of the Board of Supervisors*, the *Management Policy of Related Party Transactions*, the *Internal Control Policy*, the *Internal Control Evaluation Policy*, the *Internal Audit Policy*, the *Finance Management Policy*, the *Accounting Policy* and the *working rules of the committees of the Board of Directors*.

Governance Structure

In accordance with Chinese and location-specific laws and regulations and the regulatory requirements for listed companies including the *Company Law*, we set up a complete, clear and scientific internal management system & operational mechanism. The Shareholders' meeting, the Board of Directors, the Board of Supervisors and the management, etc. performed their respective duties and responsibilities earnestly to ensure the Company's compliance operation, enhance the decision-making capability, and improve the level of operations management. The Board of Directors has set up four special committees including the strategy committee, the remuneration and nomination committee, the audit committee and the risk control committee. The special committees are accountable to the Board of Directors.

Information Disclosure

In 2019, in order to regulate information disclosure, improve the management and quality of information disclosure, and protect the legitimate interests of the Company and shareholders, clients, creditors and other stakeholders, we amended the *Information Disclosure Management System of Shenwan Hongyuan Group Co., Ltd.* in compliance with the relevant laws and regulations, regulatory requirements and the Articles of Association. The System clarified the basic principles of information disclosure, established a detailed information disclosure management process with clear division of responsibilities, and specified the disclosed content and work arrangements accordingly, especially for the annual financial and non-financial reports.

Throughout 2019, we released 220 information disclosures on the websites of the stock exchanges. All the contents were true, accurate, complete, and unveiled via the standard process. During the reporting period, there was no violation of information disclosure. The Company had been evaluated as a Grade A enterprise for five consecutive years in terms of information disclosure assessment by the Shenzhen Stock Exchange.

Tax Payment According to Law

Paying taxes according to law is the basic requirement for enterprises to fulfill their social responsibilities and give back to the society. The Company has always been truthful about tax declaration, and actively shoulders its social responsibility to pay taxes in a timely manner. In 2019, the Company paid RMB 2,594 million in taxes.

In 2019, the Company paid tax up to
RMB **2,594** million

Protecting the Rights and Interests of Minority Shareholders

The Company enabled the effective protection of the rights and interests of the shareholders (especially the minority shareholders) through institutional arrangements and procedural guarantees. The independent directors expressed independent opinions in line with the *Rules of the Independent Non-executive Director* on matters involving the interests of minority shareholders, such as profit sharing plan, directors and executive compensation and major connected transactions. Pursuant to relevant regulatory requirements, the Shareholders' meeting shall be convened in the form of on-site meetings and online voting, and the votes of minority investors shall be counted separately and disclosed in the consideration of major matters affecting their interests.

Communication with Investors

We attached great importance to investor relations management and actively strengthened the communication with domestic and foreign investors through various channels, including the setting up of investor consultation hotline, online interactive communications, e-mail, teleconferencing, on-site reception, business performance presentation meeting, investor presentations and road shows, to deliver corporate value and enhance management transparency.

In 2019, we made further efforts in facilitating the communication with investors, regularly disclosing business performance data and reports, actively engaging with long-term investors, explaining the main reasons for performance changes and unveiling the development of each major business line.

ESG Management

The Company implemented the environmental, social and governance (hereinafter referred to as ESG) concept at every organizational level and integrated the fulfillment of social responsibilities into all aspects of its daily operations. With an established organizational structure & system for social responsibility management in place, we aimed to persistently promote the close integration of social responsibility and business development and to put the concept of social responsibility into practice.

We always gave priority to the ESG work with the full involvement of the Board of Directors. To this end, we defined the ESG framework and work content, empowered the management to organize ESG related work and clarified their job responsibilities, oversaw the implementation of ESG work, and reviewed ESG work on a regular basis.

Board of Directors	▶ The Board of Directors is the decision-maker for the ESG management structure and responsible for the formulation of overall policies & systems and the decision-making of major issues.
The Management	▶ The management is responsible for the overall planning and implementation of major ESG work, the implementation of various policies and system, as well as the supervision of ESG work executed by relevant departments and subsidiaries.
The Executors	▶ The relevant departments and subsidiaries of the Company are the executors of ESG work. They cooperate with the Board of Directors and the Management in the performance of social responsibility related tasks.

ESG Management Structure and Division of Responsibilities

Supply Chain Management

In 2019, the Company's centralized procurement network covered 11 suppliers in Mainland China and 15 suppliers in Hong Kong and overseas regions. In terms of bulk purchasing and supplier selection, we always advocated the concept of sustainable development, promoted low-carbon and environmentally responsible business operation, and endeavored to increase the awareness of environmental protection among the whole Company. For this purpose, we had taken the following specific measures:

01

Formulating and issuing *Shenwan Hongyuan Group Procurement Management Measures*, according to which the suppliers were selected, helping further standardize the procurement process, strengthen the internal control, and improve the efficiency of procurement funds utilization;

02

Incorporating the means of bulk purchasing and procurement results approval into our office automation system approval process, through which relevant documents were electronically filed, greatly improving the work efficiency and conserving resources; The Company adopted the workflow of double approval of procurement means and procurement results, so as to ensure a rigorous and standardized procurement process;

03

Establishing the procurement management system for systematic management of the supplier pool, supervisor pool and expert pool, thus greatly reducing the labor costs;

04

Formulating and issuing the Supplier Management Rules to strengthen the supply chain management and day-to-day supplier management;

Risk Management



The Company had always been committed to establishing a comprehensive and transparent whole-process risk management system, continuously improving the organizational structure for risk management, and optimizing the transmission mechanism of risk management policies such as risk preference and risk tolerance policies. It also endeavored to strengthen risk control through improving risk management techniques and measures, to realize the deep integration of risk management and business operation, and to promote the concept of "Everyone serves as a risk officer", thus enabling effective control of various risks occurred during operations management.

Risk Prevention and Control Measures

To improve the political standing and win the battle of financial risk prevention and defusing

- We fully implemented the decisions and arrangements of the CPC Central Committee and the State Council, made risk prevention and control a priority of all the work, actively built the risk management culture, and continuously increased the risk awareness of all employees, so as to firmly safeguard the bottom line of "preventing the occurrence of any systemic risks".

To establish a comprehensive and transparent whole-process risk management system

- Establishing the organizational structure for risk management and forming a clearly hierarchical and effectively balanced operating mechanism;
- Establishing and continuously improving the risk management system and publishing over 30 relevant rules and measures to guide business operation and risk management;
- Establishing a scientific and efficient risk management mechanism to effectively prevent and defuse all kinds of risks;
- Improving the risk management system, strengthening talent building, and consolidating measures for supporting risk management;
- Promoting the publicity of the risk control culture and the concept of "Everyone serves as a risk officer";

To focus on and strengthen risk management of key areas

- Easing and defusing the risk of credit default by controlling risks, adjusting the risk control structure, and promoting risk control services;
- Keeping reasonable and sufficient liquidity by taking multiple measures and effectively preventing liquidity risks;
- Actively adjusting the asset allocation strategy to reduce market risk exposure;
- Making full use of all kinds of operational risk management tools to continuously optimize the risk control system and process;
- Developing the business innovation system to strengthen the management of the whole business innovation process;
- Strengthening the risk management of subsidiaries to achieve group-wide risk management;
- Strengthening the verification and handling of projects with risks.

Focusing on the Protection of Intellectual Property Rights

We put a premium on the protection of intellectual property rights. On one hand, for softwares or procedures designed and developed by a third party entrusted by us, the ownership and protection of intellectual property rights would be explicitly stipulated in the business contracts; on the other hand, we used third-party intellectual property rights with permission to purchase legitimate office softwares, pictures and fonts for many times, and continued to promote the standardized use of picture fonts.

Internal Control and Compliance

Operational compliance is the value orientation to which we always adhere. The Company attaches great importance to the construction and improvement of the compliance management system. In order to ensure continued and standardized business development, we were dedicated to continuously perfecting the organizational structure for compliance management and facilitating the compliance management work according to relevant laws and regulations and regulatory requirements, and the practical operations management situation. In 2019, there was one corruption case involving the Company or employees, which was concluded.

To further push forward the internal control and compliance work, we had taken the following specific measures in 2019:

Continuously improving the internal control management system & mechanism, figuring out the weak points of internal control, perfecting the internal control matrix, constantly consolidating the foundation of internal control, enhancing the capability of risk control, conducting the internal control evaluation work regularly, promoting the rectification of internal control defects in a timely manner, and constantly improving the effectiveness of internal control.

Improving the whole-process business management mechanism, formulating the project risk classification standards and project management methods, and conducting dedicated inspections on risky projects, comprehensive risk screening of the investment banking business, and electronical inspection on project drafts, so as to improve the quality of project management.

Inspecting all kinds of bank-related investment and financing business of the Company and subsidiaries, formulating the commercial bank entry control plan, and improving the active management of credit risks for commercial banks.

Reviewing past risk events, potential risks and omissions in the risk control of relevant business systems, identifying weak points, increasing risk warning, and reducing the occurrence or frequency of risk events.



Anti-Money Laundering Measures

In 2019, in strict accordance with the relevant Anti-Money Laundering laws and regulations and regulatory requirements, the Company further improved the money laundering risk management system, earnestly implemented the Anti-Money Laundering measures, and effectively conducted Anti-Money Laundering publicity and training activities. The adopted measures were mainly as follows:

 <p>Promoting the Key Work of Anti-Money Laundering Prevention and Control</p>	<p>In accordance with the <i>Guidelines for the Management of Money Laundering and Terrorist Financing Risks of Corporate Financial Institutions</i>, the <i>Notice on Issuing the Data Extraction Interface Specifications for the Anti-Money Laundering Law Enforcement Inspection of Securities, Futures and Insurance Institutions</i> and other relevant requirements issued by the People's Bank of China, the Company effectively promoted the Anti-Money Laundering work in terms of system amendment, personnel allocation, system optimization, model improvement, and the revision of suspicious transaction monitoring indicators.</p>
 <p>Optimizing the Organizational Structure and Personnel Allocation for Anti-Money Laundering Management</p>	<p>We continued to optimize the organizational structure and personnel allocation for Anti-Money Laundering management. In May 2019, we set up a second-tier Anti-Money Laundering sub-department comprising full-time staff responsible for money laundering risk management.</p>
 <p>Continuing to Complete Customer Account Information</p>	<p>We (1) carried out the activity of "Completing Identity Information to Win Credit Points" to promote online account information completion by clients, and (2) enhanced the user experience of customer self-service information completion by improving the system functions.</p>
 <p>Effective Reporting of Suspicious Transactions</p>	<p>We worked to (1) improve suspicious transaction monitoring standards, (2) intensify manual screening of suspicious transactions, and (3) strengthen the review and supervision of suspicious transactions executed by branches.</p>
 <p>Proactively Carrying out Anti-Money Laundering Publicity Activities</p>	<p>In 2019, according to the requirements of the People's Bank of China Shanghai Branch, the Company, based on the actual situation, carried out the propaganda month activity themed on "Customer Engagement in Completing Information to Ensure Their Account Security" for all the outlets. During the activity, we distributed a large number of promotional materials and sent promotional SMS and WeChat messages to key clients.</p>

Case | Conducting dedicated risk management and anti-corruption trainings

The Company actively carried out Anti-Money Laundering trainings. In March 2019, we conducted an Anti-Money Laundering training for the compliance risk control leaders and specialist of the headquarters, subsidiaries, branches and business departments. In November, an Anti-Money Laundering knowledge quiz was held for all the leaders and employees and focusing on the latest Anti-Money Laundering laws and regulations of the regulatory authorities and the Company's relevant systems. The number of employees participating in the test reached 8,502.



We conducted risk management and anti-corruption trainings and an Anti-Money laundering knowledge quiz.

Case | Conducting dedicated risk management and anti-corruption trainings

In order to promote the construction of risk management culture, consolidate the concept of risk management, and improve the level of risk management, on November 10, 2019, the Company carried out a dedicated risk management training attended by invited industry experts and 200 participants including leaders and managers from our business departments, business headquarters, compliance risk control departments and second-tier departments. And our subsidiaries had live video of the training for their leaders and employees. Relying on the practical experience of internationally leading investment banks, industry experts made in-depth explanations on the corporate risk management structure, market risk management, credit risk management, operational risk management, liquidity risk management, model risk management and risky technology management. Through this training, the participants had a more comprehensive, systematic and thorough understanding of risk management.



A risk management and anti-corruption training was conducted.

Case | The compliance risk control and Anti-Money Laundering training session 2019 was convened

The compliance risk control and Anti-Money Laundering training session held in 2019 was attended by our vice president, some leaders, members of the leading group for Anti-Money Laundering work, and members of the leading group for compliance risk control work of the headquarters, branches as well as subsidiaries. The Anti-Money Laundering experts from regulatory authorities were invited to explain and analyze the current situation about Anti-Money Laundering and relevant regulations. Afterwards, our leaders urged all the divisions to continue to strengthen learning exchanges and risk prevention & control, to promote communication with the regulatory authorities, and to perform the first-line compliance risk control responsibilities in an effective way.

Responsibility Management

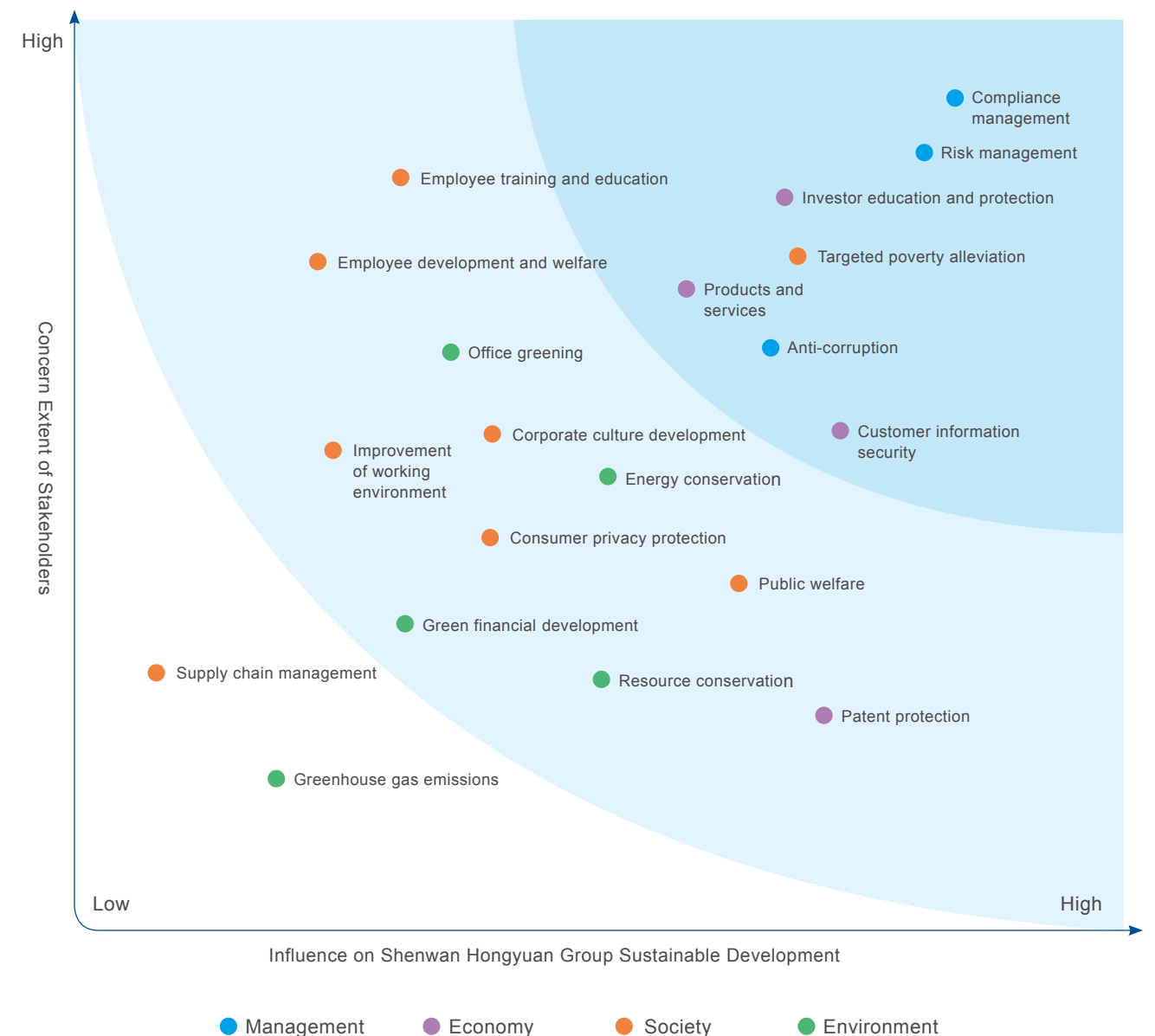
The Company focused on stakeholder communication and actively responded to their needs relating to environmental, social and corporate governance through multiple ways.

Stakeholder Management

Stakeholder	Requirements and expectations for us	Our communication results and response
 The government	<ul style="list-style-type: none"> Abidance by the laws & regulations, and ensuring operational compliance Promoting employment and paying taxes according to law Supporting the country's strategic development Supporting the development of small and medium-sized enterprises Driving the development of the industries 	<ul style="list-style-type: none"> Promoting operational compliance management and information disclosure to the public Paying the full amount of taxes on time, contributing to the government's tax revenues and creating jobs Providing services for small and medium-sized enterprises Responding to major national policies and providing relevant services
 Shareholders and investors	<ul style="list-style-type: none"> Corporate governance and operation strategy Information disclosure and risk control Stable profits and returns on investment 	<ul style="list-style-type: none"> Optimizing corporate governance and setting up the shareholders & investors communication mechanism Timely disclosure of financial reports and business performance reports
 Clients	<ul style="list-style-type: none"> Value or service orientation Customer rights & interests protection 	<ul style="list-style-type: none"> Conducting customer surveys Guaranteeing the quality of products or services Investor education series lectures Improving the customer service process Improving the customer complaint handling mechanism Improving the customer communication mechanism
 Employees	<ul style="list-style-type: none"> Protection of their basic rights and interests Reasonable compensation and benefits Related trainings and development paths A good work environment Physical & mental health and personal safety guarantee Family care 	<ul style="list-style-type: none"> Abidance by relevant laws and regulations and working to improve the employment system Promoting five-pronged HR reform Developing a competitive compensation system Promoting transparent employee promotion Organizing vocational trainings to promote employee development Organizing activities themed on employee care
 Industry organizations/partners	<ul style="list-style-type: none"> Business ethics and credit Promoting the healthy development of the industries Win-win cooperation with partners Involving in industry development and reform 	<ul style="list-style-type: none"> Actively facilitating win-win cooperation with industry partners Strategic cooperation negotiations and exchange visits Building good interaction and mutual trust with major suppliers
 Media agencies	<ul style="list-style-type: none"> Good interaction with media agencies Information disclosure 	<ul style="list-style-type: none"> Enriching communication channels with media agencies Information disclosure through multiple channels
 Community	<ul style="list-style-type: none"> Implementing targeted poverty alleviation Supporting community development Conducting community-oriented public welfare activities 	<ul style="list-style-type: none"> Helping lift poor areas out of poverty in various ways Promoting the work of Party organizations co-construction Conducting public welfare and volunteer service activities Benign interaction with non-government organizations
 The environment	<ul style="list-style-type: none"> Green finance and green development Environmental protection, energy conservation and emission reduction 	<ul style="list-style-type: none"> Environmentally responsible and green office Giving priority to eco-friendly and energy-saving equipment and facilities Developing environmental protection related business

Analysis of Important Issues

The Company focused on facilitating the communication with internal and external stakeholders, constantly expanding communication channels, improving the frequency and efficiency of communication, and enriching the content of communication, so as to allow the stakeholders to have a timely and comprehensive understanding of our practices and performance in fulfilling social responsibilities. According to the business development strategies, industry characteristics and other factors, we evaluated the sustainable development factors systematically and comprehensively through active communication with stakeholders. Finally, by sorting out and analyzing the important issues for the Company and stakeholders via methods like external consulting and industry research, the importance matrix consisting of 20 related issues was determined, and the key contents to be disclosed in the ESG report were consequently specified.





02

Bolstering and Serving for the Economic Development

Key actions:

- o Supporting the Belt and Road Initiative
- o Supporting the construction of the Guangdong-Hong Kong-Macao Greater Bay Area
- o Serving the real economy
- o Boosting the development of small and medium-sized enterprises
- o Targeted poverty alleviation

Indicator	Unit	Data in 2019
The number of NEEQ-listed companies supervised by the Company	/	583
The number of projects in which the Company acts as the lead underwriter	/	149
Underwriting amount	RMB 100 million	1,136.34
Bailout funds raised	RMB 100 million	35
Funds for targeted poverty alleviation	RMB 10 thousand	4,791.46
The amount invested in projects for poverty alleviation through industrial development	RMB 10 thousand	1,812.94

Grounded on the capital market, the Company aimed to establish itself as a special financial service provider engaged in "investment + investment bank". Seizing the development opportunities brought by the Belt and Road Initiative and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, we as an investment holding company were actively dedicated to accelerating the investment business and the development of fund business, and continuing to expand the project network. The Company proactively implemented the national requirements to support the real economy, promoted the development of local real economy, and contributed to the country's innovative development strategies. Meanwhile, the Company took the initiative to help achieve the key targets of poverty alleviation and guiding small and micro enterprises into normative development etc. in a bid to give full play to our business advantages, effectively fulfill the political and economic responsibilities as a state-owned enterprise.

Responding to National Strategies

The Company had always kept in mind the mission of proactively serving national strategies and offering differentiated products & services by giving full play to the capital advantage, in order to accelerate the construction of the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area, and to bolster the development of high-tech industries and strategic emerging industries such as the new generation of information technology, high-end equipment, new materials, new energy, energy conservation and environmental protection, as well as biological medicine.

Serving the Construction of the Belt and Road Initiative

We made full use of the geographical advantages to play the role of Xinjiang as the bridgehead of the Silk Road Economic Belt strategy, and meanwhile, seized the development opportunities brought by the construction of the "two centers" and the free trade zone in Shanghai to promote cross-border cooperation, support major projects, and facilitate the construction of the Belt and Road.



Case | Shanghai RAAS's cross-border equity purchase plan

On November 13, 2019, Shanghai RAAS Blood Products Co., Ltd. (the Company served as its independent financial adviser) got regulatory approval of the 59th working meeting of the Listed Company Merger and Reorganization Examination Committee of China Securities Regulatory Commission for its major assets restructuring plan. According to the plan, Shanghai RAAS would issue shares to Grifols S.A., a company dually listed in Spain and the US, and purchase a 45% stake of its subsidiary Grifols Diagnostic Solutions Inc., for RMB 13.25 billion. This plan was not only a response to the Belt and Road Initiative and Chinese enterprises' "going global" strategy, but also accumulated valuable and practical cross-border M&A (mergers and acquisitions) experience for Chinese enterprises.



People participated in Shanghai RAAS's cross-border equity purchase plan

Boosting the Development of the Guangdong-Hong Kong-Macao Greater Bay Area

The Guangdong-Hong Kong-Macao Greater Bay Area is one of the most developed and economically active regions in China. In response to relevant national strategies, the Company increased support for the Greater Bay Area in terms of branch layout, organizational leadership, personnel allocation, institutional guarantee, resource investment and etc., and vigorously developed the cross-border wealth & asset management and cross-border M&A business leveraging its geographical advantages in Hong Kong to achieve internal and external synergy, so as to better serve the integrated construction of Guangdong, Hong Kong and Macao. The measures taken by us were as follows:

Developing the Guarantee System

In October 2019, the Company issued the *Opinions on Accelerating the Strategic Layout of the Guangdong-Hong Kong-Macao Greater Bay Area* to pilot its institutional reform and innovation in the Greater Bay Area from organizational structure, branch layout, authorization management, business cooperation, team building to performance evaluation.

Increasing Resource Investment

To accelerate the optimization of our branch outlets in the Greater Bay Area and continuously increase the number of outlets in Guangzhou and Shenzhen in a reasonable way;

To establish a team responsible for corporate finance business, institutional services & transactions, wealth management, and private equity & asset management and a dedicated team responsible for electronic information and intelligent manufacturing in the Greater Bay Area;

Serving the Strategy for Southwest China

In response to the Belt and Road Initiative, the Company stayed true to the mission of serving the real economy by offering financial services and leveraged the advantages of shareholders to strengthen strategic cooperation with China Investment Corporation, Central Huijin Investment Ltd. as well as financial institutions under Sichuan Development Holding Co., Ltd., in a bid to build the financial ecosystem of Southwest China.

- Under the leadership of the Company's Party committee, we established the Southwest China Working Committee managing the Southwest China Office;
- We aimed to build Southwest China into a demonstration area of business model and a pilot zone of innovative practices for both the Company and securities subsidiaries, and to construct a comprehensive financial service platform "focusing on strategic clients, empowering key & major industries, offering high-quality financing, and highlighting investment & research characteristics";
- We strengthened exchanges and cooperation with governments in Chengdu and Chongqing, etc., and focused on the core industry chain centered on "intelligent manufacturing, energy conservation and environmental protection, medicine and healthcare, food and beverage, as well as big data". We planned to set up 3-5 key industry funds within 5 years relying on the partnerships with government departments, listed companies or large enterprises.

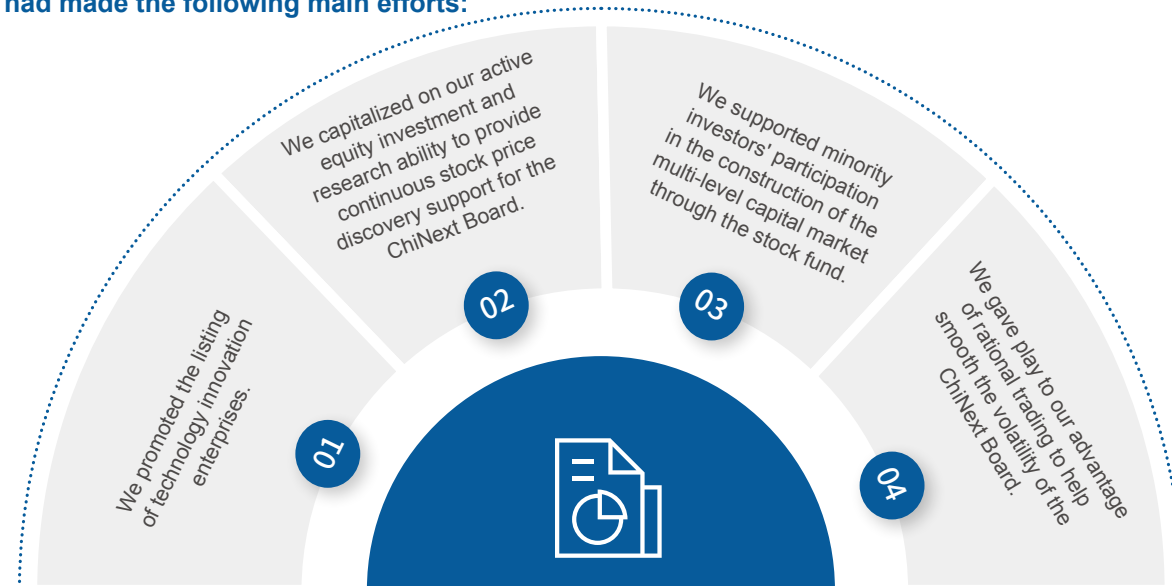
Case | Hongyuan Huifu Capital provided all-round services for bolstering the economic development of Sichuan

In recent years, Hongyuan Huifu Capital Co., Ltd. (hereinafter referred to as "Hongyuan Huifu"), a subsidiary of the Company, actively implemented the strategy for Southwest China and developed a portfolio of key strategic projects by giving full play to the advantage of "research + investment + investment banking". To be specific, Hongyuan Huifu established an M&A fund worth RMB 1.59 billion in cooperation with Sichuan Provincial Investment Group Co., Ltd. to finance the group's purchase of a stake in Chengdu Hongming Electronic Co., Ltd. in which Shenwan Hongyuan Financing Services Co., Ltd. acted as the IPO underwriter; worked with SWS Research Co., Ltd. and Shenwan Hongyuan Financing Services Co., Ltd. to provide consulting services for boosting Changhong Group's mixed-ownership reform, thus helping the national brand get bigger and stronger; joined hands with Sichuan Transportation Investment Group to set up a RMB 1 billion property maintenance fund and securitize the target assets, so as to maintain and increase the value of national assets; and acted as the co-underwriter of a RMB 10 billion high-quality corporate bond and the manager of a RMB 2 billion industry fund of Yibin State-owned Assets Management CO., Ltd. through the innovative model of "bond + fund", in a bid to support the development of local economy.

Promoting the Development of Technology Innovation Enterprises

While working to deepen the reform of and promote the steady growth of China's capital market by supporting the investors' participation in the ChiNext Board through ways including empowering and investing in the enterprises' listing on the ChiNext Board, we also provided continuous liquidity guarantee for the steady development of domestic technology innovation enterprises who made a breakthrough in key core technologies, oriented themselves towards the world technology frontier and served the main economic battlefield.

We had made the following main efforts:



Case | Anji Microelectronics Technology among the first batch of listed enterprises listed on the ChiNext Board

Anji Microelectronics Technology (Shanghai) Co., Ltd. (the Company served as its sponsor and underwriter) was successfully listed on the ChiNext Board on July 22, 2019, with a total of RMB 520 million raised. As one of the first batch of listed enterprises listed on the ChiNext Board, it is also the first listed enterprise addressing the chip field in Shanghai. This was a successful case that showed the Company's active response to the CPC Party Central Committee's requirements of serving the capital market and supporting the development of technology innovation enterprises.



The project team of Anji Microelectronics Technology attended the IPO ceremony

Supporting the Real Economy

According to the national strategic development plan and our overall development strategies, we deeply explored the financing needs of private enterprises, small and medium-sized enterprises, micro enterprises, small and medium-sized technology enterprises, and excellent entity enterprises, and to proactively fulfill the responsibility of "serving the real economy, preventing and controlling financial risks, and deepening the financial reform".

01

Considering the problems of difficult financing and tight liquidity faced by some private enterprises, the Company partnered with local enterprises in Xinjiang and Inner Mongolia to set up bailout funds by giving full play to our advantages in the capital market. We were committed to constantly expanding the scale of the funds, enhancing our investment capability, and helping promising private companies alleviate the financing difficulty, so as to promote the stable operation and high-quality development of private enterprises.

By the end of 2019, we had raised a total of RMB

3.5 billion

funds for clients through bond financing such as issuing bailout bonds.



Case | Helping Xinjiang launch its first bailout fund

On January 11, the Company and Xinjiang Financial Investment & Asset Management Co., Ltd. signed a strategic agreement for jointly establishing the Xinjiang New Momentum Bailout Development Fund (the first bailout fund of Xinjiang), with the purpose of helping Xinjiang-based private listed companies facing short-term liquidity problems and their shareholders pull through the periodic crisis, prevent and defuse financial risks through market-oriented methods, thus boosting the healthy and stable development of the real economy in Xinjiang. The bailout fund was worth RMB 5 billion, with an initial contribution of RMB 1 billion.

02

Under the circumstance that the risks were controllable, we increased support for the stock-backed lending business of private enterprises and small & medium-sized enterprises. The funds being lent were used for supporting the entities' production and operation, investment in research and development innovation, and replenishing the working capital.

In 2019, we had provided nearly RMB

1 billion

of stock-backed lending for clients to help develop the real economy.



The economic sectors covered light industry, communications, non-ferrous metals, biological medicine, textile and garment, farming & forestry & animal husbandry and fishery. light industry, communications, non-ferrous metals, biological medicine, textile and garment, farming & forestry & animal husbandry and fishery.



03

We provided services relating to the National Equities Exchange and Quotations (NEEQ) System for small and medium-sized enterprises, including but not limited to providing restructuring-based listing services for companies to be listed, offering NEEQ-recommended services such as continuous supervision, private placement, major asset restructuring & acquisition to listed companies, in order to meet the development needs of small and medium-sized enterprises at different stages and further promote their standardized development.

In 2019, we recommended

7 projects

to be listed on the primary market,

recommending a total of

802

listed projects.



In 2019, we provided private placement services for

40

listed companies, serving a total of

724

listed companies.



In 2019, we financed the enterprises with

RMB **1,842.54** million,

lending a total of

RMB **31,004.96** million.

By the end of 2019, we had supervised a total of

583

NEEQ-listed companies.



By the end of 2019, we had provided major asset restructuring and acquisitions services for

38

NEEQ-listed projects.



2

Agency Share Transfer System-listed projects, with a total transaction value of more than RMB

4.7 billion.



Case | Anhui Yidu Brand Operation Co., Ltd. as a NEEQ-listed company embraced a successful stock issuance

Registered in Dangshan County (a poverty-stricken county in Anhui Province), Anhui Yidu Brand Operation Co., Ltd. is a NEEQ-listed company that used to be supervised by Guorong Securities. On August 14, 2019, Anhui Yidu Brand Operation issued stocks to raise a total of RMB 7.15 million for purchasing the comprehensive logistics warehouse to support its operation, so as to inject new impetus into its development.



We provided support for the successful stock issuance of Anhui Yidu Brand Operation Co., Ltd.

04

By providing such financing services as securities issuance, M&A and restructuring, equity financing and IPO, we broadened the financing channels for excellent entity enterprises, helped them overcome financing difficulties, and earnestly implemented the central government's policies on providing financial services for the real economy.

Case | Rongteng 2019 Retail Auto Loan Securitization (asset-backed securities) program

The SAIC-GMAC Automotive Finance Company Limited Rongteng 2019 Retail Auto Loan Securitization (asset-backed securities) program, in which the Company acted as the lead underwriter, successfully issued two notes respectively on March 7 and August 6, 2019, with each note having a value of RMB 10 billion, representing the largest single issue of the auto asset-backed securities in 2019. The Company's underwriting amount for the second note reached RMB 3.19 billion, accounting for 36% of all the senior securities issued, ranking first in the underwriting syndicate. The Company supported the development of the real economy with practical actions and fulfilled its social responsibility as a large state-owned stock broker.



Notes issuing of the Rongteng 2019 Retail Auto Loan Securitization program

In 2019, we acted as the lead underwriter of

149 bonds



worth a total of RMB

113.63 billion,

including

4

bailout bonds worth RMB

3.5 billion

issued to local state-owned enterprises in Jiangxi, Sichuan and Chongqing, etc.

In 2019, we had executed

13

equity financing projects, with the amount of financing reaching RMB

13.88 billion.

In 2019, the number of transactions approved by the Listed Company Merger and Reorganization Examination Committee of the China Securities Regulatory Commission was

6



Engaging in Industry Reform

As an active player in promoting industry development and reform, the Company participated in industry system construction and policy research through the top academic think-tank and high-end exchange platform - China Wealth Management 50 Forum (CWM50), with the aim to drive the growth of the wealth management industry. Chu Xiaoming, Chairman of Shenwan Hongyuan Group Co., Ltd., and Chen Xiaosheng, Director of SWS Research Co., Ltd., respectively served as the member and academic member of CWM50, and made significant contributions to the development and reform of the industry.

SWS Research Co., Ltd. was responsible for the paperwork as part of the *Securities Law* research group organized by CWM50. On May 11, hosted by CWM50 and co-organized by the Company, the seminar themed on "solicitation of opinions on the

third draft of the amendment to the *Securities Law* and the development of the capital market" was convened in Beijing, attracting more than 50 participants including leaders of relevant government departments (such as the National People's Congress, Office of the Central Leading Group on Financial and Economic Affairs, State Administration of Foreign Exchange, People's Bank of China, China Securities Regulatory Commission, and the Ministry of Finance), academic experts and industry representatives to have exchanges and discussions. The Company proposed suggestions for revising and completing several provisions of the third draft, and expressed views on how to bolster the healthy development of the capital market. Through this seminar, we enhanced our influence in decision-making, explored a new model of providing high-end conference services for core clients, and actively contributed to the legal foundation construction of the capital market.

As a member entity initiating the research project of asset management industry development, the Company influenced the industry's policy making on behalf of securities companies. On August 17, the release conference for the report of *Research on Future Market Pattern and Business Model of the Asset Management Industry* organized by CWM50 was successfully held in Beijing. SWS Research Co., Ltd. participated in the preparation of the report. Chairman Chu Xiaoming, who is also the Party secretary of Shenwan Hongyuan Securities Co., Ltd., and Shenwan Hongyuan Group Co., Ltd., served as the deputy head of the project and attended the release conference. In his keynote speech entitled *Systemic Reform Helps Speed up the Construction of a High-quality Chinese Asset Management Market*, Chu Xiaoming proposed five goals for the development of a high quality asset management market, stressing the importance of realizing that the reform of the asset management market would be a complicated, arduous and long-term task, and that securities companies shall play a positive role in the asset management industry's transition towards high-quality development.





Promoting Targeted Poverty Alleviation

In order to implement the *Decision on Winning the Battle Against Poverty* issued by the CPC Central Committee and the State Council, the *Plan for Poverty Elimination During the 13th Five-Year Plan Period* issued by the State Council, as well as China Securities Regulatory Commission's *Opinions on Giving Full Play to the Role of the Capital Market in Serving the National Poverty Alleviation Strategy*, the Company focused on poverty alleviation through the capital market, gave full play to business advantages, promoted poverty alleviation from the perspective at multi levels by all means, thus injecting strong impetus into the battle against poverty.

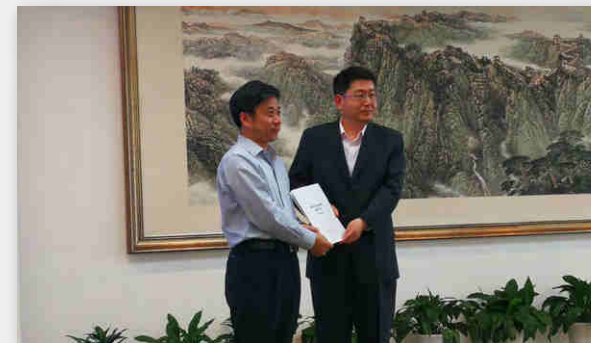


Poverty Alleviation Plan

The Company always regards targeted assistance and support as an important reflection of practicing the "two maintenances" and the responsibility of state-owned financial enterprises. In 2019, under the guidance of the China Securities Regulatory Commission, the Company formulated the annual poverty alleviation plan as a proactive response to the "One Company for One County" paired assistance initiative of the Securities Association of China, and continued to conduct targeted poverty alleviation in "six counties, one district and one village", i.e. Huining County in Gansu Province, Maigaiti County and Jimunai County in Xinjiang, Xi County in Shanxi Province, Baiyu County and Jinyang County in Sichuan Province, Qianjiang District in Chongqing, and Gaobei Village in Shibing County of Guizhou Province.

Targeted Poverty Alleviation

To ensure the provision of the basic necessities of food, clothing, housing, medical care and compulsory education for poor areas and to alleviate poverty, the Company spared no effort to overcome the difficulties and pain points relating to the improvement of people's livelihood; to boost the development of the local collective economy, special industries and leading enterprises, thus laying a solid foundation for poverty alleviation; to leverage professional strength, facilitate financial poverty alleviation and improve the quality of poverty alleviation; and to cultivate a poverty alleviation culture where everyone participates in and cares for this cause.



At the CIC(China Investment Corporation)'s 2019 Annual Targeted Poverty Alleviation Work Conference, on behalf of the Company, Chu Xiaoming, the Party secretary and chairman of the Company, signed the 2019 annual poverty alleviation responsibility statement with Peng Chun, the Party secretary and chairman of CIC, which clarified the company's annual poverty alleviation work plan



Peng Chun, chairman and Party secretary of CIC, surveyed the CIC Poverty Alleviation Store, and Yang Yucheng, deputy Party secretary and general manager of Shenwan Hongyuan Securities Co., Ltd., introduced the poverty alleviation achievements of the Store.

In 2019, we continued to put the focus on alleviating poverty through public welfare activity, education, consumption, Party building, industrial development and finance, and invested a total of RMB 47.91 million poverty alleviation funds in the above "six counties, one district and one village". We helped these areas create more than RMB 1.59 million revenues by selling the local agricultural products, trained 803 grassroots cadres and 195 technicians.

Invested a total of RMB

47.91 million

poverty alleviation funds in the above "six counties, one district and one village"

Helped these areas create more than RMB

1.59 million

revenues by selling the local agricultural products

trained

803

grassroots cadres

and

195

technicians

Strengthening Poverty Alleviation through Public Welfare Activity, Education and Consumption

Poverty alleviation through public welfare activity: to ensure the safety of drinking water

A total of RMB **5.15** million was invested to fund the construction of **4** special drinking water reservoirs in Huining County to provide safe drinking water for **27,274** people from **6,760** households.



The dedicated drinking water reservoirs financed by us

Poverty alleviation through education: to increase the investment in compulsory education

In Huining County

We donated a total of RMB **300,000** to **225** poor students in Huining County through the "hand in hand" one-to-one assistance activity, set up the Shenwan Hongyuan Class at Siyuan Experimental School and donated RMB **200,000** to **50** poverty-stricken but excellent students.

In Maigaiti County

We invested a total of RMB **2.95** million in helping introduce training institutions to Maigaiti County and provided trainings for **750** primary school secretaries, headmasters and teachers in the county. And a total of RMB **2** million was invested to help equip Maigaiti No. 4 Middle School with computer room facilities, teachers' computers and modern teaching equipment.

In Baiyu County

We donated a total of RMB **200,000** to tailor winter clothes for **100** poor students in Baiyu County and showed our care for them.

In Jimunai County

We donated RMB **10,000** to Wenming Road Community Kindergarten in Jimunai County for purchasing stationery, to promote poverty alleviation through education.



The Huining County Student Grant Awarding & "Shenwan Hongyuan Class" Opening Ceremony



The "reading corner" of Gaobei Village Primary School



We donated book to kindergartens in Xinjiang



Lianxingqiao kindergarten funded by us held the opening ceremony

Poverty alleviation through consumption: to drive e-commerce development

We continued to arrange for professionals to conduct trainings for the CIC (China Investment Corporation) Poverty Alleviation Store (an Internet-backed poverty alleviation platform) and other e-commerce enterprises, and helped finish the basic work of shop optimization and product design, etc. In 2019, we helped create more than RMB **1.59** million revenues for Huining County by selling the local agricultural products, and helped the county sell its cold pressed linseed oil and QIAOZIYU buckwheat tea (two varieties, three products) on the website (<http://www.benlai.com/>).

We spent more than RMB **8.1** million in buying Huining County's agricultural products.



The Beijing Financial Street "Poverty Alleviation Through Consumption" Exhibition

Medical care-based poverty alleviation: to improve basic medical care

In Huining County

We donated RMB **123,800** to buy an ambulance for people of Huining County to improve medical guarantee and leveraged the successful medical insurance experience of Xunhua County to study how to promote medical insurance services in Huining County, and prepared a feasibility report on the implementation of anti-poverty insurance program in Huining County.

In Jimunai County

We offered an RMB **230,000** donation used as the first-phase medical fund for local workers, showed care for the poor households and helped solve the problems such as providing temporary assistance for the elderly living alone.



We were awarded the "Poverty Alleviation Pioneer" by JD Group

Promoting the Development of the Local Collective Economy and Characteristic Industries, and Strengthening Poverty Alleviation Through Party Building and Industrial Development



Poverty alleviation through Party building: to boost the local collective economy and strengthen the cohesion of grassroots Party organizations

We provided RMB **10.2** million for Party building to support the development of the local collective economy and leading enterprises in Huining County, thus effectively increasing the collective income and the income of poverty-stricken households.

We provided RMB **7.8** million for Party building to strengthen the construction of Party branches and organizations in Huining County and carry out trainings for Party secretaries and First Secretaries, so as to continuously consolidate the strength of grassroots Party organizations.



Shenwan Hongyuan Group and Huining County signed the dedicated industrial development-based poverty alleviation plan agreement and attended the signing ceremony



The industry poverty alleviation training held by us



Poverty alleviation through industrial development: to support the development of characteristic industries in poor areas

A total of RMB **5.28** million was invested to support the construction of reservoirs, booster pump stations and industrial water pipeline facility in Huining County, and to provide basic water supply for the local vegetable industry, thus benefiting **6,290** farmers from **1,533** households directly.

A total of RMB **1.5** million was invested to fund the standardized construction of breeding cooperatives and breeding enclosures in Huining County, and to directly lift **120** poor households out of poverty by means of collective dividends.

A total of RMB **500,000** was invested to build solar greenhouses for **46** poverty-stricken households in Kumukusaer Village, Kumukusaer Town, Xinjiang.

A total of RMB **650,000** was invested to support the construction of a high-standard purple potato planting demonstration area in Jinyang County of Sichuan Province.



Hongyuan Futures Co., Ltd. funded the construction of the camel breeding factory in Jimunai County, Xinjiang



Poverty alleviation through industrial development: we funded the construction of the Aberdeen Angus breeding base of Huining County Jinling Breeding Co., Ltd.

Giving Play to Professional Strength to Promote Financial Poverty Alleviation



Financial poverty alleviation: to promote targeted poverty alleviation through the model of "one company, one policy"

Considering the absence of leading enterprises in Huining County, we set up a professional team to track and cultivate local enterprises, and implemented the model of "one company, one policy" to customize financial assistance plans for enterprise, so as to help them grow bigger and stronger.

Our investment department actively coordinated internal and external resources to provide investment and financing services for leading enterprises in Huining County, so as to build local benchmark enterprises, creating a demonstration effect.



Financial poverty alleviation: to vigorously promote "insurance + futures" projects for agricultural products

In 2019, we had executed **4** "insurance + futures" projects for such agricultural products as corn, natural rubber, apple and soybean in Huining County of Gansu Province, Mengla County of Yunnan Province, Qin'an County of Gansu Province, and Yanggu County of Shandong Province, in order to promote the integration of futures, insurance and agriculture industry chain, and to drive the agricultural supply-side structural reform to guarantee farmers' income.

Huining County's corn "insurance + futures" project

covered **11,786** registered poverty-stricken households, with a compensation amount of RMB **3.26** million.

Qin'an County's apple "insurance + futures" project

covered **1,500** registered poverty-stricken households, with a compensation amount of RMB **2.22** million.

Mengla County's natural rubber "insurance + futures" project

covered **2,770** households, with a compensation amount of RMB **824,700**.

Yanggu County's soybean "insurance + futures" project

covered **2,896** households, with a compensation amount of RMB **201,000**.



Huining County's 2019 Corn "Insurance + Futures" Project Compensation Ceremony & Training Session



Qin'an County's Apple "Insurance + Futures" Project Signing Ceremony



The "Insurance + Futures" Training Session was carried out in Zhaijiasuo Town, Huining County for township cadres and poor households



Financial poverty alleviation: to underwrite the poverty alleviation corporate bond

We acted as the lead underwriter for the first special anti-poverty corporate bond – 2019-1 Guangxi Baise Baidong Investment Co Ltd. Corporate Bond for Private Offerings worth RMB **200** million and with a term of **3** years. The fund raised was used for the second phase poverty alleviation resettlement project of Shenzhen Town in Baise City, Guangxi Zhuang Gutonomous Region. The issuing of this bond aimed to leverage the capital market to provide strong support for the development of Baise Revolutionary Base Area.

Increasing Poverty Alleviation Synergy and Actively Mobilizing All Staff to Cultivate a Poverty Alleviation Culture Where Everyone Participates in and Cares for this Cause

The Company stepped up publicity of poverty alleviation, and shot a poverty alleviation publicity video named "Inner Voices", which received warm response in the CSRC system and the Company; the trade union and Youth League committee launched activities themed by "big hands holding small hands", "a piece of love gathers you and me", etc. and called on all cadres and employees to actively make donations, purchase agricultural products from poverty-stricken areas to dedicate love through the establishment of special columns, newspapers, WeChat public account, etc. This series of visible poverty alleviation actions has generated a strong positive energy within the Company and cultivated a poverty alleviation culture where the staff of Shenwan Hongyuan have faith and are willing to make dedication.

Poverty Alleviation Achievements

On February 28, 2020, Huining County (a poverty-stricken county with the Company as the designated main promoter of poverty alleviation) got official approval of the Gansu Provincial People's Government to be removed from the list of poverty-stricken counties since it met relevant requirements. In strict accordance with the arrangement of the CIC (China Investment Corporation) Party committee, the Company had been earnestly assuming its responsibility to help lift Huining County out of poverty since 2013. We invested more than RMB 95 million in the form of administrative funds, Party funds and employee donation to continue to help alleviation poverty of Huining County in terms of Party building, education, talent building, consumption, e-commerce, industrial development and financing. With the efforts of all parties, the poverty rate of Huining County dropped from 31.4% in 2013 to less than 1% in 2019.

Since 2013, We invested more than

RMB **95** million.

With the efforts of all parties, the poverty rate of Huining County dropped from 31.4% in 2013 to less than

1%

in 2019.



Huining County got approval at the municipal and county levels in November 2019. And then in early 2020, the Gansu Provincial People's Government officially announced that Huining County would be removed from the list of poverty-stricken counties, which meant that Huining was successfully lifted out of poverty. After helping alleviate Huining County from poverty, the Company would continue to implement the requirements of the CPC Central Committee and the CIC Party committee, make further efforts in poverty alleviation, and always maintain the momentum and high spirit. We continued to increase assistance to the remaining impoverished people, consolidate the achievements of poverty alleviation, and ensure steady strides made in poverty alleviation and sustainable development of Huining County, in order to work with the rest of the country to build a moderately prosperous society in all respects.

Due to outstanding performance in poverty alleviation, the Company, as the only securities company, was selected as one of the 28 typical cases of "financial poverty alleviation" by the Poverty Alleviation Office of the State Council in 2019. Together with Alibaba and JD Group, we were awarded the "Poverty Alleviation Enterprise of the Year 2019" by International Financial News. And we also won the "Targeted Poverty Alleviation Enterprise Award of 2019" at the second CSR pioneer forum & corporate social responsibility award ceremony held by People's Daily.



Poverty alleviation and education assistance

Indicator	Unit	Data in 2019	Data in 2018
Funds for targeted poverty alleviation	RMB 10 thousand	4,791.46	4,486.12
Amount invested in projects for poverty alleviation through industrial development	RMB 10 thousand	1,812.94	3,384.00
Number of projects for poverty alleviation through industrial development	/	4	4
Amount invested in helping the poor students	RMB 10 thousand	51.00	60.40
Number of poor students funded	/	305	255
Amount of investment in improving educational resources of poor areas	RMB 10 thousand	514.75	564.31
Amount invested in medical and health resources in poverty-stricken areas	RMB 10 thousand	51.38	/
Amount invested in targeted poverty alleviation programs	RMB 10 thousand	2,331.39	63.97
The value of agricultural products purchased from poor areas that received assistance of the Company (poverty alleviation through consumption)	RMB 10 thousand	810.00	/
The amount of investment in job skill trainings	RMB 10 thousand	30.00	/
Participants of the job skill trainings	/	998	586



03

Continuously Optimizing Client Services

Key actions:

- o Improving financial services
- o Promoting investor education
- o Improving client services
- o Building the investment consulting platform
- o Protecting client rights and interests

Indicator	Unit	Data in 2019
The number of clients served by smart robots	10 thousand	463.77
Account opening certificate and business approval	10 thousand	101
The number of return visits	/	300,000
Newly added mobile APP features	/	120
The number of customer interviews	/	520,089
The annual number of investor education activities conducted	/	38

Improving the Customer Service System

We always stick to the customer-centric strategy in operations. Based on a customer classification and grading system, we strengthened the investment consulting team, comprehensively reviewed investments in standardized products, and provided multiple online and offline service platforms for customers.

Investment consulting team building

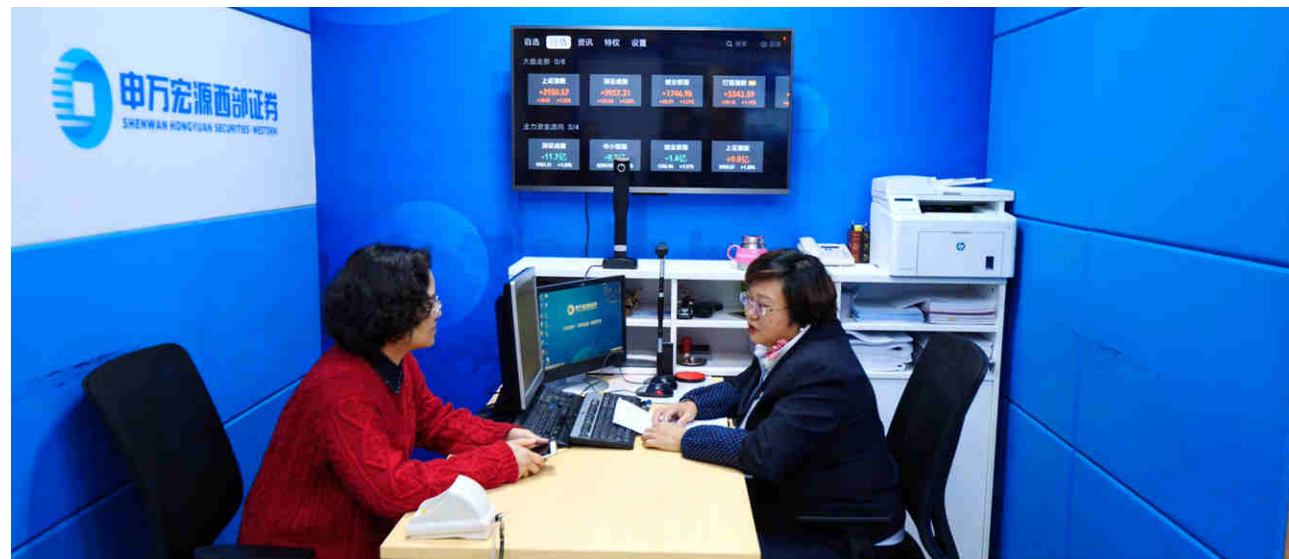
We followed the *2018-2020 Guidelines for Investment advisory Development* in terms of consulting team building. At the end of 2019, we had 2,357 qualified investment consultants, an increase of 508, or 27%, from the beginning of the year, leading the industry in this regard. We also built an account manager team targeting high-end clients and improved the system for collaborating with SWS Research in serving high-end clients.

Consulting service standardization by investment consultants

Our investment consultants standardized the development of consulting services. So far, we have developed 31 Pilot series products, 16 Cruise series products, and 7 Navigation series products, which are available online.

Multiple service-based platforms

Our platforms included the Customer Service Center, Intelligent Customer Service, 95523 Hotline, and telephone and on-site services provided by sales departments. These services were provided 24 hours a day, 7 days a week. In 2019, the Customer Service Center Interactive Voice Response (IVR) system and intelligent robots enabled 4.6377 million customer self-services; provided 512,800 manual consulting services, and 1.01 million account opening certificate and business approval services; and completed 300,000 customer visits.

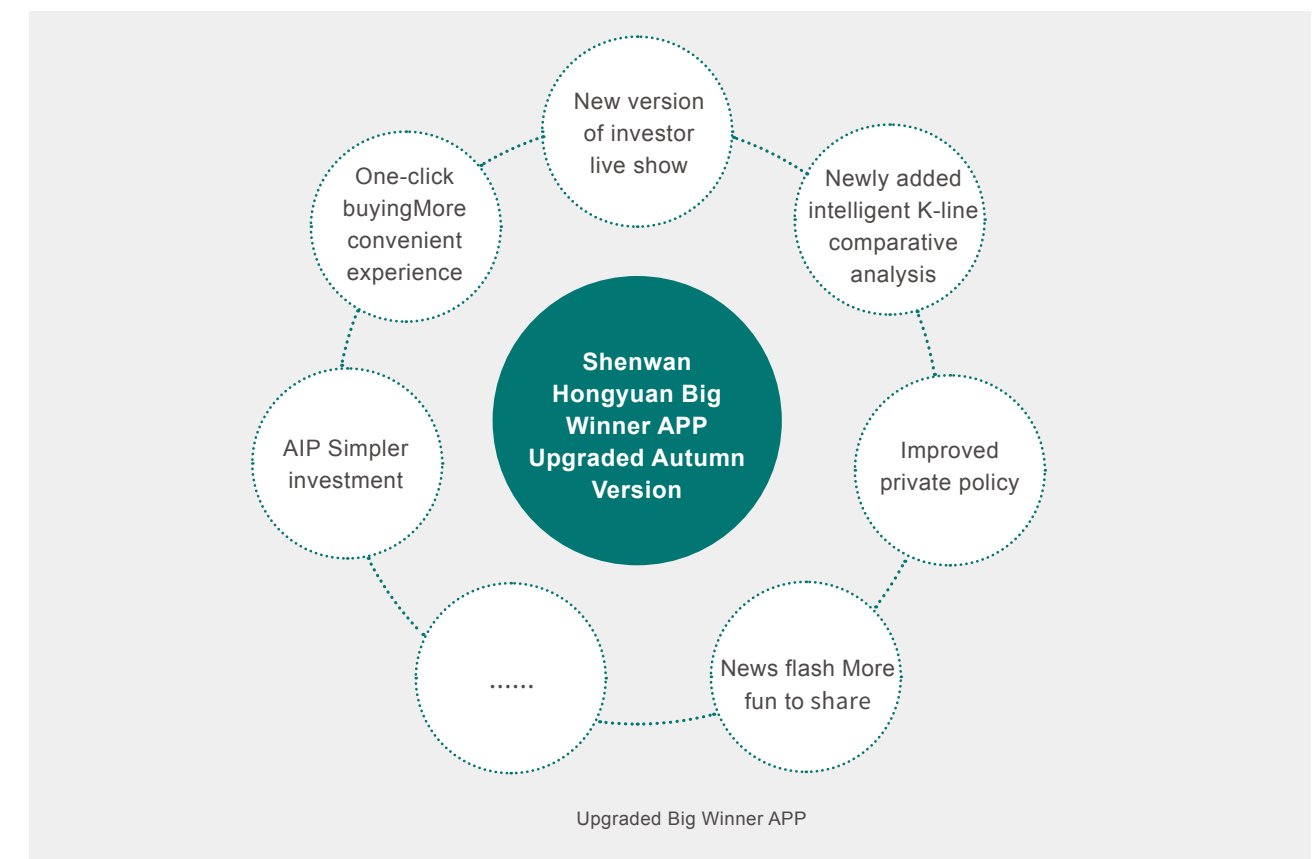


Improving Financial Services

We actively explored the application of AI, big data and other financial technologies in the financial industry; constantly promoted the creation of Internet financial platforms; and further developed comprehensive, intelligent mobile Internet financial services, in a bid to provide customers with safe, convenient, efficient and comprehensive wealth management service.

01 Promoting the construction of mobile terminal systems

- We sped up the optimization of APP iteration. Throughout the year, we released a total of 8 APP versions, and launched more than 120 new functions and optimized experiences.
- We increased the role of our WeChat Official Account in social media advertising and marketing through increasing its engagement with push notifications, personalized services and content service.



02 Optimizing the account opening system

We optimized the system in terms of customer online application, two-way video witness and first information review, and second information review. Through nearly a year of continuous iteration, we have fixed more than 100 bugs, and are constantly optimizing product experience.

03 Optimizing the trading system

In 2019, several of our sales departments successfully switched to the new margin trading and short selling systems. In the same year, we launched the transaction settlement system integration project Kingdom WIN Version Centralized Trading System (pilot).

We also launched a rapid trading system, which, integrating the functions of strategic investment research, transaction execution, market information display, and risk control management, further improved trading functions.

04 Accelerating the construction of the online comprehensive acceptance platform

We redesigned the visual system, business procedures, interaction mode, and system technology architecture, built a service system featuring unified access to all channels of the Company, unified operation of business processes, unified storage of information and data, unified delivery and processing of pre-accepted information, whole-process accompany by remote agents, and unified management of business departments, in a bid to meet customers' demand for specialized and differentiated services. As of December 31, 2019, we had interviewed 520,089 existing customers, 474,713 of which were conducted online, taking up 91.28% of the total.



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In 2019, Big Winner APP won the prizes of "2019 Top 10 Stock Trading Apps Recognized by Investors" and "2019 Outstanding Stock Trading App Operations Team" at the "Fintech Summit 2019" and Quanshangcn Outstanding Stock Trading APP Selection hosted by Securities Time Quanshangcn.

Comprehensively Protecting Customer Rights and Interests

We believe that only by continuously improving service quality, tapping into customer needs, and solving customer problems, could we obtain long-term trust of customers in the capital market. Through strict suitability management, diverse investor education activities, effective information security management and complaints handling, we protected customer rights and interests, promoting the transformation of modern investment banking services.



Improving Investor Suitability Management

To standardize investor suitability management and protect the legitimate rights and interests of investors, we developed mature investor suitability management regulations, procedure and supporting measures.

Regulations

In accordance with the *Measures for the Suitability Management of Securities and Futures Investors*, we formulated the *Measures for Investor Suitability Management*. These Measures, specifying departments' responsibilities, understanding of customers, customer classification, product/service classification, investor access and suitability assessment, and protection measures, aimed to ensure risk suitability, thus effectively protecting investor rights (including right to know) and interests.

In accordance with the *Measures for Investor Suitability Management*, and the requirements of regulatory authorities, exchanges, and self-regulatory organizations on product/service investor suitability, we formulated rules for the implementation of the Measures and requirements, thus further clarifying and specifying investor suitability access, comprehensive suitability assessment, risk disclosure, continuous management and supporting measures.

Procedure

We developed a comprehensive product/service investor suitability assessment procedure, in which investor suitability access conditions were controlled at the front end. Assessment indicators included abnormal assets changes in investors' accounts, asset status, investment experience, risk tolerance, knowledge level, integrity status, etc.

Supporting measures

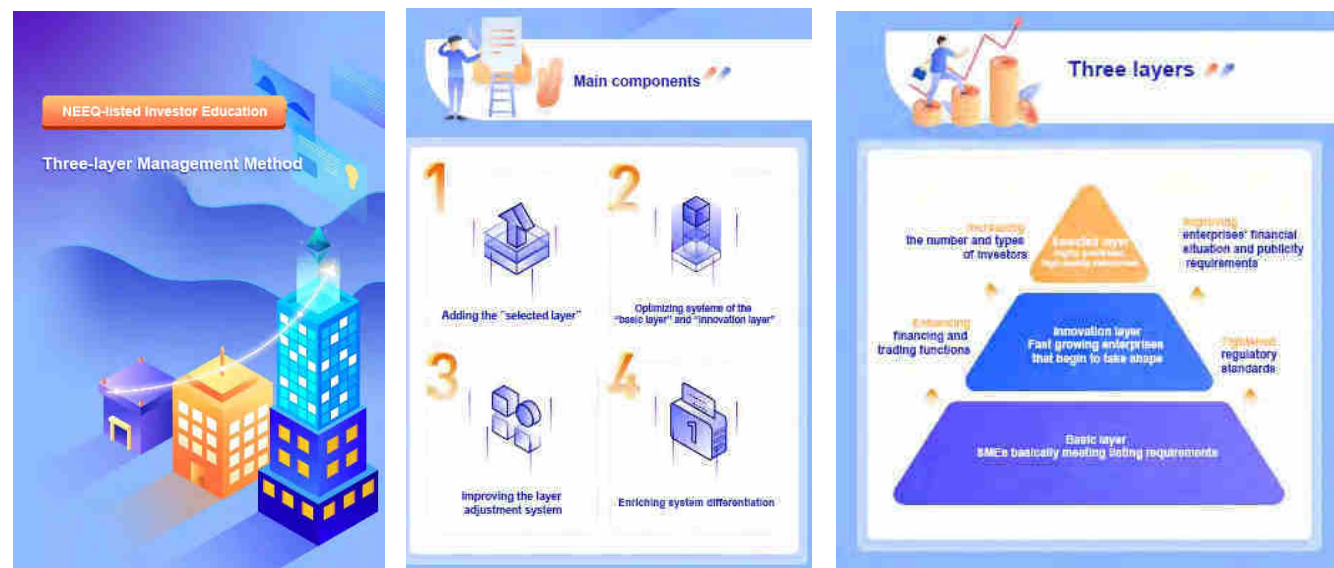
We reviewed our investor suitability management work semiannually and conducted on-site investor suitability management inspections from time to time, so as to find problems and solve them in a timely manner. We also, in accordance with the latest regulatory requirements and industry practices, optimized investor suitability management systems and procedure.

Conducting Investor Education

Investor education is important for better serving the vast number of investors. To achieve this, we provided investors with convenient, rich and effective training content both online and offline, relying on our expertise. This helped investors acquire knowledge about securities and futures, understand investment risks and prevention measures, know their rights and obligations, and develop the sense of rational investment, thereby enhancing the ability to protect themselves.

01 Online Investor Education

- Optimizing the Investor Education Base Website (<http://tjjd.swwhy.com/investor/index.jsp>). The Investor Education Base Website has five functional areas - securities knowledge, video tutorials, simulation experiences, activities, and tools & resources - providing investors with a variety of effective investor education products featuring multiple forms and rich content. Through the website, investors may complete the entire process of "cognition→case study→simulation experience" anywhere and anytime.
- Opening WeChat Official Account and creating investor education column. We collected and interpreted various investment policies, and prepared video tutorials and instructive articles, providing education to investors in an all-round way.



WeChat Official Account Investor Education Column

02 Offline Investor Education

Building an investor education base

We built an investor education base in Urumqi City, Xinjiang Autonomous Region. The base, comprising the Expert Lecture Hall, Open Display Area and Interactive Experience Area, attracted a growing number of investors, promoting investor education and protection in both breadth and depth.



Innovation and investor education products display area

Simulation experience area

Organizing various investor education activities

To improve investor education interaction, we organized several activities, such as the Technological Innovation Stock Investment Lecture series, and A Close Contact with Investors series. Through measures like organizing high-end salons and annual wealth management summit, releasing information via self-media, publishing live videos and professional books, writing column articles and collecting investor education articles, creating investor education brochures, producing public welfare activities announcements, organizing knowledge quizzes, and promoting financial knowledge at schools and listed companies, we strove to create a step-by-step investor education service model.

In 2019, we organized

38

lectures themed "Simple Finance, Big Dream"



Lectures held in

27

cities,

such as Nanjing, Chengdu, Guiyang and Qijing



Attracted over

10,000

customers



Case | Shenwan Hongyuan in Close Contact with Investors lecture series

On December 22, the 81st "Simple Finance, Big Dream – Shenwan Hongyuan in Close Contact with Investors" lecture kicked off in Qijing. Some domestic financial commentators were invited to deliver lectures themed on "2020 Stock Market Outlook", "The Impact of Macro Policies on Investment Markets", "Economic Environment and the Stock Market", etc. They made prospective scientific predictions on trends in the stock market and investment environment in 2020, provided guidance on how to mitigate risks and achieve return, and analyzed investment information for the hundreds of investors attending the session.



81st "Simple Finance, Big Dream – Shenwan Hongyuan In Close Contact with Investors" lecture



Ensuring Customer Information Security

We attached great importance to customer information security. First, we took active measures to prevent various technical risks in strict accordance with the ISO20000 service management standard and ISO27001 information security standard. Second, we improved internal rules and regulations, and updated the *User Agreement and Privacy Policy* in December 2019 to further standardize information security and privacy protection management at the regulation level. Third, we actively conducted daily information security management, adopted various information security management equipment and measures to prevent information security incidents, and strengthened security assessments of changed or new systems. Last, we conducted extensive information security training to comprehensively ensure customer information security.



Improving the Complaints Handling System

We formulated the *Customer Complaints Handling Procedure* to regulate business processes, thus fully protecting the legitimate rights and interests of customers. We constantly improved the customer complaints handling system, exerting full efforts to improve customer service quality. We strictly followed the following principles for complaints handling: efficiently handling complaints according to facts and relevant laws and regulations without delay or disputes, for the ultimate purpose of protecting the legitimate rights and interests of investors. In 2019, our Customer Service Center received 246 customer complaints, comments and suggestions, all of which were properly replied and solved.

The Customer Service Center integrated 95523 hotline, branch customer service hotlines, e-mail, WeChat and other off-site channels, to receive customer complaints and solve their problems, thus protecting customer rights and interests while maintaining corporate reputation at the same time.

Complaints handling has always been a focus of us. Through case-based training and case study, we improved complaints handling quality and efficiency, standardized complaints handling procedure, and promoted the standardized operations of branches.





04

Creating Sustainable Impact

Key actions:

- o Underwriting green bonds
- o Saving resources and energy
- o Promoting paperless office
- o Carrying out public welfare activities

Indicator	Unit	2019
Number of green bonds underwritten	/	4
Yearly power saving	MWh	2,249.21
Yearly water saving	t	2,116.26
Yearly number of video conferences	/	4,000
Reduction of total GHG emissions	t CO ₂ equivalent	2,506.50

As a state-owned financial institution, we attached importance to green development. We strove to reduce environmental impact, and engaged in public service, so as to fulfill corporate social responsibilities, and comprehensively improve our sustainable influence. Developing green finance is an important measure for green development, a key part of supply-side structural reform, and a driving force of business development. We have the responsibility and obligation to support China's green development strategy.

Green Development

Following China's green development strategy, we continued to support the development of green environmental protection enterprises, especially those relating to circular economy and clean transportation. Through direct investment, IPO, green bonds, corporate bonds and other methods, we promoted the development of green industries and projects, creating green value.

Green finance was a focus of us in 2019. We completed a number of influential projects relating to energy conservation and environmental protection, underwrote four green bonds and one new energy corporate bond, and helped four environmental protection enterprises complete IPOs which collectively raised RMB 9.1 billion.

Green finance was a focus of us in 2019, collectively raising

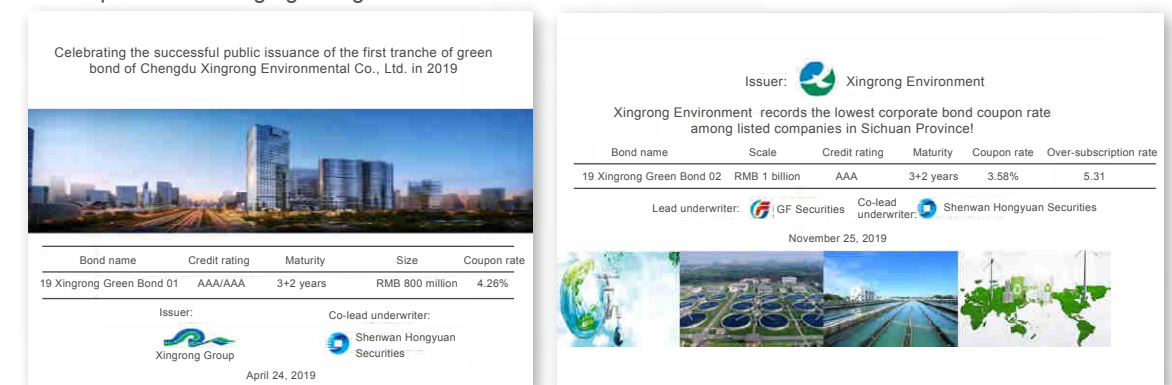
RMB 9.1 billion

Environmental protection corporate bonds issued by Shenwan Hongyuan in 2019

Issuer	Bond name	Type of bond	Time of issuance	Issue scale (RMB 100 million)	Bond maturity (years)	Purpose
Chengdu Xingrong Environmental Co., Ltd.	19 Xingrong Green Bond 01	Green bond	April 2019	8	5	Sewage disposal plant
Chengdu Xingrong Environmental Co., Ltd.	19 Xingrong Green Bond 02	Green bond	November 2019	10	5	Sewage disposal plant
Hunan Provincial Expressway Group Co., Ltd.	19 HUNAN EXPWY G1	Green bond	April 2019	8.9	3	Clean transportation
Hunan Provincial Expressway Group Co., Ltd.	19 HUNAN EXPWY G2	Green bond	July 2019	21.03	3	Clean transportation
Jolywood (Suzhou) Sunwatt Co., Ltd.	Jolywood convertible bond	Convertible corporate bond	February 2019	10	6	N-type TOPCon bifacial solar panels
Jiangsu Hengtong Photoelectric Stock Co., Ltd.	Hengtong convertible bond	Convertible corporate bond	March 2019	17.33	6	Industrialization of next-generation green optical wand technology
Xinjiang Energy Co., Ltd.	19 Xinneng 03	Non-public corporate bond	November 2019	3.6	3	Repayment of corporate debt

Case | Shenwan Hongyuan helped Chengdu Xingrong Environmental Co., Ltd. issue green bond

The "19 Xingrong Green Bond 01" and "19 Xingrong Green Bond 02" underwritten by us were issued on April 24 and November 25, 2019, respectively. Funds raised would be used for the Phase II Project of Chengdu Zhonghe Sewage Plant. The first tranche amounted to RMB 800 million, with a coupon rate of 4.26%. The second tranche amounted to RMB 1 billion, with a coupon rate of 3.58%. The coupon rate of the second tranche was about 27% lower than the benchmark loan interest rate during the same period, recording the lowest coupon rate among listed companies in Sichuan Province. The over-subscription reached 5.31 times, indicating the popularity of green bonds in the market. Our assistance promoted the development of emerging and green industries.



Issuance of Chengdu Xingrong Environmental Co., Ltd. green bond

Case | Issuance of China's first road transport corporate green bond

In 2018, Hunan Provincial Expressway Group Co., Ltd. issued a non-public green corporate bond, the first green bond issued by a domestic road transport company. The two tranches in 2018 raised RMB 2.67 billion, and another two tranches in 2019 raised RMB 2.99 billion.

Through "splitting a road and bridge project and then screening out and integrating green sub-projects", the bond created a new way of green bond issuance. The Xinhua Langtang Expressway funded by the bond runs through national poverty-stricken county Xinhua County and Hunan's provincial poverty-stricken county Lianyuan County. After the expressway is completed and opened to traffic, it will contribute to the transportation and economic development of poor areas.

The two tranches in 2018 raised RMB

2.67 billion

The two tranches in 2019 raised RMB

2.99 billion



Case | Shenwan Hongyuan helped leading windpower enterprise go public

On January 23, Mingyang Smart Energy Group Co., Ltd. (hereinafter referred to as "Mingyang Smart") went public. Shenwan Hongyuan Financing Services acted as its sponsor and lead underwriter. Mingyang Smart sets its IPO at 276 million shares for RMB 1.31 billion, increasing its shares to 1.38 billion. It is a large-scale high-quality IPO project supported by the CSRC and the exchange.

Mingyang Smart is one of the leading wind power companies in China. Following the strategy of innovation-driven development, and the strategic plan of "Made in China 2025", Mingyang Smart independently developed 5-7MW and is developing 10MW large turbines. It is one of the top ten high-end large turbine manufacturers in the world.



Mingyang Smart wind power project



Mingyang Smart IPO ceremony

Case | Jolywood (Suzhou) Sunwatt Co.,Ltd. convertible bond project

Jolywood (Suzhou) Sunwatt Co.,Ltd. (hereinafter referred to as "Jolywood (Suzhou)") is a leading photovoltaic back sheet manufacturer in the world. It mainly engages in photovoltaic auxiliary materials, high-efficiency batteries and photovoltaic application systems. It has been leading the photovoltaic back sheet industry for many years.

In February 2019, with the help of Shenwan Hongyuan Financing Services, Jolywood (Suzhou) issued convertible bonds for RMB 1 billion. Funds raised were used to produce N-type TOPCon bifacial solar panels. Compared with traditional P-type single-crystal cells, the product has obvious technical advantages, leading to economic benefits, optimized business structure and product upgrading.



Jolywood (Suzhou) photovoltaic power project

Case | Jiangsu Hengtong Photoelectric Stock Co., Ltd. convertible bond project

Jiangsu Hengtong Photoelectric Stock Co., Ltd. (hereinafter referred to as "Hengtong Photoelectric") is a leading private optical communication company in China. In March 2019, with Shenwan Hongyuan as its sponsor and lead underwriter, Hengtong Photoelectric issued a convertible corporate bond for RMB 1.73 billion. Funds raised were mainly used for the industrialization of its new generation of green optical wand technology, helping it achieve greater glories.

In the past three years, Hengtong Photoelectric ranked in the top three most competitive optical fiber manufacturers in the world at the China Optical Communications Development and Competitiveness Forum every year. Its new generation of optical wand technology enabled China to be independent of imported green and pollution-free optical wands. Relying on innovative breakthroughs in core products and technologies, the company has become a representative of China's advanced productivity.



Hengtong Photoelectric IPO was approved by CSRC

Case | Shenwan Hongyuan assisted an environmental protection company in non-public issuance of corporate bond

Xinjiang New Energy Group Co, Ltd. is a large group company focusing on new energy, consulting services, agriculture, husbandry, and environmental protection. On November 29, 2019, Shenwan Hongyuan assisted the company in its non-public issuance of corporate bonds (first tranche) "19 Xinneng 03" for RMB 360 million. The maturity was 2+1 years, and annual interest rate was 6.40%. Funds raised were used to repay the company's debt and support the new energy and environmental protection industries.

Celebrating the successful non-public issuance of the first tranche of corporate bond of Xinjiang New Energy Group Co, Ltd. in 2019

The coupon rate records the lowest level among non-public corporate bonds with the same credit rating and term issued by companies in Xinjiang from 2018.



Xinjiang New Energy's non-public issuance of corporate bonds (first tranche) in 2019

Green Operations

As a financial service provider, we have no significant negative impact on the environment and natural resources. Even so, we still actively promoted green operations and offices internally, in a bid to minimize our environmental impact as a socially responsible company. In strict accordance with the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *13th Five-Year Plan for Comprehensive Energy Conservation and Emission Reduction* issued by the State Council and requirements of national policies, we constantly improved and diversified measures to promote green operations, including energy conservation and emission reduction.

In 2019, we explored various environmental protection measures to achieve green operations across the company. Such measures included saving electricity for lighting, prohibiting private power connection and changing electricity circuits, energy-saving setting for air-conditioning temperature in public areas, saving water in toilets, prohibiting private use of official cars, and promoting paperless office, etc. We also took a number of measures for waste sorting and recycling, including the classification and recycling of office waste paper, the procurement statistics of hazardous office supplies such as toner cartridges and ink cartridges, and the unified recycling and disposal of waste consumables. The recovery rate reached about 90%.



Green Operations Measures

Saving paper

Personal computer network printing was defaulted to black and white and duplex printing;

Employees were encouraged to use 70g paper to print informal reporting documents with reduced smaller fonts, character spacing and line spacing; and to reuse copy paper printed on one side;

At large conferences, paper materials were replaced by electronic materials which can be read by attendants via tablets or mobile phones.

Saving water and electricity

Related regulations on electricity management were implemented, including intensifying inspections to reduce aisle lighting power, and ensure that employees turn off lights when leaving offices;

Home appliances were forbidden to be used without approval, and less electric water heaters were used on each floor;

Air conditioner in public areas operated in the energy-save mode, effectively reducing office energy consumption;

Employees were encouraged to save water and fix leaks in a timely manner.

Reducing nitrogen oxide emissions

We spent RMB 293,400 upgrading the low-nitrogen burner of the central air conditioner in Building 171 on Changshu Road.



Green travel

Following the principle of "practicing thrift and opposing waste", we formulated the *Interim Measures for Vehicle Management*, which clarified the application, approval procedures in the process of using official cars, cost accounting rules, etc.;

Employees were encouraged to travel by public transportation;

The Company promoted green travel to eliminate old vehicles in a timely manner and ensure that the exhaust emission standards of running vehicles meet the relevant national regulations. Throughout the year, 19 old official cars were eliminated or reduced.

Case | Promoting video conferences

In 2019, we upgraded the video teleconferencing system through which about 4,000 video conferences were held. The intelligent system integrated multiple terminals such as conference rooms, computer desktops, tablet personal computers, and mobile phones, effectively reducing the number of on-site conferences. Consequently, the consumption of traditional office supplies and greenhouse gas emissions from business travel were greatly reduced.



Video conference

Case | Shenwan Hongyuan's cafeteria won the title of "Green Restaurant"

Food safety, low-carbon operations for environmental protection, and integrity management have been the focuses of our cafeteria at Shanghai Headquarters in recent years. Specifically, it revised various rules and regulations, and took a series of improvement measures such as online food traceability reporting and incorporation of 12 statistical items, to ensure that safe and delicious food was provided to the staff. Shanghai Restaurants Cuisine Association conferred the title of "Green Restaurant" to the cafeteria.



Title of "Green Restaurant" for the cafeteria



Our performance in energy conservation and emission reduction was remarkable. As of the end of 2019,

we had saved
2,249.21
MWh of power

2,116.26
tons of water

used **670**
tons of recycled water

reduced greenhouse gas
emission equivalent to
2,506.50
tons of carbon dioxide

Environmental Performance

Indicator	Unit	Data in 2019	Data in 2018
Emissions			
Total GHG emissions (Scope 1 and Scope 2)	t CO ₂ equivalent	9,513.36	12,019.86
GHG emissions per capita	t/person	5.01	/
Direct GHG emissions (Scope 1)	t CO ₂ equivalent	331.46	555.56
Indirect GHG emissions (Scope 2)	t CO ₂ equivalent	9,181.90	11,464.30
Total GHG emissions reduction	t CO ₂ equivalent	2,506.50	/
Household waste	t	327.50	/
Food waste	t	258.24	/
Waste office paper	t	30.00	25.04
Toner cartridge	No.	913	/
Ink cartridge	No.	150	/

Indicator	Unit	Data in 2019	Data in 2018
Use of Resources			
Natural gas	m ³	114,228.07	126,017.19
Mileage of official cars	km	204,236.00	/
Gasoline	L	39,520.51	44,740.74
Power consumption	MWh	11,281.79	13,531.00
Power consumption per capita	MWh/person	5.94	/
Water consumption	t	37,845.32	39,961.58
Water consumption per capita	t/person	19.94	/
Total power saving	MWh	2,249.21	/
Total water saving	t	2,116.26	/
Total circulating water consumption	t	670.00	/

Remarks:

- 1.Environmental performance statistical indicators only applied to the headquarters office buildings.
- 2.Emissions, energy consumption and waste density were measured based on employees in headquarters buildings only.
- 3.Greenhouse gases include carbon dioxide, methane and nitrous oxide. The nature of our business determines that our greenhouse gas emissions are mainly from purchased electricity and the burning of fossil fuels. Greenhouse gas emissions were converted into the equivalent amount of carbon dioxide, and measured according to the 2012 China Regional Grid Average Carbon Dioxide Emission Factors issued by the National Development and Reform Commission, and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change.
- 4.The volume of urban waste is 240 L/barrel, and food waste density is 1.2*10³kg/m³.
- 5.All office waste paper was sorted and recycled by relevant municipal departments.
- 6.Statistical data of toner cartridge is from the Beijing and Shanghai headquarters.
- 7.Statistical data of ink cartridge is from the Shanghai headquarters.

Public Welfare Activities

Engaging in Public Welfare Activities

We actively assumed our social responsibility and engaged in giving back to the society. Various branches and sales departments organized a number of public welfare activities, such as making donations to poor mountainous areas, providing volunteer services, and organizing public lectures.



Case | Company engagement in public welfare activities



Guangzhou Branch volunteered at Guangzhou Liwan District Language Training Center for Deaf Children. They sent daily necessities and school supplies to children there, and had friendly communication with them, bringing them care and warmth.



Volunteer service at Guangzhou Liwan District Language Training Center for Deaf Children



Shenwan Hongyuan Financing Services donated 400 pieces of winter clothing (including 40 new pieces) to Maigaiti County, Xinjiang.

Donated winter clothing

400 pieces,

including new clothing

40 pieces



Winter clothing donated to Maigaiti County, Xinjiang



During a community service activity, Henan Branch visited the older generation of revolutionary CPC members, including a blind one facing difficulties. The Youth League Branch bought gifts with money raised from across the branch, and the visitors were encouraged and energized when listening to their stories of the revolutionary period.



Henan Branch visited the older generation of revolutionary CPC members



CPC members from Wuxi Qingyang Road Sales Department offered volunteer service at Yinglongqiao Street Nursing Home for the Disabled in Liangxi District, Wuxi. They visited 18 disabled people, asked about their living conditions, and sent them necessities such as rice, flour and oil, helping them solve financial difficulties.



Zhuhai Yuehai East Road Sales Department volunteered at Zhuhai Welfare Center

Zhuhai Yuehai East Road Sales Department volunteered at Zhuhai Welfare Center for Children. They took practical measures to care for the children, and helped the center solve problems within their capacity.



Zhuhai Yuehai East Road Sales Department volunteered at Zhuhai Welfare Center

Case | “Shenwan Hongyuan Travels with You” traffic management volunteer activity

Shenwan Hongyuan Planning and Finance General Department provided traffic management volunteer service along Hunan Road, Xuhui District, Shanghai. At main intersections along Hunan Road during morning rush hours, the CPC member volunteers supervised people’s obedience to traffic rules, such as pedestrians should walk on sidewalks and zebra crossings, and motor and non-motor vehicles and pedestrians should strictly follow traffic signals. In this process, they increased people’s awareness of obeying traffic rules.



Traffic management volunteer service along Hunan Road, Xuhui District

Case | Providing public lectures

The Retail Sales Department provided a lecture themed “Skills for Wealth Management and Financial Fraud Prevention”. Over 40 students and their parents attended the lecture. The lecturers taught the students how to manage wealth and develop the awareness of wealth management, how to identify six main types of financial frauds, and what a security firm does. During the lecture, the attendants showed great enthusiasm, and actively answered questions, having a better understanding of wealth management by the end of the lecture. The volunteer activity not only benefited the public, but also promoted Shenwan Hongyuan’s brand, and demonstrated the employees’ expertise.

Case | Donation of second-hand computers

We donated more than 100 second-hand desktops, laptops and other office equipment to the education bureau of fixed-point poverty alleviation county – Maigaiti County in Xinjiang. To send the computers to local schools before the start of the fall semester, the Information Technology Support General Department and Information Technology Development General Department worked overtime to check, reassemble computers and reinstall systems, ensuring that the computers can meet the needs of the teachers and students.

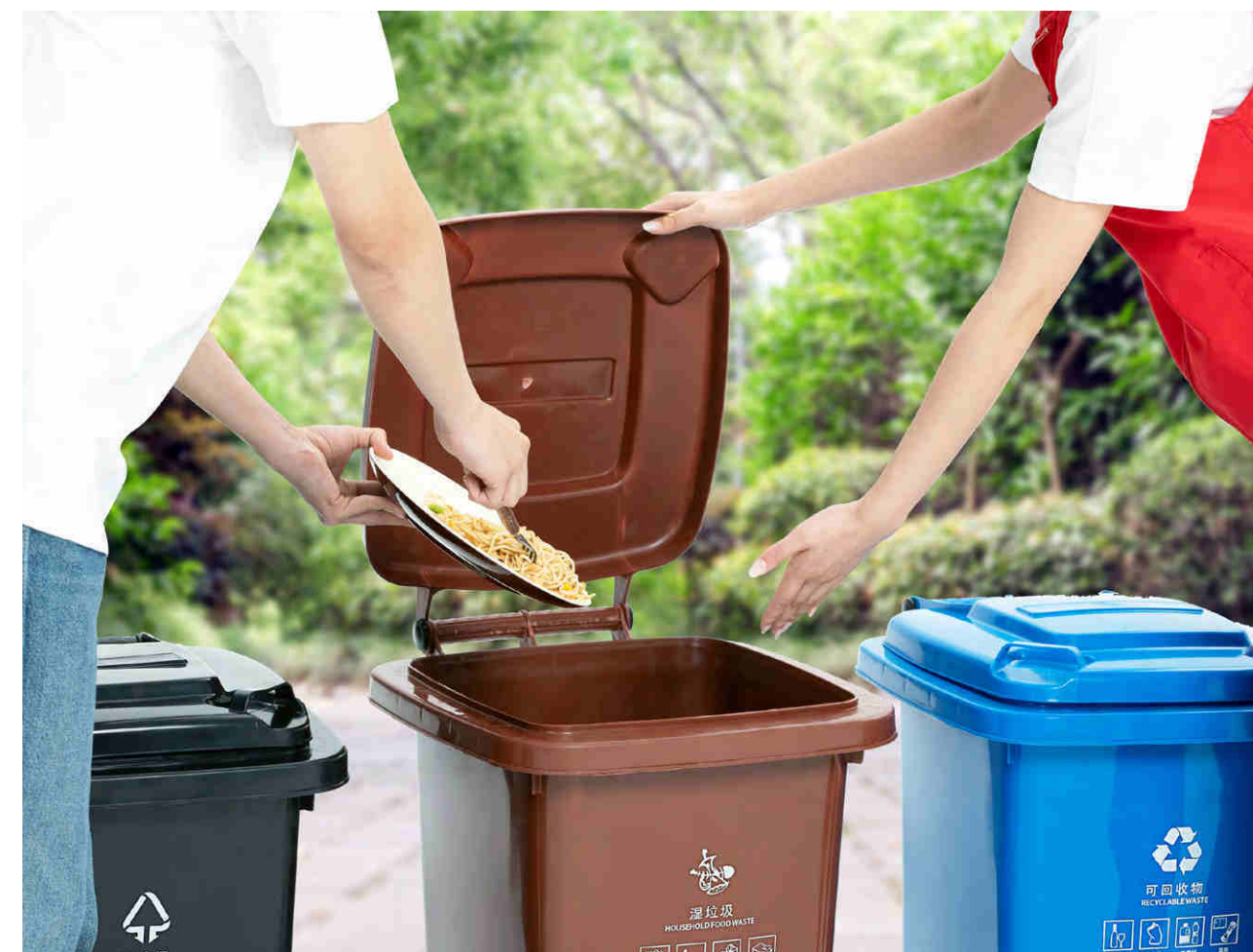


Honor pennant from the education bureau of fixed-point poverty alleviation county Maigaiti County

Popularizing Waste Sorting

In response to Shanghai’s call for waste classification and management, Shenwan Hongyuan Youth League Committee launched a series of online and offline activities in a timely manner. In front of the waste classification publicity posters at all offices in Shanghai, volunteers from the Company gave out the waste classification brochures, publicized the waste classification initiative of Shenwan Hongyuan Youth League Committee, and instructed the employees on how to distinguish four types of household and office waste and how to properly dispose of waste. They also invited the employees to participate in the waste classification knowledge contest through QR code scanning. Active engagement of employees in the contest and discussion created good publicity.

In the meantime, the official WeChat account of Shenwan Hongyuan Youth League Committee offered “micro-lecture” to introduce in detail the *Shanghai Household Waste Management Regulation* and classification method of common household waste. With the joint efforts of various departments of the company, a waste classification publicity video was shot, which enumerated the classification methods of common office waste, and launched the initiative of understanding waste classification rules, fulfilling the obligation of waste disposal, using eco-friendly packaging, and reducing the use of disposable products, etc. Through online and offline publicity activities, the concept of “green, low-carbon and eco-friendly operations” was deeply rooted among people at Shenwan Hongyuan Group.





Shenwan Hongyuan Youth League Committee launched the Shanghai Solid Waste Classification Publicity Campaign at five offices in the headquarters. They offered “micro-lecture” to spread waste classification knowledge, launched a waste classification initiative through “micro-video”, conducted “on-site centralized publicity” to increase employees’ awareness of waste classification, and organized “online knowledge contests” to help employees review knowledge learned.



Shanghai Solid Waste Classification Publicity Campaign



Shanghai Solid Waste Classification Publicity Materials

Caring for Autistic Children

In order to further fulfill our social responsibility, we jointly launched the “Shenwan Hongyuan May Activity Series” in cooperation with four youth league committees of our subsidiaries to spread the knowledge of autism to the public. We also raised proceeds through charity sales and donated the money to children in need through the designated special medical assistance fund. This activity has now become one of the top ten public welfare activities in Shanghai.



On May 19, 2019, the “charity sale to show care for autistic children” was held by the Company in Lujiazui Oriental Pearl Square, calling on our employees and clients to donate their household idle items to charity, and the proceeds raised would be donated to the special fund for autistic children. The activity not only popularized the knowledge of autism, but also brought care and warmth to autistic children, creating good social benefits.





05

Caring for Employees' Physical and Mental Health

Key actions:

- o Providing comprehensive welfare
- o Promoting employee training
- o Caring for employees' physical and mental wellbeing
- o Supporting employees' career development
- o Caring for female employees

Indicator	Unit	Data in 2019
Total number of employees	Person	9,736
Percentage of female employees	%	46.56
Training hours/employee	Hour	30.90
Percentage of employees with bachelor's degree or higher	%	90.57
Training cost	RMB 10 thousand	2,049.96

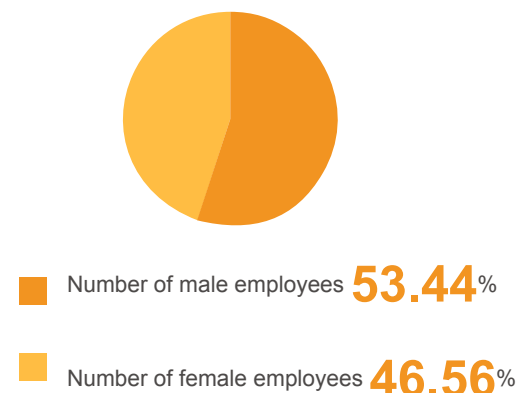
As a human-centric company, we believe that employees are one of the crucial factors for corporate development. Both employee training and internal competition help us achieve sustainable development. For one, we made great efforts to create a positive working environment where the employees' rights and interests are protected. Furthermore, we developed fair promotion system, mature talent training system, and transparent employee incentive system, in a bid to build elite teams.

In 2019, we focused on improving workplace environment and enhancing employee care. Specifically, we explored measures to help the employees achieve personal development, develop expertise, and keep work-life balance. Also, we periodically collected the concerns and needs of the employees through various channels, so as to improve employee satisfaction.

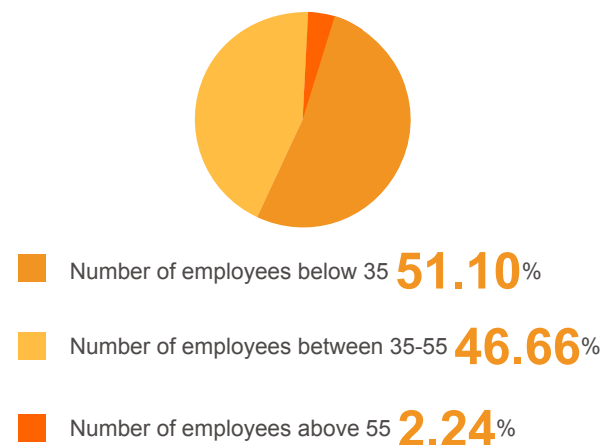
To promote employees' career development, we optimized the employee promotion system, developed routine management personnel exchange and training system, and launched a human resource reform covering the appointment & dismissal of management, employee recruitment, remuneration & positions, performance assessments & incentives, and employee management. These measures greatly motivated the employees, and were widely recognized by them.

Employee diversity

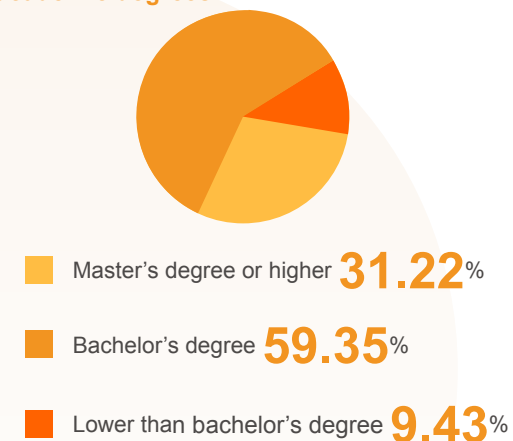
Percentages of male and female employees



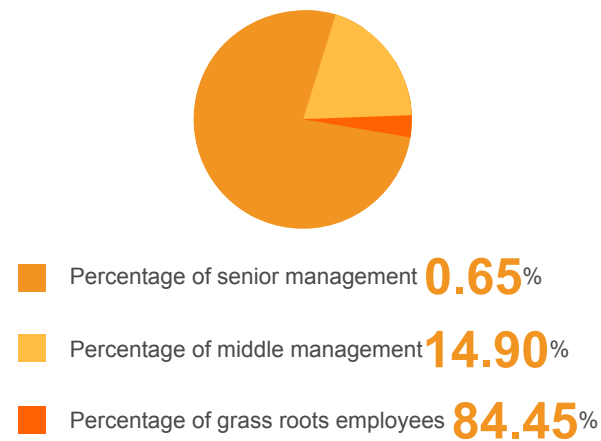
Age diversity



Percentages of employees with different academic degrees



Percentage of management



Employment Environment

In strict accordance with the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China* and other relevant laws and regulations, we signed labor contracts with all employees on the basis of equality and voluntariness through negotiations, so as to establish law-based labor relations. In terms of recruitment, remuneration, training and promotion, we firmly opposed employment discrimination, refusing to use race, gender, nationality, age, marital status, sexual orientation and political affiliation as direct or indirect reasons for discrimination, to ensure that all employees can obtain job opportunities on a fair, just and open basis.

We strictly abided by the *Law of the People's Republic of China for the Protection of Minors*, *Provisions on the Prohibition of Using Child Labor*, and other relevant laws and regulations, and verified the ages of employees to ensure that child labor was not used. In 2019, we found no record of any violations of laws and regulations involving child labor and forced labor.

Creating a Comprehensive Employee Welfare and Benefits System

We established a comprehensive welfare and benefits system and a multi-level endowment insurance system in strict accordance with the *Social Insurance Law of the People's Republic of China* and local policies and regulations. We protected all employees with basic social insurance programs (including basic endowment insurance, basic medical insurance, local supplementary medical insurance, work injury compensation insurance and unemployment insurance) and supplementary medical insurance programs (including group accident insurance, critical illness insurance, and comprehensive medical insurance). We also developed an enterprise annuity plan to set up enterprise annuities for employees who had served the company for a certain number of years. This effort aimed to encourage employees to grow together with the company and share the fruits of sustainable corporate development. In our mature employee welfare and benefits system, social insurance, commercial insurance and enterprise annuities complement each other, ensuring that employees can access medical treatment and elderly care when they work at the company and after their retirement.

Caring for Employees' Physical and Mental Health

We launched the "Annual Practical Employee Care" Program to ensure that practical measures were taken to solve employees' real needs, provide them with thoughtful targeted services, and improve cohesion among employees. We also organized employee salons to improve their wellbeing. We continued to push forward the "Health Room" project, and the "Mommy's Room" project in Beijing and Shanghai. Beijing "Health Room" has come into use, providing employees with value-added services such as medical examination report interpretation, and physical therapy. At lower entities, we worked with their labor unions to build "Mobile Mommy's Home", and provide first aid kits at offices to meet employees' urgent needs.



Establishing the Critical Illness Mutual Assistance Fund System

In 2019, we seriously handled the application, review and approval regarding the critical illness mutual assistance fund, in the hope that employees in need can obtain assistance. As of the end of 2019, we had assisted 11 applicants. Moreover, one application was under review, and three new applications had been received.

Improving the Employee Physical Examination System

We adjusted physical examination items according to employees' physical conditions, and examination service providers' suggestions. Specifically, more serious illness examination items were added, the examination budget was determined according to examination items by various branches, and priority was given to Grade III Level A hospitals to ensure that all employees have access to comprehensive physical examination service.

Improving the Female Employee Care System

We took detailed measures to ensure female employees' welfare and benefits. Such welfare and benefits included maternity leave, breastfeeding leave and Women's Day, as well as medical examination items for female employees, and supplementary female health insurance items.



Providing Financial and Emotional Supports to Employees

We continued to provide financial and emotional supports to employees, talked to new employees, employees who wanted to resign, emotionally unstable employees, employees facing job changes, and employees who made mistakes, and provided immediate supports to employees or their immediate relatives suffering from serious illness or encountering accidents. During festivals and holidays like the New Year's Day and Spring Festival, we offered RMB 288,000 of financial assistance to 156 employees facing difficulties. We also spent a total of RMB 226,900 supporting employees on a daily basis. For employees suffering from serious illness or other problems, the labor unions specially paid visits to deliver care and assistance.

Establishing the Workers' Congress System

The labor union is responsible for considering major issues concerning employees' immediate interests, so as to protect employees' legitimate rights and interests, and ensure that the employees grow together with the company and share the fruits of corporate development.

Organizing Employee Activities

We organized various employee activities in 2019, such as sports games and outdoor training, in a bid to promote corporate culture development, increase employees' team cohesion and sense of belonging, and create a positive, healthy and active working environment.

Case | The 1st Shenwan Hongyuan Table Tennis Competition

On June 15th, the final of the 1st Shenwan Hongyuan Table Tennis Competition was held by the beautiful West Lake. The competition was sponsored by the Shenwan Hongyuan Year of "Cultural Fusion" Organizing Committee, and organized by Hangzhou Branch. More than 260 athletes of 44 teams from all over the country gathered together, enjoying the fun in sports.



Group photo of participants of the final of the 1st Shenwan Hongyuan Table Tennis Competition



Group photo of participants of the final of the 1st Shenwan Hongyuan Table Tennis Competition

Case | Business communication and outdoor training

In order to help Youth League members release pressure, break through self-imposed limits, and challenge themselves, on November 14, 2019, the Youth League General Branch of the Retail Sales Division, First Youth League Branch of the Compliance and Risk Management Center, and Youth League Branch of Shanghai Branch jointly organized the "Break Through Self-imposed Limits, Challenge Yourself" Business Communication and Magic City Matrix Outdoor Training activity. Magic City Matrix Outdoor Training was a special part of the activity. On the golden shore of the North Bund in Shanghai, Youth League members experienced high-altitude rope "adventure", giant swing, high-altitude slide, low-altitude bungee jumping, and other programs. After receiving training from professional trainers, and taking strict safety measures, these young people competed in groups, using both strength and wits. In the process of building a stronger body, they also built a stronger team.



"Break Through Self-imposed Limits, Challenge Yourself" Business Communication and Magic City Matrix Outdoor Training activity.

Employee Training

Talent Development



Driven by industry trends and internal needs for development and innovation, we constantly iterated training content in an employee and business oriented manner, so as to comprehensively energize employees, teams and the entire company, maximizing the value of training. In 2019, we organized 1,101 training sessions covering 8,704 trainees at a cost of RMB 20.50 million. The average training hours reached 30.90 hours per person, and 80 and 160 hours per person for middle and senior management respectively.



In 2019,

we organized

1,101 training sessions covering

8,704 trainees at a cost of

RMB
20.50 million.



New training mode	
Systematic courses	Industrialized projects
Scene-integrated content	Field-affected processes
Socialized communication	Tool-integrated platforms

Training courses focused on key business sectors, and were offered to targeted groups to improve employees' expertise. This helped employees achieve career development while promoting the development of the company's key business areas. In addition to business-related content such as private equity investment, asset securitization, and information disclosure, our training also covered intensive party discipline promotion, business etiquette, and employee quality development. Furthermore, to ensure the provision of effective courses for targeted groups, entities at various levels also organized internal and external training sessions according to their own business characteristics.



Case | "Ushering into the Era of Asset Management 2.0" training

The training session was dominated by young key employees from the four key business sectors of fixed income, equity investment, asset securitization, and compliance risk control. As keynote speakers, they introduced the (1) differences between the focuses of selecting corporate bond investment targets and corporate bond issuers, (2) the similarities and differences between equity investment in the primary and secondary markets, (3) the comparison of public offering fund products and securities asset management products, (4) the current status and trends of ABS business, and (5) knowledge about the valuation and operations of collective asset management products. They also explored hot issues such as the transformation of key asset management models from channels, quoted fixed income, non-standard services to net value fixed income, equity quantification and ABS.



"Ushering into the Era of Asset Management 2.0" training

Focusing on the Development of Young Employees

In order to strengthen communication with young employees, we often held youth tea parties to know their ideas and answer their questions, so as to improve their sense of belonging and ownership. Youth tea parties offered interactive Q&A, focusing on issues relating to young employees' work, life, emotions and growth.

Case | Youth tea party – Confusion in Growth

At the youth tea party held by SWS Research in August, the attendants raised questions about sharing growth paths, how to stand out at work, how to balance family and work, and how to relieve stress. This party narrowed the distance between those young people and heads of SWS Research. Many Youth League members said that the party was rewarding, and hoped that more such activities can be held.



Youth tea party

Focusing on the Development of Female Employees

We always believe that corporate growth cannot be achieved without employee development. For this reason, we established a mature employee development system, to help employees constantly increase personal qualities, expertise and management skills, becoming more competitive at work. We paid special attention to the physical and mental wellbeing of female employees, created training opportunities to promote their personal development, and took measures to attract and obtain female talent. On the Women's Day, we specially organized an activity themed "Blooming Flowers" for female employees.

Case | The power of women, the beauty of women

- Shenwan Hongyuan Labor Union Office organized a series of activities to help female employees develop hobbies that delight the lives.
- Yunnan Branch and Kunming Dongfeng East Road Sales Department jointly held a flower arrangement activity themed "Goddess of Flower".
- Nanchang East Nanjing Road Sales Department provided a flower arrangement training session for all female employees.
- The labor union of Shanghai Baoshan District Changjiang South Road Sales Department organized a flower arrangement lecture for female employees, bringing the fun of flower arrangement to them.
- The labor union of Zhenjiang Jiefang Road Sales Department organized flower arrangement and baking training for female employees.



Healthcare training for female employees

Case | Take a bite of sweet life

Some grass roots labor unions celebrated the Women's Day through baking training. Tianjin Branch organized a baking training session themed "Take a Bite of Sweet Life".



"Take a Bite of Sweet Life" baking training

We continued to organize cultural and healthcare lectures, and eight such lectures were held throughout the year. In addition to online activities, we also organized offline ones, including four Tai Chi training sessions.

Organized **8** cultural and healthcare lectures

Organized offline activities including **4** Tai Chi training sessions

- Shihezi North Fourth Road Sales Department organized the "Women's Day Korean Flower Arrangement Art Training". More than 50 female employees at Beijing office building participated in the training. The Planning and Financial General Department and Capital Management General Department jointly organized a flower basket arrangement activity, attracting many female employees from the departments.
- The labor unions of Beijing Branch and Beijing Anding Road Sales Department jointly organized a flower arrangement lecture. The labor union of Hubei Branch invited florists to impart knowledge about flower arrangement. Female employees found the fun in flower arrangement.
- Jilin Branch and Jilin Street Sales Department organized the "Women's Day Flower Arrangement" activity, helping female employees' develop a hobby.



Flower arrangement training for female employees

Career Development

While providing equal development opportunities for our employees, we also designed a multi-channel internal career development paths for them. No matter in management, service or technical positions, employees can find a career promotion route designed according to their professional interests and abilities, thus achieving multi-directional development. For example, we developed a mature management personnel development and promotion program, a platform where employees with potential in management may grow into middle and senior management. We also developed a professional development program under which employees were encouraged and trained to become experts in their fields. We believe that a company should establish a win-win relationship with its employees. When we helped employees achieve comprehensive personal development, we obtained talent required by the company's sustainable development.

Five-pronged HR Reform

In 2019, we launched a five-pronged HR reform that was piloted in Shenwan Hongyuan Financing Services Co., Ltd. and would be gradually implemented based on the business characteristics of various departments and subsidiaries. Relying on the pilot experience, we formulated a series of regulations and defined the authorization and operating mechanism for the appointment & dismissal of management, employee recruitment, remuneration & positions, performance assessments & incentives, and employee management.

Progress and Effectiveness of Key Management Exchange and Training

» Optimizing the management exchange system

We issued the *Measures for the Welfare and Benefits Management of Employees in Remote Locations*, and clarified welfare and benefits for temporary employees from superior entity China Investment Corporation. These incentive measures encouraged exchanged management to dedicate themselves to work.

» Promoting management exchange

We increased the management exchange between the headquarters and branches, and between sales departments and functional departments, helping management personnel improve qualities and expertise by accumulating experience at different positions. This also further promoted the interaction between the headquarters and business lines and grassroots entities. In 2019, a total of 25 management personnel were exchanged between branches (subsidiaries) and the headquarters.

» Strengthening the training of young management

In 2019, we completed the on-site assessment of 18 management personnel who had completed their

exchange starting from the previous year. Those with outstanding performance will be promoted. In 2019, a total of 65 branch management personnel were selected for a half-year exchange at the headquarters, and 6 young key employees were selected from the headquarters for an one-year exchange at sales departments. This talent development program greatly promoted the exchange between headquarters and branches.

» Focusing on relationships with external organizations

In 2019, we also enhanced exchange with external talent platforms. Specifically, five management personnel were selected for an one-year exchange at People's Bank of China, Shanghai Stock Exchange, and Shanghai International Group. At the same time, one professor from the Shanghai Lixin University of Accounting and Finance, and two management personnel from the Shanghai Stock Exchange came to served temporary positions at Shenwan Hongyuan.



Social Performance

Indicator	Unit	Data in 2019	Data in 2018
Employment			
Total number of employees	Person	9,736	9,764
By gender			
Number of male employees	Person	5,203	5,268
Number of female employees	Person	4,533	4,496
By region			
Number of employees in China	Person	9,365	/
Number of employees out of China	Person	371	/
By academic degree			
Number of employees with a master's degree or higher	Person	3,040	/
Number of employees with a bachelor's degree	Person	5,778	/
Number of employees lower than bachelor's degree	Person	918	/
By age			
Number of employees below 35	Person	4,975	/
Number of employees between 35-55	Person	4,543	/
Number of employees above 55	Person	218	/
By level			
Percentage of senior management	Person	63	/
Percentage of middle management	Person	1,451	/
Percentage of grass roots employees	Person	8,222	/
Number of female employees	Person	496	/
Number of employees from ethnic minorities	Person	373	/
Number of new employees	Person	1,126	/
Number of dispatched employees	Person	394	/
Turnover rate			
Turnover rate	%	5.74	/
Turnover rate of employees below 35	%	3.35	/
Turnover rate of employees between 35-55	%	2.31	/
Turnover rate of employees above 55	%	0.26	/
Health and Safety			
Work-related fatalities	Person	0	/
Percentage of work-related fatalities	%	0	/
Lost days due to work injury	Day	101	/
Social insurance coverage	%	100.00	/
Employee training and development			
Number of security training sessions	/	11	/
Number of existing video programs	/	844	/
Total video program hours	Hour	342	/
Number of offline training sessions	/	783	/
Number of employees covered by security training	Person-time	8,607	/
Training cost	RMB 10,000	2,049.96	/
Number of training sessions	/	1,101	/
Number of employees covered by training	Person	8,704	/
Number of employees participating in employment development activities	Person-time	27,723	/
Every training hours/employee	Hour	30.90	/
Number of employees participating in the Anti-Money Laundering test	Person-time	8,502	/

Appendix 1: ESG Index

Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange

The table adopts indicators provided in Appendix 27 to the *Environmental, Social and Governance Reporting Guide* issued by the Hong Kong Stock Exchange

Aspects	KPIs	Disclosure requirements	Section
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	●	4 Creating Sustainable Impact/P48
A1.1	The types of emissions and respective emissions data	●	4 Creating Sustainable Impact/P48
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	●	4 Creating Sustainable Impact/P48
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	●	4 Creating Sustainable Impact/P48
A 1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	●	4 Creating Sustainable Impact/P48
A1.5	Description of measures to mitigate emissions and results achieve	●	4 Creating Sustainable Impact/P48
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	●	4 Creating Sustainable Impact/P48
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, includingenergy, water and other raw materials.	●	4 Creating Sustainable Impact/P48
A2.1	Direct and/or indirect energy consumption by type (e.g. Electricity, gas or oil) in total and intensity	●	4 Creating Sustainable Impact/P48
A2.2	Water consumption in total and intensity	●	4 Creating Sustainable Impact/P48
A2.3	Description of energy use efficiency initiatives and results achieved	●	4 Creating Sustainable Impact/P48
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	●	4 Creating Sustainable Impact/P48
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	●	The company is a financial service provider and the indicator is thus not applicable.
Aspect A3: Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's. significant impact on the environment and natural resources	●	4 Creating Sustainable Impact/P48

Aspects	KPIs	Disclosure requirements	Section
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	●	4 Creating Sustainable Impact/P48
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	●	5 Caring for Employees' Physical and Mental Health/P64
B1.1	Total workforce by gender, employment type, age group and geographical region	○	5 Caring for Employees' Physical and Mental Health/P64
B1.2	Employee turnover rate by gender, age group and geographical region	○	5 Caring for Employees' Physical and Mental Health/P64
Aspect B2: Health and Safety			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	●	5 Caring for Employees' Physical and Mental Health/P64
B2.1	Number and rate of work-related fatalities	○	5 Caring for Employees' Physical and Mental Health/P64
B2.2	Lost days due to work injury	○	5 Caring for Employees' Physical and Mental Health/P64
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	○	5 Caring for Employees' Physical and Mental Health/P64
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	●	5 Caring for Employees' Physical and Mental Health/P64
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	○	5 Caring for Employees' Physical and Mental Health/P64
B3.2	The average training hours completed per employee by gender and employee category	○	5 Caring for Employees' Physical and Mental Health/P64
Aspect B4: Labour Standards			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	●	5 Caring for Employees' Physical and Mental Health/P64
B4.1	Description of measures to review employment practices to avoid child and forced labor	○	5 Caring for Employees' Physical and Mental Health/P64
B4.2	Description of steps taken to eliminate such practices when discovered	○	5 Caring for Employees' Physical and Mental Health/P64
Operating Practices			
Aspect B5: Supply Chain Management			

Aspects		KPIs	Disclosure requirements	Section
General Disclosure	Policies on managing environmental and social risks of the supply chain		●	1 Improving the Corporate Governance Mechanism/P8
	B5.1	Number of suppliers by region	○	1 Improving the Corporate Governance Mechanism/P8
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	○	1 Improving the Corporate Governance Mechanism/P8
Aspect B6: Product Responsibility				
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.		●	3 Continuously Optimizing Client Services/P38
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	○	The company is a financial service provider and the indicator is thus not applicable.
	B6.2	Number of products and service related complaints received and how they are dealt with	○	1 Improving the Corporate Governance Mechanism/P8
	B6.3	Description of practices relating to observing and protecting intellectual property rights	○	1 Improving the Corporate Governance Mechanism /P8
	B6.4	Description of quality assurance process and recall procedures	○	The company is a financial service provider and the indicator is thus not applicable.
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	○	3 Continuously Optimizing Client Services/P38
Aspect B7: Anti-corruption				
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		●	1 Improving the Corporate Governance Mechanism /P8
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	○	1 Improving the Corporate Governance Mechanism /P8
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	○	1 Improving the Corporate Governance Mechanism /P8
Community				
Aspect B8: Community Investment				
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		●	2 Bolstering and Serving for the Economic Development/P20 4 Creating Sustainable Impact/P48
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sports)	○	2 Bolstering and Serving for the Economic Development/P20 4 Creating Sustainable Impact/P48
	B8.2	Resources contributed (e.g. money or time) to the focus area	○	2 Bolstering and Serving for the Economic Development/P20 4 Creating Sustainable Impact/P48

Note: “●” refers to “Comply or explain” provisions, and “○” refers to “recommended disclosures”.

Appendix 2: Honors and Awards in 2019

No.	Winner	Honor/Award	Awarded by:
1	Shenwan Hongyuan Group Co., Ltd.	China Top 100 Enterprises	China Top 100 Listed Companies Summit
2	Shenwan Hongyuan Group Co., Ltd.	2019 China Financing Awards Best IPO of the Year	China Financing (journal)
3	Shenwan Hongyuan Group Co., Ltd.	2019 TOP 10 Most Valuable Listed Securities Companies in China	China Business Research Center of Tsinghua University of Economics and Management, National Business Daily
4	Shenwan Hongyuan Group Co., Ltd.	The 4th “Golden Hong Kong Stock” Best Financial Company Award, The 4th “Golden Hong Kong Stock” Best Investor Relations Management Award	Zhitong Finance (www.zhitongcaijing.com), Tonghuashun Finance (www.10jqka.com.cn)
5	Shenwan Hongyuan Group Co., Ltd.	Best Board of Directors for Investor Relations Management of Companies Listed on China’s Main Boards	Securities Times
6	Shenwan Hongyuan Group Co., Ltd.	The 15th Directors & Boards “Golden Round Table Awards” for Chinese Listed Companies with Outstanding Secretary Assistant, The 15th Directors & Boards “Golden Round Table Awards” for Chinese Listed Companies with Special Contribution to Corporate Governance	Directors & Boards (journal)
7	Shenwan Hongyuan Securities Co., Ltd.	2018 SSE Outstanding Local Government Bond Underwriter	Shanghai Stock Exchange
8	Shenwan Hongyuan Securities Co., Ltd.	2018 Outstanding Rate Securities Underwriter	Shenzhen Stock Exchange
9	Shenwan Hongyuan Securities Co., Ltd.	Outstanding Rate Securities Underwriter	Shenzhen Stock Exchange
10	Shenwan Hongyuan Securities Co., Ltd.	2018 Settlement Service Special Award	Shanghai Clearing House
11	Shenwan Hongyuan Securities Co., Ltd.	2018 Active Dealer in the Interbank Local Currency Market	China Foreign Exchange Trade System, National Interbank Funding Center
12	Shenwan Hongyuan Securities Co., Ltd.	2018 Non-bank Underwriters of Local Bonds Best Contribution Award	China Central Depository & Clearing Co., Ltd. (CCDC)
13	Shenwan Hongyuan Securities Co., Ltd.	2018 Top 100 CCDC Members with Outstanding Clearing Performance (Securities Firms)	China Central Depository & Clearing Co., Ltd. (CCDC)
14	Shenwan Hongyuan Securities Co., Ltd.	2018 Outstanding Treasury Futures Teams Award (self-employed)	China Financial Futures Exchange
15	Shenwan Hongyuan Securities Co., Ltd.	2019 Top 10 Golden Bull Securities Companies	China Securities Journal
16	Shenwan Hongyuan Securities Co., Ltd.	Re-selected as the “Best NEEQ Investment Bank” at the 12th New Fortune China Best Investment Bank Selection Campaign	New Fortune (journal)
17	Shenwan Hongyuan Securities Co., Ltd.	Hunan Expressway Green Bond hit the list of Best Corporate Bond Projects	New Fortune (journal)
18	Shenwan Hongyuan Securities Co., Ltd.	Xin Feng Convertible Bond hit the list of Best Convertible Bond Projects	New Fortune (journal)
19	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Non-public Bond hit the list of Best Refinancing Projects	New Fortune (journal)
20	Shenwan Hongyuan Securities Co., Ltd.	2019 China Comprehensive Securities Brokerage Junding Award	Securities Times

No.	Winner	Honor/award	Awarded by:
21	Shenwan Hongyuan Securities Co., Ltd.	2019 China Hong Kong Stock Connect Brokerage Junding Award	Securities Times
22	Shenwan Hongyuan Securities Co., Ltd.	Top 10 Investment Bank Respected by Listed Companies	Securities Times
23	Shenwan Hongyuan Securities Co., Ltd.	Top 10 Capital Market Department Respected by Listed Companies	Securities Times
24	Shenwan Hongyuan Securities Co., Ltd.	2019 Securities Times Quanshangcn Top 10 Stock Trading Apps Recognized by Investors	Securities Times
25	Shenwan Hongyuan Securities Co., Ltd.	2019 Securities Times Quanshangcn Outstanding Stock Trading App Operations Team	Securities Times
26	Shenwan Hongyuan Securities Co., Ltd.	Assistant President Xue Jun won the title of "Top 10 Most Respectable Investment Bankers"	Securities Times
27	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Baoying Jinli Series Asset Management Plan won the title of Eastmoney "Most Popular Securities Asset Management Product"	eastmoney.com
28	Shenwan Hongyuan Securities Co., Ltd.	Trustworthy Securities Company of the Year	investorchina.cn
29	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities All-Media Intelligent Customer Service Center project won "Excellence Award" at the 3rd Cloud Eagle Awards Information Technology Application Commendation Event	China Computer Users Association Cloud Applications Branch
30	Shenwan Hongyuan Securities Co., Ltd.	2019 Xuhui Top 100 Enterprise Contribution Award	People's Government of Xuhui District, Shanghai
31	Shenwan Hongyuan Securities Co., Ltd.	2018 Outstanding Underwriter of Exchange Financial Bonds	Agricultural Development Bank of China
32	Shenwan Hongyuan Securities Co., Ltd.	2019 Best Partner of Bank of China	Bank of China Limited
33	Shenwan Hongyuan Financing Services Co., Ltd.	Outstanding Corporate Bond Underwriter	Shenzhen Stock Exchange
34	Shenwan Hongyuan Financing Services Co., Ltd.	Best M&A Investment Bank, Best Refinancing Investment Bank, Best Equity Underwriting Investment Bank	New Fortune (journal)
35	Hongyuan Futures	Third Prize of China Financial Futures Exchange Cup Outstanding Organizations	China Financial Futures Exchange, China Futures Association
36	Hongyuan Futures	2018-2019 Financial Institutions with Outstanding Ideological and Political Performance	Secretariat of the Research Association of Ideological and Political Work of China Financial Institutions
37	Hongyuan Futures	Outstanding Member Award	Zhengzhou Commodity Exchange
38	Hongyuan Futures	Zhengzhou Commodity Exchange Cup Outstanding Member Award	Zhengzhou Commodity Exchange
39	Hongyuan Futures	The 17th China's Financial Annual Champion Awards for Futures Brands	hexun.com
40	Hongyuan Hengli (Shanghai) Industrial Co., Ltd.	Outstanding Risk Management Company Award	Zhengzhou Commodity Exchange
41	SWS MU Fund Management Co., Ltd.	2019 Eastmoney Best Index Investment Team, 2019 Most Creative Fund Company in Operations	eastmoney.com



KPMG Huazhen LLP
8th Floor, KPMG Tower
Oriental Plaza
1 East Chang An Avenue
Beijing 100738
China
Telephone +86 (10) 8508 5000
Fax +86 (10) 8518 5111
Internet kpmg.com/cn

毕马威华振会计师事务所
(特殊普通合伙)
中国北京
东长安街1号
东方广场毕马威大楼8层
邮政编码: 100738
电话 +86 (10) 8508 5000
传真 +86 (10) 8518 5111
网址 kpmg.com/cn

Independent Limited Assurance Report

KPMG Huazhen Zhuan Zi No. 2000131

To the Board of Directors of Shenwan Hongyuan Group Co., Ltd

We were engaged by the Board of Directors of Shenwan Hongyuan Group Co., Ltd ("the Company") to provide limited assurance on the 2019 Environmental, Social and Governance Report of the Company for the year ended December 31, 2019 (the "ESG Report").

I. Responsibilities of the Board of Directors

The Board of Directors of the Company is solely responsible for the preparation and presentation of the 2019 ESG Report, including the information and assertions contained within it, in accordance with the disclosure recommendations of The Stock Exchange of Hong Kong Limited's Guidelines for Environmental, Social and Governance Reporting ("SEHK's Guidelines").

The Board of Directors is also responsible for designing, implementing and maintaining internal control that enables the preparation and presentation of the ESG report that is free from material misstatement, whether due to fraud or error.

II. Responsibilities of KPMG

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our work in accordance with International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board.

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and complied with the applicable requirements of International Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Our independent limited assurance report is made solely to the Company in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Board of Directors of the Company those matters we have been engaged to state in this independent limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Huazhen LLP, a People's Republic of China partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

毕马威华振会计师事务所(特殊普通合伙) — 中国合伙制会计师事务所, 是毕马威网络成员之一。毕马威网络成员所(“毕马威国际”)是独立的成员所网络中的成员。



Independent Limited Assurance Report (continued)

KPMG Huazhen Zhuan Zi No. 2000131

III. Summary of work performed

A limited assurance engagement on an ESG report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the ESG report, and applying analytical and other procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of the Company's processes for determining the material issues for the Company's key stakeholders;
- Interviews with management and relevant staff concerning sustainability development strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at the Company responsible for providing the information in the ESG Report;
- A media analysis and an internet search for references to the Company during the reporting period;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the ESG Report;
- Comparing the information presented in the ESG Report to corresponding information in the relevant underlying sources by limited testing to determine whether key information contained in such underlying sources has been included in the ESG Report;
- Reconcile key financial data and figures with the audited financial statements;
- Reading the information presented in the ESG Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

We have not implemented the assurance procedures for past and comparative data disclosed in the ESG report.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore, a lower level of assurance is provided. In addition, our work was not undertaken for the purpose of opinion on the effectiveness of the Company's systems and procedures.

IV. Conclusions

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Company's ESG Report for the year ended 31 December 2019 is not prepared, in all material respects, in accordance with the SEHK's Guidelines.



27 MAR 2020

Feedback from Readers

Thank you for reading Environmental, Social and Governance Report 2019 of Shenwan Hongyuan Group. To better meet your needs, provide you with more valuable information, improve our own ESG performance and ability to fulfill social responsibility at the same time, we look forward to receiving your valuable feedback about our report through the following ways:

Tel: _____ Fax: _____ E-mail: _____

Mailing address: _____ Postal code: _____

1. What do you think of the quality of this report?

☐Excellent ☐Good ☐Fair

2. What do you think of Shenwan Hongyuan's performance in supporting the development of the real economy?

☐Excellent ☐Good ☐Fair

3. What do you think of Shenwan Hongyuan's performance in green finance and green offices?

☐Excellent ☐Good ☐Fair

4. What do you think of Shenwan Hongyuan's performance in supporting employee development?

☐Excellent ☐Good ☐Fair

5. What do you think of Shenwan Hongyuan's performance in improving corporate governance?

☐Excellent ☐Good ☐Fair

6. What are your opinions and suggestions on Shenwan Hongyuan's ESG report and performance?

Thank you for your support and help.